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Diverging Neighbors in the Near Abroad: The Sources of Conflicting Relations With Russia in Armenia and Georgia

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Diverging Neighbors in the Near Abroad: The Sources of Conflicting Relations With Russia in Armenia and Georgia

Abstract

When Armenia and Georgia exited the Soviet Union in 1991, massive popular majorities in both countries voted for independence in nationwide referenda. Over thirty-years later, Armenia and Georgia have chartered two radically distinctive pathways for their states within the near abroad. Tbilisi has become a reliable opponent of Russia within the post-Soviet space as it pursues integration into NATO and the European Union. Yerevan, by contrast, is closely associated with Russia, and has joined the Russian-led Eurasian Economic Union. This thesis employs a comparative framework to evaluate the sources behind this divergence. The research identifies three determining variables behind this divergence. The first is shared elite geo-political visions for the state (“constructed realities”), informed by historical and post-Soviet developments, that shape the national trajectories either towards close association with Russia or defection to the West. The second is the extent of economic dependence between the subject country and Russia and the reaction of national elites to that linkage. Finally, the two variables are mutually reinforcing and serve to confirm the overall trajectory of relations.

Keywords

russia, armenia, georgia, ter-petrossian, elites, identity, post-soviet space, near abroad, nato, saakashvili, putin, russia-georgia relations, russia-armenia relations, russia-west relations, economic interdependence, Political Science, Social Sciences, Rudra Sil, Sil, Rudra

Disciplines

Comparative Politics | International Relations | Political Science

**Diverging Neighbors in the Near Abroad: The sources of conflicting relations with Russia
in Armenia and Georgia**

By

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Advisor: Rudra Sil

This thesis is submitted in fulfillment of

**Bachelor of Arts Degree
Department of Political Science with Distinction
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2020

Table of Contents

Acknowledgements	1
Abstract	2
Introduction	3
Section 1: Overview of Relations with Russia and the West	22
Section 2: Constructed Realities	40
Section 3: Economic Dependence	68
Discussion: Constructed Realities and Economic Dependence	105
Conclusion	111
Bibliography	115

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When I began researching for this thesis, I foolishly neglected to anticipate the apocalypse. Even if providence had gifted me a special prescience, I would have still failed to imagine vacant Western cities and Russian military transports delivering vital medical supplies to the United States. But perhaps because of the severity of the current crisis, and the distancing measures that obstruct normal intimacy between friends and family, my appreciation for those that guided me throughout this challenging process has only been amplified. I would first extend all my gratitude to both Professor Sil and Professor Doherty-Sil for their constant encouragement, superb feedback, and genuine interest in my topic. In addition, my fellow PSCI classmates, who reviewed my material and offered constant feedback, deserve special acclaim for their perspicacity and diligence.

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Finally, I dedicate this thesis to the memory of my late grandparents: Barbara Fallek, Joseph Fallek, and Robert Saltzstein.

Abstract

Abstract: When Armenia and Georgia exited the Soviet Union in 1991, massive popular majorities in both countries voted for independence in nationwide referenda. Over thirty-years later, Armenia and Georgia have chartered two radically distinctive pathways for their states within the near abroad. Tbilisi has become a reliable opponent of Russia within the post-Soviet space as it pursues integration into NATO and the European Union. Yerevan, by contrast, is closely associated with Russia, and has joined the Russian-led Eurasian Economic Union. This thesis employs a comparative framework to evaluate the sources behind this divergence. The research identifies three determining variables behind this divergence. The first is shared elite geo-political visions for the state (“constructed realities”), informed by historical and post-Soviet developments, that shape the national trajectories either towards close association with Russia or defection to the West. The second is the extent of economic dependence between the subject country and Russia and the reaction of national elites to that linkage. Finally, the two variables are mutually reinforcing and serve to confirm the overall trajectory of relations.

Introduction

In March 1991, the semi-autonomous Republic of Armenia and Republic of Georgia boycotted Mikhail Gorbachev's "All-Union" referendum to reform the Soviet Union and convert it into the "Union of Sovereign States." Over the following six months, national authorities in both republics organized popular referenda on the issue of independence. The results were near unanimous. With majorities that surpassed ninety-nine percent, the polls demonstrated a clear repudiation of a continued association with the Soviet Union and preceded formal independence that same December. But for Tbilisi and Yerevan, independence was not just a rejection of the Soviet Union; it was a rejection of Russia. Since independence, however, national perspectives and policies on Russia in the two republics have diverged dramatically. In Georgia, the anti-Russian sentiment evident in the 1991 independence movement has intensified, exemplified by Georgia's geopolitical alignment with the West. By contrast, Armenia has deepened its ties with Russia, even going so far as to join Russia in the Eurasian Economic Union. Despite cyclical electoral and revolutionary changes in the status of elite Caucasian politics, the trajectory of bilateral relations with Russia has remained consistent in Armenia and Georgia. The causes of this divergence in Russian relations constitute the subject of this investigation: why do post-Soviet states (Armenia and Georgia) embrace different foreign policy trajectories vis-a-vis Russia? This paper argues that the closeness and contentiousness of Russian relations in Georgia and Armenia—tracked by engagement with Russian or Western economic and security institutions—is principally determined by three variables: economic dependency, shared geopolitical visions for the state ('constructed realities') among elite actors, and the interaction between the two.

This research employs a comparison of Armenian and Georgian post-independence engagement in Russian-led or Western-led international institutions and bilateral agreements as an indicator of the status of relations with Moscow. The three variables are analyzed as motivating causes of a ‘deepening’ or ‘defection’ from Russia as expressed in the direction of institutional engagement, resulting in a definitive ‘Russia decision’ for each country. The structure of the thesis is therefore organized into three sections. The first section provides an outline of the trajectory of Georgian and Armenian relations with Russia and the West from independence to the present. The second section features a constructivist foreign policy analysis to argue that national trajectories were determined by shared elite visions for the state within the post-Soviet space. The third section evaluates the extent of economic dependency, the reaction of elites to this dependence, and subsequent engagement or defection from Russian international economic institutions and bi-lateral agreements. A brief discussion of how these two variables interacted and a review of the key points of comparison then follows before the conclusion. The subsequent introduction features a contextual review of Russia and the near abroad, the selection of cases and controls, the discussion of the dependent variable, and the research design and framework.

Russia and the Near Abroad

Since the collapse of the Soviet Union, Western alliances and institutions have pressed ever closer to the Russian perimeter. Two NATO members in the Baltic, Estonia and Latvia, already share a frontier with Russia, and further additions to the borderland coalition remain a legitimate plausibility, especially in Georgia and Ukraine. The encroachment is supported by narratives which seek to legitimize the expansion of the Western alliance structure by defending the strict sovereignty of states to determine their own international affiliations and by expanding

constructed narratives of a ‘Western’ community.¹ Unsurprisingly, Russia has drawn charges of revisionism following interventions—first in Georgia in 2008 and again in Ukraine in 2013—as the Kremlin reacts to NATO’s enlargement process.² Interwoven into Western accusations of Russian revisionism is the notion of the *blizhneye zarubezhye*, approximately translated as the “near abroad.” The phrase, as commonly understood, refers to a Russo-centric geopolitical concept composed of the fifteen former Soviet republics that attained their independence with the Soviet Union’s disintegration.³

For many Western observers the term conveys Russia’s acute reluctance to acknowledge the sovereignty of the former republics and reflects Moscow’s ambition to restore its old sphere of influence over the adjacent post-Soviet states. The Western view of Russia’s actions has played into critical evaluations of Russia’s behavior as it pertains to violent entanglements in the near abroad. After the 2008 Georgian war, for example, Vice President Joseph Biden denounced Russian designs for a near abroad sphere of influence, a view that was countered by then President Dmitry Medvedev’s position that it was legitimate for Russia and post-Soviet states to see each other as reciprocal zones of interest.⁴ Western scrutiny of Russia’s intent in the near abroad intensified following President Vladimir Putin’s often mis-construed statement that the breakup of the USSR was the “greatest geopolitical catastrophe” of the 20th century. Despite the alarm stirred by analysts that Putin’s statement presaged a grand attempt at re-constituting the Soviet Empire, Putin was merely reflecting on the exceptional challenge in the post-Soviet states of managing cross-border networks and national relationships established under the contiguous

¹ Michael Williams and Iver Neumann, “From Alliance to Security Community: NATO, Russia, and the Power of Identity,” *Millennium* 29, no. 2 (2000): 361.

² John Russell “Whose ‘near abroad’? Dilemmas in Russia’s declared sphere of privileged interests,” in *Russia and its Near Neighbours*, eds. Maria Freire and Roger E. Kanet (Basingstoke: Palgrave, 2012), 113-4.

³ Gerard Toal, *Near Abroad: Putin, the West and the Contest Over Ukraine and the Caucasus* (Oxford: Oxford University Press, 2017), 3.

⁴ Dmitri Trenin, “Russia’s Sphere of Interest, not Influence,” *The Washington Quarterly* 32, no. 4 (2009): 3-4).

Soviet Union. Mainstream Western attitudes toward the practical and theoretical essence of the ‘near abroad’ are woefully insufficient for understanding the geopolitical and emotional reality. In fact, the phrase predates Putin and his associated foreign policy of assertive and reactive interventionism. The concept originated in the immediate post-Soviet moment when Russians were grappling with the change in the territorial status quo.⁵ As early as 1994, Foreign Minister Andrei Kozyrev used the term to clarify Russia’s “special interests” in the near abroad.⁶

The extent of shared historical, socioeconomic, and demographic phenomenon throughout the post-Soviet space made such an appellation almost inevitable. Near abroad networks were so extensive that they even molded the development of identity in the constituent republics and shaped the direction of modern realities and conflicts. Disintegration forced Russians and their now independent neighbors to address complex issues of cross-boundary identity, political association, and economic direction.⁷ Indeed, many successor states within this category of ‘near abroad’ responded to the challenge by framing their post-Soviet narratives as compatible, not antagonistic, with Russia. Thus the ‘near abroad’ permeates beyond power politics, and forms what Gerard Toal described as a “new arrangement of sovereignty and an old familiarity, a longstanding spatial entanglement and a range of geopolitical emotions.”⁸ Great power ambitions were not the only motivations behind the idea of the ‘near abroad.’ Instead, common features and challenges demanded a conceptual framework for Russians to understand the post-Soviet republics during a period of exceptional upheaval.

⁵ Toal, *Near Abroad*, 3.

⁶ Bohuslav Litera "The Kozyrev Doctrine - a Russian Variation on the Monroe Doctrine," *Perspectives*, no. 4 (1994): 45.

⁷ Zbigniew Wojnowski, *The Near Abroad: Socialist Eastern Europe and Soviet Patriotism in Ukraine, 1956-1985* (Toronto: Toronto University Press, 2017), 207-18.

⁸ Toal, *Near Abroad*, 3.

Nevertheless, successor states within the near abroad framework show little uniformity in their approach to Russian relations. Certain post-Soviet republics, such as the Baltic states, have invited Western political and economic institutions into their countries, fostering enduring suspicion from the Kremlin. By contrast, Armenia and Belarus, for example, retain intimate ties with Moscow and engage in Russia's multinational institutions. In other states, as in Ukraine, dramatic vacillations between European integration and Russian linkage confuse any clear dichotomy. This has been amplified by regional cleavages within Ukraine that sharply divide along the lines of attachment to Russia (eastern Ukraine) or Western Europe (western Ukraine). The foreign policy decision for post-Soviet states to either cooperate, and retain close ties with the Russian Federation, or defect, and pursue affiliation with the United States and the European Union, can impact the political and economic configurations of the near abroad states. In Ukraine, the principal catalyst for the 2014 Euromaidan Revolution was national disagreement over trade negotiations with the European Union, which endangered extant commercial agreements with Russia. For Russia the spillover from Ukraine and the invasion of Crimea prompted international sanctions that wounded the Russian economy.⁹ Clearly, the status of Russian relations has dramatic consequences for both the economic and political future of states in the near abroad.

Research Question: Co-operate or Defect?

Relations between Russia and the post-Soviet states evidently matter for both the post-Soviet states and for the Russian Federation as well as for broader political stability across Eurasia. But less discernible are the underlying causes for the alignment; why do states within

⁹ Evesy Gurvich and Ilya Prilepskiy, "The impact of financial sanctions on the Russian economy," *Russian Journal of Economics* 1, no. 4 (2015).

the framework of the ‘near abroad’ embrace different foreign policy trajectories vis-a-vis Russia? In this case, the question applies to Armenia and Georgia, and considers why the former “co-operated” with Russia and the latter “defected” from it.

For some experts in the post-Soviet literature, the attitudes of the post-Soviet states towards Russia reflect different responses to Moscow’s alleged belligerence. Proponents of this interpretation assume that the state of relations between post-Soviet states and Russia reflects Moscow’s revanchist foreign policy in the near abroad.¹⁰ Mitchell Orenstein, for example, asserts that Russia’s “kleptocratic, mafia state” is “determined to reconstruct” the Soviet empire in the post-Soviet space.¹¹ Timothy Snyder agrees that Putin “chose empire over integration” invading neighbors in the near abroad to extend Russia’s influence and territorial reach.¹² Conclusions such as these form a conventional wisdom that recur throughout the academic literature. For example, academics have argued in many cases that friendly relations with Russia, signaled by engaging in Russian international organizations and bi-lateral agreements, are an indication of coercion on behalf of Russia.¹³ These relations are generally examined with an exaggerated focus on Russian initiative and aggression. Fortunately, a growing counter-literature has sought to reframe the narrative under the theory that Russia either operates in the international system as a defensive state, or as an isolationist-aggressive power.¹⁴ This research intends to contribute to this counter-literature by examining the sources of post-Soviet relations beyond a focused emphasis of Russian foreign policy.

¹⁰ Elias Götz and Camille-Renaud Merlen, “Russia and the question of world order,” *European Politics and Society* 20, no. 2 (2019): 135-7.

¹¹ Mitchell Orenstein, *The Lands In Between: Russia vs. the West and the New Politics of Hybrid War* (New York: Oxford University Press, 2019), 11-51.

¹² Timothy Snyder, *The Road to Unfreedom: Russia, Europe, America* (New York: Tim Duggan Books, 2018), 80-1.

¹³ Laetitia Spetschinsky and Irina V. Volgova, “Post-Soviet or Post-Colonial? The relations between Russia and Georgia after 1991,” *European Review of International Studies* 1, no. 3 (2014)

¹⁴ Götz and Merlen, “Russia and the question of world order,” 137-42.

To answer this question, the analysis depends primarily upon a comparative research approach with a selection of two post-Soviet states and a focus on the Transcaucasian region. Each state has been examined with the intention of analyzing the factors behind each actor's decision to cooperate with or defect from Russia. For the sake of convenience, the research describes this process as the "Russia decision," though this typology does not imply the decision was taken at a specific moment. In fact, many of the factors indicate a more gradual formulation of diplomatic posture beyond the policies of any one administration. Nonetheless, the impact of specific leaders and elites remains a prioritized feature. This is unavoidable given the established personalism of Transcaucasian political governments and political parties.¹⁵

The Cases: Armenia and Georgia

The historical and political inputs that influence the "Russia decision" necessarily vary by polity. As a consequence, the research approach requires a robust control system to ensure wide discrepancies on a state-by-state basis do not undermine the conclusion. Though differences in historical experience, political organization, and geography potentially could render cross-regional comparisons less relevant and less applicable, the examination anticipates challenging the aforementioned conventional wisdom and illustrating the determinability of a wider array of forces beyond alleged Russian aggression.

As a result of these cross-regional limitations, intra-regional analysis offers the most informative and controlled route for analysis. Given the near homogeneity of the Baltic posture and the isolation of Central Asia from Western influences, the Caucasus have been selected as an appropriate intermediate region. The region also benefits from its diversity of state actors, who

¹⁵ Max Bader, "Fluid party politics and the challenge for democracy assistance in Georgia," *Caucasian Review of International Affairs* 2, no. 2 (2008): 11.

maintain distinctive postures in relation to each other and to the Russian Federation. In order to acquire a divergent set of small state-Russian relations for comparison, and on account of the need for extensive control precautions, Armenia and Georgia have been chosen as the research's subjects. The advantages of this selection include various controls: 1) limited cross border conflict, 2) comparable political and economic systems, 3) lack of strategic energy resources, and 4) analogous cultural and historical experiences.

First, Armenia and Georgia have maintained cross-border stability with each other. This control excludes the possibility that their relations with Russia might be over-determined by the availability of Russian assistance with, or the lack thereof, in a potential conflict with the other case selection. Second, Armenia and Georgia enjoy comparable standards of civil and economic liberty and govern through analogous democratic institutions. Recently, Georgian's standards have strengthened relative to Armenia, but throughout the evaluated chronology both states remained competitive on global freedom rankings.¹⁶ Armenians and Georgians, furthermore, share in the Orthodox religion. The equitability of Armenia and Georgia's religious characteristics counterbalances pro-Orthodox biases in the development of Russian and post-Soviet foreign policies, which are noticeably vulnerable to interference by domestic Orthodox churches and clerics.¹⁷

A major resource allocation by only one actor would further weaken controls by adding new strategic considerations. Unlike Azerbaijan, neither Georgia nor Armenia are major energy-resource producers, and both are dependent on imported fuel sources and domestic

¹⁶ *Freedom in the World*. New York: Freedom House, 1991-2018.

¹⁷ Robert Blitt, "Russia's Orthodox Foreign Policy: The Growing Influence of the Russian Orthodox Church in Shaping Russia's Policies Abroad," *University of Pennsylvania Journal of International Law* 33, no. 2 (2011): 363-463).

hydroelectricity production.¹⁸ This is an important control given the heightened likelihood of inter-state conflict in situations in which one of the evaluated states possesses strategic natural resources, such as oil.¹⁹ For both case selections, the energy issue in the region, however, remains within the purview of post-Soviet diplomatic trajectories, especially as it pertains to energy dependency. Further controls are imposed by this selection in the wider economic arena. The economies of both states are similar in size and composition, allowing for a more effective comparison of policy choices behind trade relations.

The similarities between Armenia and Georgia also extend into shared historical experiences and developments under the Soviet Union. In the aftermath of the First World War, Georgia and Armenia became sovereign states for the first time in five centuries. But these early republics were short-lived and ceased to exist when the Red Army successfully invaded and conquered the Caucasian republics during the Russian Civil War. The Bolsheviks subsequently subsumed Georgia and Armenia, despite extensive local resistance and mass repression, into the Transcaucasian Socialist Federative Soviet Republic, and later, as two of the Soviet Union's twenty-one constituent republics.²⁰ In the immediate aftermath of the civil war, the Soviet government adopted the policy of *Korenizatsiia*, roughly manifesting as an 'affirmative action' program that encouraged the establishment of national elites within ethnic polities and the promotion of national languages throughout the constituent republics. Under this program and succeeding Soviet "minority" policies, Georgia and Armenia, already equipped with capable

¹⁸ Demur Chomakhidze "Energy balance of Georgia," *Annals of Agrarian Science* 12, no. 3, (2016).

¹⁹ (Francesco Caselli, Massimo Morelli, and Dominic Rohner, "The geography of interstate resource wars," *The Quarterly Journal of Economics* 130, no. 1, (2015).

²⁰ Donald Rayfield, *Edge of Empires: A History of Georgia* (London: Reaktion Books Ltd, 2012), 233-66; Simon Payaslian, *The History of Armenia* (New York: Palgrave Macmillan, 2007) 163-70.

cultural intelligentsias, asserted the supremacy of their respective ethnic majorities within the delimited territories of the constituent republics.²¹

Ethnic minorities within the constituent republics were not always afforded the same privileges. This formal supremacy of the majority populations within the constituent republics fed into a cycle of formal repression and ethnic consolidation. In one illuminating instance, Soviet officials criminalized the linguistic and cultural expressions of the Mingrelian population in Georgia.²² Despite cultural concessions to the ethnic cores of the constituent republics, Soviet rule was heavy-handed in the chaotic aftermath of the civil war. Georgia suffered from endemic political confusion and rebellion, and consequently earned the distinction of suffering under the direct oversight of the Stalinist security officer, Lavrentiy Beria. Beria suppressed thousands of Christians, Mensheviks, artists, dissident Bolsheviks, and personal enemies in Georgia throughout his tenure.²³ State-backed repression followed in Armenia, where the Bolshevik suppression of the Orthodox Church earned infamy for its exceptional brutality.²⁴

The stabilization that followed the consolidation of Stalin's political control proved short-lived with purges and economic imbalances persisting in the South Caucasus through the Second World War. Though directly unaffected by the German invasion, Georgia and Armenia were effectively conscripted into service by Stalin. Wartime fatalities and drastic economic reconfiguration reversed the demographic direction of Georgia as the country suffered from a loss of approximately a fifth of its population.²⁵ Armenia suffered a similarly staggering loss rate with nearly 175,000 casualties.²⁶ The rest of the Stalinist era brought little sociopolitical change

²¹ Terry Martin, *The Affirmative Action Empire: Nations and Nationalism in the Soviet Union, 1923-1939*, (Ithaca: Cornell University Press, 2001), 77.

²² Rayfield, *Edge of Empires*, 351

²³ *ibid*, 347-57.

²⁴ Payaslian, *The History of Armenia*, 177.

²⁵ Rayfield, *Edge of Empires*, 363.

²⁶ Payaslian, *The History of Armenia*, 180.

aside from preliminary reconstruction through unbalanced central planning and industrialization, which was often a new reality in the South Caucasus. Relief from “extreme destitution” only arrived after de-Stalinization as wartime restrictions eased.²⁷ Both countries became eager participants in the Soviet Union’s pervasive informal economy and enjoyed the partial benefits of industrialization and modernization, although economic stagnation soon followed in the 1980s and the region fell comparatively behind.²⁸ Armenian and Georgian intellectual groups, still subject to occasional harassment, persisted in their efforts to consolidate the gains of *Korenizatsiia* and expand the cultural and territorial agendas of their respective republics.²⁹ Political power, however, remained the strict purview of the communist leadership as military-intelligence authoritarians and conservative apparatchiks maintained power. As elsewhere in the Soviet Union, independence movements accelerated following the practical destruction of the Communist Party’s organizational power in September 1988.³⁰

As mentioned in the introduction, Georgia and Armenia exited the Soviet Union with comparable enthusiasm for secession. Both of the states boycotted the reformist March 1991 Soviet referendum and voted overwhelmingly for independence in national plebiscites the same year. As an indication of their new separatist postures, Georgia and Armenia embraced an initial position of ambivalence, if not outright hostility, towards Russia, by refusing to join the new Commonwealth of Independent States.³¹ Universal hostility, however, was noticeably short-lived. Over the next seventeen years, Tbilisi and Yerevan chartered divergent courses in their

²⁷ Rayfield, *Edge of Empires*, 369.

²⁸ Edmund Herzig, *The New Caucasus: Armenia, Azerbaijan, and Georgia*, (London and New York: The Royal Institution of International Affairs, Chatham House Papers, 1999), 120-2.

²⁹ Payaslian, *The History of Armenia*, 184-5.

³⁰ Richard Sakwa, “The Soviet collapse: Contradictions and neo-modernisation,” *Journal of Eurasian Studies* 4, no. 1 (2013): 67.

³¹ Paul Kubieck, “The Commonwealth of Independent States: an Example of Failed Regionalism?” *Review of International Studies* 35, no. 1 (2009): 242.

respective approaches to Moscow. The respective postures of Armenia and Georgia remain distinct with the former constructing a “cooperative” approach and the latter “defecting” from Russia.³² The divergent paths from the original common point of an adversarial posture, stretching from the dissolution of the Soviet Union in 1991 to the present, constitute the basis and chronology of this research. The factors under examination, however, have antecedents and repercussions beyond the chronological framework that will be evaluated.

Finally, the control selection suffers from one marked deficiency. Georgia shares a border—indeed, a violently contested border—with Russia and its unrecognized protectorates in South Ossetia and Abkhazia. Armenia, though once subjected to the Kremlin, does not. This discrepancy creates potential complications. It is an established dictum in the literature, for example, that inter-state wars generally occur between neighbors.³³ If the tendency for border conflict was a universal reality across the post-Soviet framework then this case selection would be rendered irrelevant. But neighborly antipathy, as previously described, is not a monolith across the post-Soviet framework. Several border states in the near abroad, even those with complex ethnic cleavages, remain enthusiastic partners of Russia, just as non-neighbors in the near abroad have defected to the West and adopted antagonistic postures towards Russia. In sum, borderland factors are obviously not the sole determiner, nor even the predominant one, in an analysis of determining factors. The sources of border tension, furthermore, do not conform necessarily to a model of Russian aggression. In the 2008 conflict, for example, culpability for much of the violent escalation appears to belong to Tbilisi. Beyond that, however, the evidence is not strong enough to support an assertive claim that Georgia deserves full responsibility for

³² Spetschinsky and Bolgova, “Post-Soviet or Post-Colonial.”

³³ John A. Vasquez, “Why Do Neighbors Fight? Proximity, Interaction, or Territoriality,” *Journal of Peace Research* 32, no. 3 (1995): 277.

failing to resolve the conflict-writ-large.³⁴ In this case, the border caveat is a real input without direct applicability to the Armenian situation. Nevertheless, the sources for escalation in the Abkhazian crisis are still examined in the research as part of the wider narrative behind the direction of relations.

The Dependent Variable

Over the past thirty years, Armenia and Georgia have moved gradually towards their conflicting postures on Russia. In order to demonstrate the effect of the elected independent variables on the status of relations with Russia, this research monitors the participation of Armenia and Georgia in Russian-led or Western-led economic organizations, security agreements, and other bi-lateral agreements or multilateral institutions. Participation in the former indicates a proclivity for the “cooperation” route while involvement in the latter supports “defection.” In short, the dependent variable for this research is the “closeness and contentiousness of Russian relations in Georgia and Armenia—tracked by case country engagement with Russian or Western economic and security institutions and bi-lateral agreements.”

It is also necessary to distinguish between cause and symptom. As mentioned, the proposed forces acting upon the status of the dependent variable are the constructed realities of the ruling elite and the trajectory of economic dependency on Russia. In this analysis, Armenia’s decision to form a 1993 free trade agreement with Russia captures a deliberate decision to deepen formal economies ties, but it does not axiomatically indicate Armenia’s economic dependence on Russia. Instead, the *motivation* behind the 1993 free trade agreement, illuminated through elite discourse and formal procedures, shows that the exigencies of economic

³⁴ Heidi Tagliavini, *Independent International Fact-Finding Mission on the Conflict in Georgia*, IIFFMCG, Vol. II, 2009.

dependency were the principal causes for pursuing a free-trade agreement. The agreement itself, or attempts meanwhile, represents a deepening of institutional engagement as expressed in the dependent variable and determined by the independent variables, and might very well reinforce the trajectory.

The formulation of institutional engagement as the bell-weather of Russian relations requires a nuanced analysis of the agreements. For example, participation in the Eurasian Economic Union (EAEU) indicates a strong political and economic affiliation with Russia. Indeed, the EAEU explicitly aims for “deep integration” between members and has been described by many experts as a conscious geopolitical counterweight to the European Union.³⁵ In any comparison, membership of the EAEU would indicate a deep level of commitment to Russian relations. By contrast—participation in the Commonwealth of Independent States (CIS)—a regional commonwealth of post-Soviet states founded by Russia and likeminded successor states, demonstrates less *de facto* commitment to a pro-Russian position than participation in the EAEU or a CIS supplementary agreement, such as the Commonwealth of Independent States Free Trade Area (CISFTA). Membership in the CIS proper is evidently less insightful as a metric of integration and affiliation. Georgia retained membership right up until the 2008 war and Ukraine remained a member for nearly five years after the Crimean invasion.³⁶ These examples exemplify how membership status in the CIS was retained despite pronounced deteriorations in bilateral relations. The post-Soviet institutional network thus forms a hierarchy of relevance for the purposes of this analysis. By extension, indications of “defection” in the

³⁵ David Tarr, “The Eurasian Economic Union of Russia, Belarus, Kazakhstan, Armenia, and the Kyrgyz Republic: Can it succeed where its predecessor failed?” *Eastern European Economics* 54, no.1 (2016); Nicu Popescu, “Eurasian Union: The Real, the Imaginary and the Likely.” *Chaillot Paper*, no. 132 (2014); Alexander Knobel, Andrey Lipin Andrey Malokostov, David G. Tarr, and Natalia Turdyeva, “Deep Integration in the Eurasian Economic Union: What are the Benefits of Successful Implementation or Wider Liberalization?” *Bank of Russia*, Working Paper (2019).

³⁶ Spetschinsky and Bolgova, “Post-Soviet or Post-Colonial, 117.

Caucasus region can be intuited by refusals to participate in Russian-led international organizations as well as by overtures towards and participation in Western-aligned institutions through agreements with NATO or the European Union. Furthermore, it must be acknowledged that there are degrees of engagement; Armenia and Georgia, for example, both received NATO Individual Partnership Action Plans, but expressed very different ambitions in their respective agreements.

Certain scholars, however, have supplied relevant concerns to this selection of institutional engagement. Their chief objections stem from the belief, reminiscent of the ‘conventional wisdom’ mentality, that many post-Soviet states were coerced into Russia’s nexus of international institutions and agreements. Naturally, such a conclusion undermines the serviceability of institutional engagement as a dependent variable. The objection is specifically relevant to this research as the claim of interference extends to Armenia’s entrance into the Eurasian Economic Union.³⁷ Fortunately, academic analysis has begun to penetrate and push back, and the mutualism of agreements forms an important aspect of the research.

This comparative research aims to challenge the claims made by the proponents of the ‘conventional wisdom’ by offering an alternative analysis from the perspective of the post-Soviet states, rather than presume relations are principally determined by Russia’s behavior. For this purpose, the research identifies two variables that appear to determine the diplomatic trajectory of post-Soviet states in Transcaucasian.

First, the comparative degree of economic and commercial interdependence between the post-Soviet Transcaucasian states and Russia impacts the direction of relations. It is no

³⁷ Stephen Jones, “The role of cultural paradigms in Georgian foreign policy.” *Journal of Communist Studies and Transition Politics* 19, no. 3 (2006): 96; Vahram Ter-Matevosyan, Anna Drnoianb, Narek Mkrtchyan and Tigran Yepremyan, “Armenia in the Eurasian Economic Union: reasons for joining and its consequences,” *Eurasian Geography and Economics* 58, no. 3 (2017), 340-60.

coincidence that Armenia, for example, remained highly dependent on the CIS export-import trade throughout the 1990s and concurrently engaged with Russian-aligned economic institutions and agreements.³⁸ Georgia's relations with Russia were likewise conditioned in this first period by heavy dependence, although as will be illustrated, Georgian elites consciously began to push against dependence and Russia on account of their own Euro-Atlantic (pro-Western) constructed realities.

Although Georgia made overtures to Russia and initially joined the CIS, it became more independent from post-Soviet economic systems. Another prominent example of socioeconomic interdependence and its effects on diplomatic posturing is expressed by the relevance of expatriate and diaspora populations. Diaspora populations, both within Russia and throughout the world, are a frequent fixture of the post-Soviet world. The Armenian diaspora in Russia, in particular, looms large over Yerevan's foreign and economic policy. Despite garnering less attention than Armenian-American expatriates, the diaspora population in Russia provides private remittances equivalent to nearly a fifth of Armenia's GDP, at \$2 billion per year.³⁹ In addition, much of this "diaspora" involves a cycle of temporary migration to Russia followed by return to Armenia. Thus, the engagement of expatriates in Russia remains relevant for the Armenian government and Armenian political elites. Consequently, the Armenian government has struggled since independence to "maximize diaspora economic support for the new state, and to minimize its political involvement."⁴⁰ Georgia's diaspora in Russia, though non-negligible, is magnitudes smaller than the Armenian diaspora, and exercises little direct influence on Georgia's economic and political system. Significantly, many discrepancies in Transcaucasian

³⁸ Tiffany Petros, "Evolution of Armenia's Foreign Policy," Armenian International Policy Research Group, Working Paper no. 03/13 (2003): 5.

³⁹ Ibid.

⁴⁰ Ibid, 712.

diasporas predate independence, undercutting any accusation that the “Russia decisions” are a simple reflection of Russian coercion.

The second feature of this research adopts a constructivist foreign policy analysis (FPA) framework to analyze the impact of ‘constructed geo-political realities’ on the trajectory of regional relations. The essence of this approach frames the structures and perspectives of the international environment as socially constructed and therefore assumes that the principal actors are subject to pre-determined norms, precepts, and identity affiliations.⁴¹ This piece uses “constructed reality” to refer to the socially determined geopolitical viewpoints of the agents of post-Soviet foreign policy. David Patrick Houghton uses the example of Lyndon Johnson to demonstrate an identical concept, recalling an incident in which Lyndon Johnson rejected the usage of nuclear weapons in North Vietnam. Though his rejection might be taken as self-evident, it is clear that Johnson’s response was conditioned by international, cultural, and social norms about the use of nuclear weapons and the possible consequences of such an action.⁴²

The same strategy applied to the elite personalities of Armenian and Georgian foreign policy reveals much about the social and cultural paradigms behind elite decisions and the general sources and direction of foreign policy. For example, it is necessary to examine the considerable influence of Saakashvili on Georgian foreign policy as well as the socio-cultural imprints that shaped his international perspective. His role in the 2008 Georgian war, and the influence of “Euro-Atlantic” discourses on his geopolitical concept of Georgia deserves attention as a foil to claims of consistent Russian culpability and instigation.⁴³ An identical standard of

⁴¹ (Fierke 2007, 168).

⁴² David Houghton, “Reinvigorating the Study of Foreign Policy Decision Making: Toward a Constructivist Approach,” *Foreign Policy Analysis* 3, no. 1 (2007): 42).

⁴³ Frederick Coene, *Euro-Atlantic Discourse in Georgia: The Making of Georgian Foreign Policy after the Rose Revolution* (New York: Ashgate, 2016).

comparative analysis extends to Armenian leaders, such as former president Levon Ter-Petrosyan, and the social and cultural paradigms in Armenian foreign policy that influence policy choices. The objectives of leaders and foreign policy elites, and the social influences operating on the formulation of those objectives, therefore constitutes the focus of the FPA. In general, the foreign policy paradigms of elite actors in Armenia and Georgia have pervaded political loyalties and ensured a degree of constancy in the trajectory of relations. Leaders that have drifted outside the accepted boundaries of elite realities have been removed, and neither elections nor revolutions have succeeded in disrupting the direction of Russo-Transcaucasian relations. In sum, the “median” political position with respect to Russia and Europe, irrespective of national leadership, varies from state to state depending on the constructed realities of their chief actors. This comparative approach intends to challenge the presumption of Russian-directed relations and demonstrate how elite paradigms can determine the course of national foreign policy. Finally, the two hypotheses are not independent of each other. Economic interdependence and the development of elite constructed geo-political realities can be mutually reinforcing.

Research Strategies and Outline

As mentioned, systemic investigations of Transcaucasian and wider post-Soviet relations in the near abroad with Russia have tended to approach the topic from the perspective of Russian foreign policy. This project intends to amalgamate existing data and challenge the direction of analysis in the literature with a new emphasis on near abroad state-level examinations and the deeper sources of post-Soviet relations, such as elite identity. Individual case studies exist across the range of the aforementioned research factors and generally serve as the basis of the research. For example, Edmund Herzig provides a comparative and systematic analysis for the Transcaucasian states that captures the geopolitical and economic situation at the turn of the

millennia.⁴⁴ Several case studies and academic works cover the Abkhazian and the Nagorno-Karabakh conflict with regard to the saliency of leadership influences in foreign policy.⁴⁵ Further projects concur on the determining impact of social and cultural paradigms on the wider development of foreign policy both in Georgia and Armenia.⁴⁶ As for expatriate populations in the region, reviews have examined their economic importance, but data is more preliminarily about the extent of their political clout.⁴⁷ Broad post-Soviet migration data has been provided by initiatives like the Global Commission on International Migration and country-specific studies. Comprehensive regional economic information is broadly available in reports such as the *IMF: Selected Issues/Country Reports*, World Bank country update reports, and country-specific economic studies. Concurrently, speeches, interviews, and other media are employed to provide insight into the thinking of domestic elites.

As illustrated in the introduction, the rest of this research is divided into three sections, a discussion, and a conclusion. The first section provides a broad outline of Georgian and Armenian relations with Russia and the West from independence to the present. The subsequent section argues that shared elite visions for the state in the post-Soviet space, so-called ‘constructed realities,’ were decisive in determining national trajectories. The third section

⁴⁴ Herzig, *The New Caucasus*.

⁴⁵ (Artak Ayunts, Mikayel Zolyan, and Tigran Zakaryan, “Nagorny Karabakh Conflict: Prospects for Conflict Transformation.” *Nationalities Papers* 44, no. 4 (2016): 543–59; Celine Francise, *Conflict Resolution and Status: The Case of Georgia and Abkhazia (1989-2008)* (Brussels: VUBPRES Brussels University Press, 2011).

⁴⁶ Jones, “The role of cultural paradigms 2003,”; Aram Terzyan, “The Evolution of Armenia’s Foreign Policy Identity: The Conception of Identity Driven Paths. Friends and Foes in Armenian Foreign Policy Discourse” in *Values and Identity as Sources of Foreign Policy in Armenia and Georgia*, eds. Kornely Kakachia and Alexander Markarov (Tbilisi: Publishing House Universal, 2016), 145-183; Kornely Kakachia and Salome Minesashvili, *Identity politics: Exploring Georgian foreign policy behavior*, *Journal of Eurasian Studies* 6, no. 2 (2015): 171-80.)

⁴⁷ Bryan Roberts and King Banaian, *Remittances in Armenia: Size, Impacts, and Measures to enhance their contribution to development*. Report prepared for the US Agency for International Development, Yerevan 148 (2004); Bryan Roberts and King Banaian, “Remittances in Armenia II: The Impact of Remittances on the Economy and Measures to Enhance Their Contribution to Development,” *Armenian Journal of Public Policy* 2, no. 2 (2007), Kristin Cavoukian, “‘Soviet mentality?’ The role of shared political culture in relations between the Armenian state and Russia’s Armenian diaspora.” *Nationalities Papers* 41, no. 5 (2013).

evaluates the impact of economic dependence and the reaction of elites to that dependence by deepening or defecting engagement with Russia or the West. The research finishes with a discussion of how the two variables reinforce each other and a review of the key points of comparison before the conclusion.

Section 1: Overview of Relations with Russia and the West

Periodization

For the purposes of analysis, Armenian and Georgian foreign policy are divided into three historical periods. The division helps highlight how the development of each state's foreign policy was conditioned by an elite outlook that combined a concern for the economic dependence of the state with a geo-political constructed reality informed initially by 1) historical experience and later by an experience of the 2) post-Soviet security situation that tended to confirm the historical experience.

During the first period (1991-2003), elites in both countries were highly insecure given domestic instability and national dependence on post-Soviet links. As a result, Armenia and Georgia entertained broad diplomatic postures with Russia and the West. Superficially, both states pursued similar international affiliations without overdone prejudice to one side. Russia was employed for the benefit of ruling elites in Georgia and then for the benefit of Armenia's cause in Nagorno-Karabakh. But even during this period there were clear signs of developing long-term postures. Post-Soviet clashes, changing economies, and conflicting supranational visions induced Georgian elites to de-leverage their security dependence and Armenian elites to increase their own. At the same time, elite understanding of foreign policy was informed by historical and recent experiences, reinforced by conflicts in Georgia's secessionist territories and

the disputed region of Nagorno-Karabakh. Russia's perceived position in these conflicts among elites would prove decisive in consolidating Transcaucasian constructed realities and the trajectory of foreign policy.

The subsequent period (2003-2008) sharpened the previously subdued divergences between Yerevan and Tbilisi as Georgia moved towards the decisive moment in its 'Russia decision.' After the 2003 revolution, Georgian elites elevated their Euro-Atlantic outlook, complete with anti-Russian rhetoric, into definitive policy and clamored for membership in the Western bloc. Their fight against Russia —escalated into a failed 2008 war following provocations by Tbilisi. This moment marked Georgia's decisive defection away from Russia and its post-Soviet networks. By contrast, Armenian elites, desiring to encourage FDI and retain Russia's protection, deepened their dependence on Russia even as they made selective overtures to the West. Yerevan's leadership, sinking into a Eurasian affiliation, never questioned Moscow's position as its indispensable partner.

The final period (2008-present) demonstrated the consolidation and durability of Georgia's pro-Western and Armenia's pro-Russian trajectory. For Armenia, the trends of the previous period were confirmed when Armenia abruptly abandoned plans for an agreement with the European Union and instead began to integrate into the Eurasian Economic Union. In this decision to affiliate with Russia's post-Soviet framework, Armenian elites were as much driven by economic considerations as by enduring insecurity over Nagorno-Karabakh. Their constructed realities were again confirmed by war in 2016 with Azerbaijan and Russia's subsequent provision of heavy weaponry. Since underlying insecurities, Russia's historical protection, and economic integration with the Eurasian Economic Union have reinforced the outlook of Armenian elites, the Eurasian Economic Union remains Yerevan's focus despite

revolution and political turmoil. Georgia, as well, has confirmed its Euro-Atlanticism in the aftermath of its 2008 break with Russia. As in Armenia, the consolidation of Euro-Atlanticism in Georgia’s foreign policy is not just a consequence of the war, but the entire experience of the post-Soviet period and prevailing economic trends that strengthen elite desire for membership in the Western framework.

Diagram 1: Summary of Periodization

Georgia

Period	Foreign Policy	Dependence on Russia
Period 1 (1991-2003)	Euro-Atlantic (“pro-Western”) outreach, initially conditioned by dependence on Russia.	High, but declining security and economic dependence.
Period 2 (2003-2008)	Integration efforts into Euro-Atlantic structure, and anti-Russian policy.	Low security and economic dependence.
Period 3 (2008-present)	Sustained Euro-Atlantic affiliation.	Very low security and economic dependence.

Armenia

Period	Foreign Policy	Dependence on Russia
Period 1 (1991-2003)	Complimentary multi-lateral outreach, initially conditioned by dependence on Russia.	High but declining economic dependence and sustained security dependence (i.e. over Nagorno-Karabakh).
Period 2 (2003-2008)	Eurasian (“pro-Russian”) outreach encouraged by high dependence.	High and growing economic dependence, sustained high security dependence.
Period 3 (2008-present)	Full Eurasian integration.	High economic and security dependence.

Georgia in Period 1

The initial attempts by the effectively independent states to construct national foreign policies seemed to mirror the popular anti-Russian energy expressed in the nationalist referenda.

At the time, Georgia was ruled by President Zviad Gamsakhurdia (1990-1992), a Soviet-era dissident and the country's premier radical nationalist. Amid the chaos of the USSR's disintegration, Gamsakhurdia showed himself determined to purge Georgia of Russian and secessionist tendencies. He governed through a populist-authoritarian regime constructed upon a mixture of Georgian chauvinism and anti-Russian rhetoric that was anything but docile. His power collapsed in August 1991 and Georgia fell into civil war before succumbing to a triumvirate of prominent opposition politicians, though internal conflict persisted.

The political order that succeeded Gamsakhurdia ended up in the control of the former Soviet foreign minister, Eduard Shevardnadze (1992-2003), who served as the unofficial executive before assuming the Georgian presidency in 1995. Under Shevardnadze, Georgia began to assume the pro-Western trappings that would eventually form a definitive fixture of Tbilisi's foreign policy. At the onset, however, such a break from Russia was impossible given Georgia's economic dependence on post-Soviet networks and the confused security situation. Furthermore, the United States and the European powers had not formulated their own diplomacy in the near abroad region, and as a result, the West tended to default to a "Russia-first" policy.

Absent alternatives for international patronage of Georgian security, Shevardnadze cautiously turned to Moscow to help stem the tide of domestic and external conflict that was destabilizing Georgia. In October 1993, Shevardnadze brought Georgia into the Commonwealth of Independent States (CIS). Yeltsin's long-term ambition was to turn the CIS into a supranational economic union and collective security alignment that could preserve and revive Soviet-era linkages. Shevardnadze was willing to play along if his compromise scored Georgia assistance in the repression of rebellious Gamsakhurdian loyalists, as well as stabilized Georgia's

free-falling economy.⁴⁸ The following year, Shevardnadze and President Yeltsin signed a package of military treaties that legitimized the presence of three Russian bases with the express purpose of stabilizing Georgia, protecting Russian speakers, and assisting in the build-up of the Georgian military. It was with Russian support, weapons, and fuel that Tbilisi succeeded in its repression of Gamsakhurdia's militias.⁴⁹ Yerevan as well would soon share in Russia's military beneficence. As a result of Russian support, Georgia agreed to assist with Russia's operations against the Chechnya separatists and accepted CIS peace-keeping forces in disputed Abkhazia, then under a 1994 ceasefire. Significantly, the apex of Russo-Georgian relations, perceptible around 1994-5, coincided with the apex of Georgian economic and security dependence on Russia.

Despite the rapprochement, Moscow constituted only one pillar of Shevardnadze's balanced diplomacy and it was very unpopular among the populace and political elites. In fact, Georgian elites viewed the CIS in a similar vein as the "conventional wisdom" proclaims: a cover by the Kremlin to "colonize the near abroad."⁵⁰ When Georgia stabilized, however, Shevardnadze pursued membership in various Western organizations. Georgia joined NATO's Partnership for Peace (PfP) program in 1994 before a more concerted outreach in the late 1990s to the IMF, the Council of Europe, and the World Bank, while slowly distancing itself from Russia.⁵¹ New economic opportunities were also attracting heretofore uninterested Westerners in Transcaucasia and increasing Georgian connectivity to the West, though NATO remained reticent on Caucasian entanglement as Georgia was still of secondary importance to the West. It

⁴⁸ Jones, "The role of cultural paradigms in Georgian foreign policy," 249.

⁴⁹ Johnathan Wheatley, *Georgia from National Awakening to Rose Revolution: delayed transition in the former Soviet Union* (Aldershot: Ashgate, 2005), 68.

⁵⁰ Asbed Kotchikian, *The Dialectics of Small States: Foreign Policy Making in Armenia and Georgia* (Boston University: Boston, 2006), 192.

⁵¹ Jones, "The role of cultural paradigms in Georgian foreign policy," 249

was a curious dilemma for Georgia, as Stephen Jones explained, that the “West was desirable but not attainable, and Russia was undesirable but not alienable.”⁵² The pressures that determined Georgia’s definitive split from Russia, nevertheless, were clearly pushing Tbilisi away from Moscow.

In 1997, Georgia joined three other CIS members—Ukraine, Azerbaijan, and Moldova—in the creation of GUAM, or what was to become the Organization for Democratic and Economic Development (ODED). GUAM represented those states in the post-Soviet space that were distancing themselves from Moscow and seeking to prevent the transformation of the CIS into a more integrated supra-national union.⁵³ The tilt away from Russia, presaged in 1997 with GUAM on the international stage, accelerated on the ground as Shevardnadze tacitly approved a seven-day militia war in Abkhazia in 1998 with anti-CIS overtones, and then arrived in the spring of 1999 when Shevardnadze (along with his fellow GUAM members) refused to renew the Collective Security Treaty. In November 1999, Georgia then succeeded in forcing Russia to agree to close down its military bases located in Georgian territory at the OSCE Summit in Istanbul.⁵⁴ The departure of Russian border guards and the transference of ten military installations, an arrangement first agreed upon in the depths of Georgia’s civil war, was also attained at this summit, though some bases remained occupied.

For Georgia, the shift away from Russia was directly coinciding with a new diplomatic and geo-political push to the West. Shevardnadze spoke, for the first time, about a plan for Georgian membership in NATO and then followed his declarations with an institutional

⁵² Ibid.

⁵³ Taras Kuzio, “Geopolitical pluralism in the CIS: The emergence of GUUAM,” *European Security* 9, no. 2 (2000): 81-6.

⁵⁴ Mark Eaton, “Major trends in military expenditure and arms acquisitions by the states of the Caspian region,” in *The Security of the Caspian Sea Region*, ed. Gennady Chufrin (Oxford: Oxford University Press, 2001), 94.

deepening; Georgia joined the Council of Europe (two years before Armenia) and the Partnership for Peace Planning and Review Process (PARP). Military assistance from NATO was plentiful, including joint exercises, military resource management, free training, and direct equipment. NATO members were also subsidizing agreed Georgian takeovers of Russian military installations—procured during the nadir of Russian hard power.⁵⁵

From a conceptual standpoint, Georgian elites and officials were formulating the trajectory of their foreign policy, culminating in various national security documents and resolutions that sought integration into the Western nexus. At the 2002 NATO Prague Summit, Shevardnadze declared that he “strongly welcomed [the] further eastward expansion of the Alliance” and asserted outright “that Georgia is determined to be a full member of NATO and is resolved to work hard to prepare for this historic mission.”⁵⁶ But under Shevardnadze’s administration the complete break from Russia was decelerated and the road to NATO and the EU unclear; there was no doubt what bloc Georgia was leaning towards but the official will did not yet forcibly pursue the end goal.

Georgia in Period 2

Following mass outrage over evidence of electoral rigging in the 2003 election, Shevardnadze was forced to resign by his soon-to-be successor, Mikhail Saakashvili. The victorious elite envisioned overcoming Georgia’s residual dependence on Russia and then committing to the West. This was very unlike Armenia, where elites had so far accepted—in fact, deepened—dependence on Russia rather than challenge it within the context of perceived

⁵⁵ Ibid, 95-6.

⁵⁶ Eduard Shevardnadze, "Statement on NATO" (speech, Prague, November 22, 2002), <https://www.nato.int/docu/speech/2002/s021122h.htm>.

economic and security needs. For Georgia, the Soviet-era links were something to be supplanted, not nurtured. These aspirations were embodied in the person and coterie of Mikhail Saakashvili, who steered much of the so-called “Rose Revolution” and scored the presidency in non-competitive presidential elections that followed in January 2004..⁵⁷

Georgia’s “Russian decision” was looming, and it would soon defect from Russia’s international framework. A furious drive to attract the Western bloc then followed with Saakashvili courting the Western bloc and re-calibrating Georgia’s international commitments. In March 2004 he gave complete access for NATO to use Georgia as a supply depot, and then in November drastically increased Georgia’s military deployment in Afghanistan. Though the initiative generally came from Saakashvili, he was helped by the enthusiasm of the Bush administration in their search for a Freedom Agenda success story.⁵⁸ Saakashvili and his allies envisioned Georgia’s compliance with NATO standards by 2008, and had similar expectations for membership in the European Union, although the latter enthusiasm soon abated.⁵⁹

NATO, therefore, earned the lion’s share of Georgian attention. In 2004, Georgia signed the first ever NATO Individual Partnership Action Plan (IPAP). IPAPs were designed to tailor NATO cooperation with partner countries to specific regional circumstances. Georgia’s IPAP opened with the explicit declaration that Georgia’s strategic objective was Euro-Atlantic integration with full membership of NATO and integration with the European Union. No mention of fostering amicable relations with Moscow was included; in fact Russia’s only appearance in the document was a curt note expressing Georgia’s desire to fulfill the terms of the

⁵⁷ Toal, *Near Abroad*, 113.

⁵⁸ *Ibid*, 120-3

⁵⁹ Coene, *Euro-Atlantic Discourse in Georgia*, 37.

1999 Istanbul agreement, which had included Russian military withdrawal from Georgia.⁶⁰

Georgia's IPAP offered much more than previous vehicles of collaboration, such as the Partnership for Peace or the Partnership for Peace Planning and Review Process. Here was an institutional mechanism, offered by NATO, that conspicuously declared for NATO membership and against Russia.

Whether or not the Western bloc would permit total integration remained ambiguous. At first, indications looked encouraging. Georgia's IPAP was the prelude to a deeper institutional dialogue called "Intensified Dialogue," offered by NATO in September 2006 and commencing in December. This process had previously been employed in Eastern Europe prior to membership. At the same time, however, NATO officials were sending mixed signals, and warning that the secessionist issue in South Ossetia and Abkhazia required resolution. Still, the Georgian elite placed their hopes in a NATO Membership Action Plan (MAP), which failed to materialize at the much anticipated 2008 Bucharest Summit. Instead, NATO promised Saakashvili eventual ascension, but without an immediately accessible path. Meanwhile, at the summit, President Putin affirmed a 'red-line' that rejected further NATO expansion on Russia's border. He explained his decision by arguing that NATO's promises to Russia that enlargement was "not directed against Russia" were insufficient.⁶¹ Indeed, in Georgian rhetoric the role of NATO was as much about protection as patronage.

Saakashvili's maneuverings in the April 2008 summit gave way to a dramatic escalation that same summer. Saakashvili had long been escalating his confrontation with the breakaway secessionist republics of South Ossetia and Abkhazia with sanctions, proxies, and infiltration.

⁶⁰ Parliament of Georgia (2004), "Georgia's commitments under the individual partnership action plan (IPAP) with NATO: 2004-2006," available from http://www.parliament.ge/files/292_886_771740_ipapnatoeng.pdf.

⁶¹ Toal, *Near Abroad*, 113.

Russia was responding, especially during the Kosovo controversy and the Bucharest Summit, by threatening to recognize the former Georgian territories as independent states. The escalatory crisis, ripe with skirmishes, sanctions, and militia violence, reached a climax in August 2008 when Saakashvili initiated military operations and the now-confident Kremlin came to the assistance of the separatists. The 2008 war lasted only a few days, and concluded when Russian forces forced the Georgians out from South Ossetia and Abkhazia and began pushing into Georgian territory before a ceasefire was declared. Russia followed its victory by recognizing Abkhazia and South Ossetia as independent states.⁶²

Unsurprisingly, the 2008 war portended no rapprochement in Georgian-Russian relations. The West looked on Georgia as the sympathetic victim of Russian aggression, and the increasingly authoritarian Saakashvili was still firmly in control. Georgia had also succeeded in overcoming Georgia's dependence on Russia. Natural gas flowed into Georgia from Azerbaijan while domestic hydroelectric power enabled Tbilisi to overcome a slate of economic sanctions imposed by Moscow between 2005 and 2007.⁶³ With dependence and relations on the decline, Saakashvili finalized the "Russia decision" with Georgia's defection from Russian-led institutions in the near abroad. By 2009, Georgia was unprepared for further engagement in the CIS, which had degraded from its supranational ambitions into a forum to discuss issues of "low politics" in the near abroad.⁶⁴ Even this degree of post-Soviet linkage, especially as it had been designed by Russia, was not to be encouraged. Saakashvili withdrew from the CIS in April 2009.⁶⁵

⁶² George Hewitt, *Discordant Neighbors: A Reassessment of the Georgian-Abkhazian and Georgian-South Ossetian Conflicts* (Leiden: Brill, 2013), 230-263.

⁶³ Randall Newnham, "Oil, carrots, and sticks: Russia's energy resources as a foreign policy tool," *Journal of Eurasian Studies* 2, no. 2 (2011): 165.

⁶⁴ Kubiack, "The Commonwealth of Independent States: An Example of Failed Regionalism?" 248.

⁶⁵ Radio Free Europe, "Georgia Finalizes Withdrawal from CIS," Radio Free Europe, August 18, 2009, https://www.rferl.org/a/Georgia_Finalizes_Withdrawal_From_CIS/1802284.html.

Georgia in Period 3

Georgia's political scene has been unstable, but its diplomatic trajectory is constant. Under Saakashvili, Georgia continued its outreach to the West. Despite the fact that Western enthusiasm for Georgian membership had been dampened by Tbilisi's role in the 2008 war, the Obama Administration recognized Georgia's interests in its 2011 National Security Concept. In 2014, NATO invited Georgia into the "Enhanced Opportunities Partners" (EOP) group that offered enhanced cooperation with NATO facilities and the security partnership has continued to deepen. The United States has also provided Tbilisi with over \$750 million in military assistance since the 2008 war (Mrachek, 4). To date, however, no MAP has been provided by NATO to Georgia, even though NATO repeatedly recognizes that Georgia's membership is inevitable.⁶⁶ Saakashvili subsequently re-focused Georgia's foreign policy, and began negotiating with the European Union for a Deep and Comprehensive Free Trade Area (DCFTA) through the recently launched Eastern Partnership (EaP).⁶⁷

In 2011, Georgian businessman Bidzina Ivanishvili began to organize the Georgian opposition, chafing under divided leadership and Saakashvili's growing tendency for authoritarianism. His opposition, known as the Georgian Dream (GD), overcame state-backed harassment to win the 2012 parliamentary election and take power.⁶⁸ Ivanishvili himself stood down in 2013 for backroom influence, but GD represented a wider constituency of elite opinion. They argued for a 'normalization' of relations with Russia and began to prosecute Saakashvili's ministers. But this normalization, in reality, was no reversal of the 'Russia decision.' GD

⁶⁶ NATO-Georgia Commission Statement (2019), https://www.nato.int/cps/en/natohq/official_texts_169323.htm?selectedLocale=en.

⁶⁷ Coene, *Euro-Atlantic Discourse in Georgia*, 36.

⁶⁸ Neil MacFarlane, *Two Years of the Dream: Georgian Foreign Policy During the Transition*, A Chatham House Report (London: The Royal Institute of International Affairs, 2015), 5.

resolutely affirmed the Western foreign policy even as it made noises about relaxing the standoff with Russia. Relations with Russia were incompletely restored with the appointment of a Special Representative for Relations with Russia.⁶⁹ Economic relations and humanitarian concerns were 'officially' depoliticized in 2012.⁷⁰ But even the gentle *détente* has been unstable, and tensions cyclically remerge.

Armenia in Period 1:

Georgia was not alone in spending its formative years pursuing a “balanced” foreign policy. Armenia, facing similar internal traumas and external dependencies, struck out its own “multi-vectored” foreign policy, known as the ‘complementarity’ policy. President Levon Ter-Petrosyan, Armenia’s inaugural president, was the architect of this policy and its chief practitioner until his downfall in 1998. During his administration, he built the policy around “not uniting to any political or military block.”⁷¹ For example, Ter-Petrosyan refused to make an issue out of the Armenian Genocide in an effort to normalize relations with Turkey (an initiative that soon crumbled), chased cooperation with Iran, and courted Western assistance to shore up the legitimacy of Armenia’s shaky independence.

Armenia’s overtures to the West exhibited none of the same enthusiasm shown by their Georgian neighbors. In 1994, Armenia joined NATO’s new program, Partnership for Peace (PfP), which called for “promoting reforms, increasing stability, and enhancing security relationships both between and among Partner countries and NATO.”⁷² Armenian membership,

⁶⁹ Kornely Kakachia, Levan Kakhishvili, Salome Minesashvili, “Contextual analysis of Russia-Georgia relations - possible threats and challenges of the “normalization” process,” *EESRI Policy Brief* (2015), 2.

⁷⁰ MacFarlane, *Two Years of the Dream*, 12.

⁷¹ Petros, “Evolution of Armenia’s Foreign Policy,” 3.

⁷² James Keagle and Tiffany Petros, “Building Partner Capacity Through Education: NATO Engagement with the Partnership for Peace,” *Connections* 10, no. 1 (2010): 47.

however, was a reaction to Azerbaijan's earlier ascension to PFP and attributable to the belief among Armenian elites that Baku could not be allowed to outflank Armenia in the international arena.⁷³ Given its intimate security and economic dependence on Russia, Armenia's relations with NATO were cordial, but not seriously progressing.

Under Ter-Petrosyan, however, Armenia only had found consistent disappointment in its attempts to branch out. The basic premise of this failure was generally one of limited interest; Armenia had few real connections with those which it pursued. For example, many elites after independence desired more engagement with the Arab states, but such aspirations were severely restricted by a lack of economic common interest, as well as by Armenia's commitment to Nagorno-Karabakh in its struggle against Azerbaijan, which was also orchestrating a blockade of Armenia with Turkish assistance. Inside the OSCE Minsk Group, officials fretted that Armenia's position was weakening as constituent states grew their stakes in the Azerbaijani oil industry. Concurrently, the United States was encouraging its own interests in Azerbaijan, and in 1996 the State Department clarified its support for Azerbaijan's territorial integrity.⁷⁴ Limited cooperation was managed with Iran, and would eventually grow, but such outreach was under constant pressure from various sources; border skirmishes, overtures to Israel, the Nagorno-Karabakh crisis, and Iranian skepticism towards the practicality of Armenia's complementary foreign policy.

Despite the sincerity of Ter-Petrosyan's overtures, in reality Armenia was drifting back into the Russian camp. Unlike Georgia, the "multi-vector" foreign policy of Armenia, in part due to the conflicting geo-political views of Armenian and Georgian elites in the post-Soviet security

⁷³ Kotchikian, *The Dialectics of Small States*, 131.

⁷⁴ Joseph R. Masih and Robert O. Krikorian, *Armenia at the Crossroads*, (Amsterdam: Harwood Academic Publishers, 1999), 123.

situation, enabled Russia to assume a privileged role as the provisional guarantor of Armenian security. Whereas Shevardnadze had controversially appealed to Russia in order to save his state from anarchy, Ter-Petrosyan signed up for the CIS in December 1991 without fanfare and the Armenian parliament approved it with ease. The next year, Armenia acceded to the CIS Collective Security Treaty (CST) and allowed Russian access to military installations in Armenia with an additional basing agreement approved in the summer of 1994.⁷⁵ Central to this deepening of security relations was the war in Nagorno-Karabakh, in which Armenia supported the majority-ethnic Armenian population against the Republic of Azerbaijan and their informal allies in Ankara. During the course of the conflict, especially in its high intensity concluding years, Armenia was completely dependent upon Russia for economic and wartime necessities, including a significant number of arms transfers.⁷⁶ Armenian elites tended to react to this dependency by deepening their involvement in Russia's international framework. In 1997, Ter-Petrosyan signed a military-security alliance with Russia. Nevertheless, he remained committed to widening the complimentary policy, and sought compromise and conciliation wherever possible to 'break out' of Armenia's isolation.

Ter-Petrosyan was deposed in a 1998 parliamentary coup that elevated his prime minister, Robert Kocharyan, into the presidency.⁷⁷ Kocharyan, who was also the former president of the contested Nagorno-Karabakh republic, never challenged Russia's role as the 'indispensable nation.' Instead, during Kocharyan's administration, Armenia sought developmental and symbolic engagement with the West, while concurrently deepening its

⁷⁵ Alla Mirzoyan, *Armenia, the Regional Powers, and the West: Between History and Geopolitics* (New York: Palgrave Macmillan, 2010), 30-9.

⁷⁶ *Ibid.*, 33.

⁷⁷ Stephen H. Astourian, "From Ter-Petrosyan to Kocharian: Leadership Change in Armenia," *Working Paper Berkeley Program in Soviet and Post-Soviet Studies* (2000): 58.

practical integration into the post-Soviet networks maintained by Moscow. In effect, Armenia could earnestly participate in the Council of Europe (2001), the PfP Planning and Review Process (2002) or the EU's European Neighborhood Policy (2004) without threatening its Russian pillar. As American policy came under review after September 11, Armenia was offered many more opportunities to engage with and receive support from the West's security framework. Yerevan managed these opportunities to maximize assistance and military cooperation without irritating Russia; the results were very restrained. Compared to Georgia, Armenia's investment in Western outreach was considerably more muted when compared to Georgia's commitment. For example, Kocharyan sent 50 men under Polish command to Iraq in contrast to Georgia's 850-strong expeditionary force.⁷⁸ The training programs that were prioritized by Armenian elites with NATO, furthermore, were underfunded, a concern later expressed by Defense Minister Tevzadze.⁷⁹

Armenian officials who orchestrated Yerevan's participation in Western programs that elicited military training and assistance, economic aid, and humanitarian support succeeded in avoiding Moscow's ire by re-affirming Yerevan's official alignment with Russia. Kocharyan himself asserted that Armenia could have no place within NATO, thereby limiting Armenia's participation in NATO to collaborative, not integrative, activities. In December 2002, the Armenian parliament evinced that reality when it approved equity-for-debt swaps that transferred control of five Armenian defense enterprises to Russian proprietorship in exchange for \$95 million in debt relief.⁸⁰ That same year, Armenia and Russia agreed to further military collaboration. Russian officials, including then-foreign minister Igor Ivano, could openly call

⁷⁸ Gaidz Minassian, "Armenia, a Russian Outpost in the Caucasus?" *Russie.Nei.Visions* 27, 12.

⁷⁹ Coene, *Euro-Atlantic Discourse in Georgia*, 34.

⁸⁰ Petros, "Evolution of Armenia's Foreign Policy," 5.

Armenia "Russia's only ally in the south."⁸¹ The face of the complimentary policy was becoming less believable.

Armenia in Period 2:

Under Kocharyan and his ruling party, the Republican Party of Armenia (RPA), Armenian foreign policy more clearly evinced a fundamental dependence on the "Russia first." Negotiations with the European Union were deemed a pressing matter, but that approach remained cautious. Armenia's 2006 non-binding Action Plan aimed for linking reform with an ambiguous "stake in the EU's Internal Market" and gradual involvement in "EU policies and programs."⁸² Progress was slow and contentious.

Negotiations with the EU were prioritized but it was by no means the only outreach. For example, the North Atlantic Council (NAC) accepted Armenia's IPAP in 2005, but in contrast to Georgia, Armenia's IPAP was strictly delimited in its ambition.⁸³ President Kocharyan and his 2008 successor, Serzh Sargsyan, frequented the viewpoint that joining NATO "would barely improve the country's security, and [it would] affect its relations with neighboring countries."⁸⁴ These statements competed with IPAPs that envisioned "European integration" as had been promised to Georgia.⁸⁵ But the direction of policy seemed to back up Kocharyan and Sargsyan. Armenian-Russian security collaboration intensified with a flurry of military agreements. Within the CIS and CSTO, Armenia actively supported the supranational framework. It held the rotating

⁸¹ Kim Iskyan, "Armenia in Moscow's Embrace," *Moscow Times*, March 24, 2004.

⁸² Nicola Del Medico, "A Black Knight in the Eastern Neighbourhood? Russia and EU Democracy Promotion in Armenia and Moldova," *EU Diplomacy Paper* (2014): 11.

⁸³ Martin Malek, "NATO and the South Caucasus: Armenia, Azerbaijan, and Georgia on Different Tracks", *Connections* 7, no. 3 (2008): 40.

⁸⁴ Shalva Dzebisashvili, "Norms versus Interests: The Ambiguous Nature of NATO's Democratic Conditionality in Armenia", *Connections* 14, no. 2 (2015): 22.

⁸⁵ *Ibid.*

chairmanship of the CSTO from 2007 to 2008 and assigned a full unit to the Collective Rapid Reaction Force (CRRF) in 2009.⁸⁶ Perhaps most decisively, Armenia's economic dependence on Russia dramatically increased during this period, partially as a result of pre-existing conditions as well as deliberate encouragement of Russian investment and ownership of strategic industries.

Armenia in Period 3:

In September 2013, Sargsyan announced plans to abandon negotiations for an Association Agreement (AA) and committed instead to the Eurasian Customs Union (ECU) with Russia, Belarus, and Kazakhstan. European officials believed the defection was principally driven by security concerns, not economic motivations.⁸⁷ This was only half-true. In reality, Armenia's economic configuration invited further integration with Russia. Furthermore, Russia had deftly provoked the concerns of Armenian elites on Nagorno Karabakh, and they were destined to default onto their conventional strategy of strengthening ties with Russia. Their reservations were not without economic cause. NATO and EU member states had mostly prohibited selling offensive weapons to Armenia through an OSCE embargo.⁸⁸ As always, Armenian elites saw Russia as the only source of stability. Armenia's "U-turn" will be explained in further detail in subsequent sections.

Membership in the ECU implied a statement of bloc affiliation as definitive as Georgia's guarantees from NATO or agreements with the EU. The common economic space evolved into the supranational Eurasian Economic Union (EAEU), which was to facilitate "deep integration" towards a single market behind a common external tariff. Sargsyan's decision sent a clear signal

⁸⁶ Richard Weitz, *Assessing the Collective Security Treaty Organization: Capabilities and Vulnerabilities* (US Army War College: Strategic Studies Institute, 2018), 2, <https://publications.armywarcollege.edu/pubs/3661.pdf>.

⁸⁷ Del Medico, "A Black Knight in the Eastern Neighbourhood," 11.

⁸⁸ MacFarlane, *Two Years of the Dream*, 10.

on Armenia's Russia decision; wider integration and cooperation with Russia was Yerevan's practical destiny. Armenia's economic configuration and the security concerns of foreign policy actors had consistently pointed to Russia; the decision to break from the AA process and join the EAEU resolved the multi-vectored policy conclusively in Moscow's favor.

Armenia's security did not improve in the immediate aftermath of EAEU membership. Tensions with Azerbaijan along the contested border continued to escalate, and Azerbaijan was still receiving arms deliveries from a 2010 agreement with Russia. Putin, however, did provide Armenia with a 2015 emergency loan to acquire modern weaponry before a short and inconclusive four-day war erupted with Azerbaijan in April 2016.⁸⁹ In response, Moscow sent huge weapon supplies to Armenia after the war. Russia was keen not to appear as an unreliable ally within the EAEU and the CSTO.⁹⁰ Despite controversy within Armenia, the Eurasian Union has proved a durable cornerstone of Armenia's 'Russia decision.' In April and May 2018, protesters ousted the incumbent government in the 'Velvet Revolution' and brought the EAEU-skeptic, Nikol Pashinyan, into the premiership. In no time, however, Armenia resumed its normal posture in the EAEU.

Given its comprehensive commitment to the EAEU, Armenia was unhappily permitted by Russia and the EAEU to continue negotiating limited agreements with the European Union. The EU still constitutes a sizable, if diminishing, portion of Armenia's trade. The sustained economic relationship culminated with the 2017 Comprehensive and Enhanced Partnership Agreement, agreed under the more Russophilic Sargsyan administration. To appease vocal Russian opposition, negotiators removed anything that might contradict EAEU terms. In fact, the

⁸⁹ *ibid*, 20.

⁹⁰ Zaur Shiryev, *Azerbaijan's Relations with Russia: Closer by Default*, A Chatham House Report (London: The Royal Institute of International Affairs, 2019), 13.

agreement was consciously framed as a bridge between the EU and the EAEU.⁹¹ With Yerevan committing, rather than defecting, from the EAEU, Armenia has clearly made its Russia decision for the foreseeable future.

Section 2: Constructed Realities

Theoretical Framework

Small States and Weak States

For much of the post-Soviet period, Armenia and Georgia were characterized as *small* and *weak* states. Small states are defined based on specific criteria ranging from geographic size to military strength. Small states are generally dependent upon the military power of stronger countries and the security framework more powerful states offer to smaller ones.⁹² Weak states or “fragile states” require a more rigorous definition. The World Bank describes a fragile state as characterized “by poor governance, internal conflicts or tenuous post-conflict transitions, weak security, fractured societal relations, corruption, breakdowns in the rule of law, and insufficient mechanisms for generating legitimate power and authority.”⁹³ In the international system, weak states tend to have small economies, high dependence, little military power, and less interest in the wider affairs.⁹⁴ As newly secessionist states, Armenia and Georgia have been characterized as weak states.⁹⁵ Georgia’s weakness was also varyingly ascribed to the conflict between

⁹¹ Joshua Kucera, “Armenia Signs Landmark Agreement with EU,” *Eurasianet*, November 24, 2017, <https://eurasianet.org/armenia-signs-landmark-agreement-with-eu>

⁹² Vaidotas Urbelis, “The Relevance and Influence of Small States in NATO and the EU Common Foreign and Security Policy,” *Lithuanian Annual Strategic Review* 13 (2015), 63.

⁹³ Monty G. Marshall and Benjamin R. Cole, “State Failure: The Problem of Complex Societal-Systems” in *States and Peoples in Conflict: Transformations of Conflict Studies*, eds. Michael Stohl, Mark i. Lichbach and Peter Nils Grabosky (New York: Taylor & Francis, 2017), 190.

⁹⁴ Michael Handel, *Weak States in the International System* (London: Cass and Company, 1981), 52-3.

⁹⁵ Kotchikian, *The Dialectics of Small Sates*, 31.

nationalists and separatists, Tbilisi's failure to meet democratic transition goals, and Russian meddling.⁹⁶ Today that appellation is less applicable to both states.

Small States, Weak States, and Patronage

Small states have several options within the international system. They may forswear affiliation and remain outside of formal alliances. Another option is to attempt to align with a strategic alliance or bloc. In neo-realist realist terms, the small state alignment is indicative of balancing (allying with one side to balance and danger of another) or bandwagoning (allying with the source of danger). Realists have historically argued that the balance of power was the determining factor. Stephen Walt's alternative, by contrast, stresses the 'balance of threat' to small states rather than the global balance of power.⁹⁷ An exclusive use of this framework, however, obscures key determiners in the construction of an alliance, such as shared cultural or historical affiliation.⁹⁸

Constant across all these frameworks is the search for patronage. Small states develop their foreign policy orientation in order to induce its prospective larger partner to support the small state. They may employ various strategies—symbolic, strategic, propagandistic—in framing membership to court their alliance. In certain examples, small states conduct 'political penetration' whereby they lobby foreign governments for favor. Small states may also leave former alliances and seek patronage and protection from a new source.⁹⁹

⁹⁶ Stacy Closson, "State Weakness in Perspective: Strong Politico-Economic Networks in Georgia's Energy Sector," *Europe-Asia Studies* 61, no. 5 (2009): 760-1.

⁹⁷ Stephen M. Walt, *The Origins of Alliance* (Ithaca: Cornell University Press, 1987) 17-33.

⁹⁸ Coene, *Euro-Atlantic Discourse in Georgia*, 15.

⁹⁹ *Ibid.*

Weak states have their own set of options. In addition to political penetration, they may project harmlessness, promote an inviting national image (i.e. defender of democracy), or invite the armed forces of a great power as a form of deterrence or entrapment.

Constructivism and Actors

Constructivism in international relations can be understood broadly as an analytical lens that incorporates actors overlooked in traditional realism and neo-liberal international relations. While the primacy of states within the international system is still recognized, unlike realism, constructivists consider state agency as conditioned by other actors, including political elites and civil society. Constructivists also challenge the rational actor model employed by neo-liberals and realists and prefer to view states as composites of their actors or social actors themselves.¹⁰⁰ As for foreign policy elites, constructivists view their ‘rational’ outlook as conditioned by internal argumentation and socio-cultural determiners.¹⁰¹ Current literature on the construction of foreign policy indicates that outsized influence on national diplomacy is afforded to individual leaders in small and fragile states.¹⁰² As a result, existing literature on the South Caucasus tends to emphasize the monopolization of foreign policy by the leadership and elite personalities.¹⁰³

Constructed Realities

Over the last twenty years, scholars of the South Caucasus have focused increasingly on the instrumental role played by cultural determiners and national identity in foreign policy. Since the Soviet center had monopolized foreign policy, post-Soviet states had little, if any, experience

¹⁰⁰ (Busse, 44-5)

¹⁰¹ Maysam Behravesh, “The Relevance of Constructivism to Foreign Policy Analysis,” *E-International Relations* (2011): 2-3.

¹⁰² Wen Zha, “Personalized Foreign Policy Decision-making and Economic Dependence: A Comparative Study of Thailand and the Philippines’ China Policies,” *Contemporary Southeast Asia* 37, no. 2 (2015): 242.

¹⁰³ Irina Ghaplanyan, *Post-Soviet Armenia: The New National Elite and the New National Narrative* (New York: Routledge, 2018); Coene, *Euro-Atlantic Discourse in Georgia*.

with developing a national strategy. As a result, elites in the near abroad had to establish national interests and assign value to those interests. Ilya Prizel argues that in the post-Soviet space political discourse around national identity—a social construction inherited or developed by elites—served as a “reference pool” for framing national interests and conducting foreign policy.¹⁰⁴ Contrary to realist interpretations, national strategy was not determined by evaluations of the balance of power, but by elite decisions based on national identity, which allowed for a post-independence redefinition of the nation’s cultural affiliation, ‘appropriate’ borders, and traditional patrons and enemies. In this sense, elites in the near abroad had to *construct* the reality: what their state would look like (i.e. in territorial terms) and who it would associate with (i.e. in supranational/developmental terms) by drawing on their own understanding of their pre-independence past as well as their unfolding experiences in the post-Soviet period. This is the basis of the *constructed reality*—it is a shared elite vision of the identity of the state within the post-Soviet space as informed by the national identity.

In Armenia and Georgia, constructed realities have restricted the flexibility of national strategy by placing an identity-related value on foreign policy objectives. For example, the elite constructed realities in both countries offer no chance of conciliation over either Abkhazia/South Ossetia or Nagorno-Karabakh—those who attempt concessions run the risk of widespread political alienation—thereby respectively reinforcing the Soviet-era suspicions of Georgian elites vis-a-vis Moscow and Armenia’s historical dependence on Russia. As a result, elites prejudice policy and discourse towards one bloc and away from another in order to attain that vision. Over time, events on the ground can reinforce the constructed reality, such as when the projected ally fulfills its duty, or the projected enemy disturbs the peace. By reviewing the motivations behind

¹⁰⁴ Ilya Prizel, *National Identity and Foreign Policy: Nationalism and Leadership in Poland, Russia, and Ukraine* (Cambridge: Cambridge University Press), 14.

the leadership and the effect of those motivations on institutional engagement and outreach, this section contends that *constructed realities* have been decisive variables in determining Georgia's defection and Armenia's cooperation with Russia.

Section 2A: Georgia and the Euro-Atlantic Constructed Reality

Georgia: Euro-Atlanticism

In 2004, President Saakashvili declared his pride in Georgia for “giving me an overwhelming mandate to return Georgia to its rightful destiny as a responsible member of the European community.”¹⁰⁵ Saakashvili's phrase connected a statement of identity—Georgia's Europeanness—with a foreign policy trajectory aimed at ‘returning’ Georgia to Europe.

Georgia's obsession with the West is a thoroughly modern creation. Georgian intellectuals in the late 19th century introduced European ideas during the reformist reign of Tsar Alexander II and then transmitted a European identity onto Georgia's valorized past. In particular, the work of the early 20th century intellectual *tsiperkhasntesni* group was instrumental in combining Georgia's historical experience with an idealization of the abstract West. Elite-driven discourse constructed a Georgian who was a “Christian, European, and a warrior-martyr” against the Muslim ‘other,’ which is a theme that has been confirmed by an official post-independence push away from Soviet-era triumphalism and towards a semi-mythologized narrative around Georgia's medieval history.¹⁰⁶ Growing intellectual and elite fascination with the West, generally for nationalist ends, presaged rising European involvement in the region, particularly during the First World War. When the Bolsheviks invaded at the height of the Russian Civil War, the Georgian elite appealed to the Allies for assistance, but

¹⁰⁵ Mikhail Saakashvili, "Speech to the Assembly" (speech, Tbilisi, January 28, 2004), <http://www.assembly.coe.int/nw/xml/Speeches/Speech-XML2HTML-EN.asp?SpeechID=189>

¹⁰⁶ Jones, “The role of cultural paradigms in Georgian foreign policy,” 91.

earned no support. Despite the West's inability to provide practical assistance, however, elites and intellectuals remained attached to Western ideas and drove a European identity into the Georgian mainstream throughout the 20th century.¹⁰⁷ The emerging affinity with the West was reinforced by the relative stagnation of Georgian economic and political life under the Soviet Union. Rejecting communism became inseparably linked with Georgian self-identification as European.¹⁰⁸ During the 1970s and 1980s, as Soviet control loosened, the pro-Western image was confirmed, and anti-Soviet nationalist leaders made appeals for NATO membership long before the 2008 Bucharest Summit.¹⁰⁹ Post-Soviet elites were the inheritors of this intellectual legacy. Western identity was further strengthened by the developmental appeal of the first world and the effect of this is apparent by the radical influence of Western neoliberalism within Georgian domestic policy.¹¹⁰

The underside of elite self-identification with Europe is anti-Russianism. In the Georgian political imagination, Russia has abused its position as natural patron in historical and post-Soviet contexts. The intellectual mainstream mixes harsh condemnations of 19th century Russian territorial imperialism in Georgia with the sobering existence of living under the Soviet regime. Indeed, Georgia enjoyed a consistent reputation as one of the most nationalistic Soviet republics, especially in the post-Stalin period when pro-independence demonstrations were regularly suppressed.¹¹¹ Another decisive component has been the integration of anti-Russianism into the discourse of Georgian ethno-nationalism, generally over the question of the secessionist states, South Ossetia and Abkhazia.

¹⁰⁷ Coene, *Euro-Atlantic Discourse in Georgia*, 69

¹⁰⁸ Jones, "The role of cultural paradigms in Georgian foreign policy," 91-2.

¹⁰⁹ Coene, *Euro-Atlantic Discourse in Georgia*, 29.

¹¹⁰ *Ibid.*, 45.

¹¹¹ Darrell Slider, "The Politics of Georgia's Independence," *Problems of Communism* 40, no. 6 (1991): 64.

Political elites in Tbilisi have a reliable history of defending an uncompromising, even chauvinistic, view of territorial integrity. During the brief independent republic of Georgia, the governing effectively Mensheviks orchestrated the annexation of Abkhazia into Georgia and justified it on medieval claims, while a South Ossetian uprising in 1918 against the Menshevik government earned a brutal repression by the Georgian central government.¹¹² Even after the Soviet victory in the civil war, Georgians succeeded in reducing Abkhazia and South Ossetia to autonomous republics within the Georgian SSR by the 1930s.¹¹³ In both states, Tbilisi's Georgian discriminatory ethno-nationalist policies stirred tension with local populations who prized their cultural identities. Even when formal discriminatory policies were abolished, informal discrimination persisted. Georgian elites were also wary of a Kremlin that had already tried to subvert their territorial integrity by experimenting with formal Abkhazia and South Ossetian autonomy. Gorbachev's *glasnost* enabled competing nationalist expressions as anti-secession and secessionism quarreled in the public square until both conflicts escalated into open warfare when Tbilisi tried (and failed) to suppress militarily the defiant local governments in Abkhazia and South Ossetia.¹¹⁴ At least in South Ossetia, Georgian elites, in particular Gamsakhurdia, suspected Russian assistance was the decisive element in Georgia's defeat and withdrawal. Events had added another unresolved grievance towards Russia and projected it into the role of partitioner. Saakashvili, for example, accused Russia before the 2008 war of trying to turn Georgia into Cyprus, permanently divided.¹¹⁵ Tbilisi's commitment to re-unification has retained its potency; Georgian elites even escalated disputes with Abkhazia and South Ossetia into open

¹¹² Hewitt, *Discordant Neighbors*, 35-9.

¹¹³ *Ibid*, 39-50.

¹¹⁴ *Ibid*, 94.

¹¹⁵ "Caucasus Report: April 21, 1998" *Radio Free Europe*, April 21, 1998, <https://www.rferl.org/a/1342032.html>.

warfare on two further occasions in 1998 and 2008, the latter with Russia as the principal adversary and the West as the rhetorical and material patron.

The inseparability of each of these threads—Western identity, anti-Russianism, and ethno-nationalism—gives cause to analyzing the elite outlook as a coherent and interconnected whole. Each element of this constructed reality is related to another in the discourse—the dream of restoring an integral Georgian nation, Russia’s alleged support for Abkhazia and South Ossetia, Georgia’s default Western identity and the subsequent appeal for Euro-Atlantic protection and integration. An examination of Georgian national security concept documents—before 2004 there was no official national security concept, though many documents were produced with an overarching vision for foreign policy—evinces how each of these elements were considered inseparable. In the 2000 document, *Georgia and the World: A Vision and Strategy for the Future*, the foreign policy goals of Georgia for independence and territorial integrity (officially ‘national unity) are placed against a backdrop of historical recriminations against Russia and praise for Western Europe, an express desire to “reconcile the people and leaders of Abkhazia, Georgia and the South Ossetia regions to life within the Georgian state,” and a long-term goal to integrate into the "major institutions of the European and Euro-Atlantic communities."¹¹⁶ Subsequent national security concepts produced by the Georgian government and ratified by the parliament, as a result of the Rose Revolution, confirm in stronger terms the coherence of Euro-Atlanticism by declaring the necessity of responding to “military aggression by the Russian Federation...the occupation of Georgian territories” by deepening Georgia’s already extant membership in the “Euro-Atlantic space.”¹¹⁷ For the Georgian elites, the

¹¹⁶ Georgian Ministry of Foreign Affairs, *Georgia and the world: A vision and strategy for the future*, 2000, <http://www.bits.de/NRANEU/docs/CFE/GeorgiaStrategy.pdf>.

¹¹⁷ Government of Georgia, *National Security Concept of Georgia*, 2012, <https://mod.gov.ge/uploads/2018/pdf/NSC-ENG.pdf>.

formulation of foreign policy therefore resolves around an integrated doctrine of Georgian territorial integrity, European identity, and anti-Russianism.

To varying degrees, every post-Soviet Georgian leader and administration has sympathized with the Euro-Atlantic constructed reality. In this sense, Euro-Atlanticism has existed in gradations depending on the administration and the regional situation, but the “median” or fundamental premise of the Euro-Atlantic constructed reality has remained stable: the consummate vision behind Georgia’s Euro-Atlanticism constructed reality imagines a Western-affiliated Georgia, protected by the Euro-Atlantic alliance structure from a neo-imperialist Russia that seeks to undermine the territorial integrity of Georgia. The durability of this viewpoint, despite domestic political turnover, is among the most persuasive arguments that post-independence Russo-Georgian relations have not been exclusively determined by Russian aggression. This is particularly apparent given how instrumental Euro-Atlanticism has been in initiating policies that contribute to a ‘defection.’

Euro-Atlanticism in the Political Leadership

The first independent Georgian administration under Gamsakhurdia represented a radical manifestation of the Euro-Atlantic constructed reality. Although Georgia was still heavily dependent on post-Soviet linkages and the political situation was entirely unsuitable for outright defection, Gamsakhurdia appealed to the West to rescue Georgia, and sought through military force the attainment of Georgia’s territorial integrity. He also openly contemplated NATO membership as a measure that would ensure Georgian unity and protect against Russia.¹¹⁸ His refusal to join the CIS naturally followed from his Euro-Atlantic position; Gamsakhurdia did all

¹¹⁸ Coene, *Euro-Atlantic Discourse in Georgia*, 31.

he could to emphasize Georgian independence in opposition to Moscow. Russian observers were keen to emphasize this point when Gamsakhurdia reversed his position upon losing control of his country in December 1991, ridiculing Gamsakhurdia's attachment to the "beloved West."¹¹⁹

It was Shevardnadze, who succeeded Gamsakhurdia, in fact, who completed the process of joining the CIS in 1993 (then the Collective Security Treaty) and walked back NATO membership. But this concession did not entail an abdication of Euro-Atlanticism. In fact, his pragmatic position was conditioned by two factors. The first was the dire need to establish stability in Georgia, and even that was insufficient for Shevardnadze to be persuaded into ascension until nearly a year of civil war had passed. Second, Shevardnadze pushed firm Euro-Atlantic measures within the CIS and exposed the conditionality of Georgia's membership. He warned that the CIS would disintegrate if Russia did not adopt a Western course conducive to the "development of democracy" and insisted that the organization had to oppose "aggressive separatism" and uphold the "territorial integrity of the CIS states" in a clear jab at Russia's involvement in Abkhazia.¹²⁰ Though Shevardnadze's Euro-Atlanticism was on full display, his pragmatism ensured that relations with Russia were cordial, and he secured a basing agreement in 1995 to consolidate Georgia's precarious security. But even this was a step too far for many Georgian elites, who were furious over Russia's treatment of the secessionist issue, and they made clear their dissatisfaction with this break in the Euro-Atlantic constructed reality when they refused to ratify the basing agreements.¹²¹ Once stabilization had been achieved, however, Shevardnadze returned to the Euro-Atlantic push, and he began to deepen Georgia's institutional

¹¹⁹ Petr Karapetyan, "Georgia 'Balkanization' has Perils for Russia," in *Russia and the Commonwealth of Independent States: documents, data, and analysis*, eds. Zbigniew Brzezinski and Paige Sullivan (Armond: M.E Sharpe, 1997), 570-1.

¹²⁰ Ibid.

¹²¹ Celine Francise, *Conflict Resolution and Status: The Case of Georgia and Abkhazia (1989- 2008)* (Brussels: VUBPRES Brussels University Press, 2011), 125.

engagement with the West. He had engaged preliminarily Georgia with Western institutions by his 1994 decision to enlist Tbilisi in NATO's Partnership for Peace program.¹²² He hinted that Georgia "might knock on NATO's doors," and then, in quick succession, formed the anti-Russian GUAM and refused to renew the Collective Security Treaty. Behind these decisions was a consolidation of the Euro-Atlantic reality; a recognition that Russia, in the Georgian imagination, could offer little but headaches on Abkhazia and South Ossetia. He elucidated this motivation when he made an open invitation in Washington for the "Euro-Atlantic Community, already rich in experience, to invigorate the joint effort to achieve a settlement in this conflict [Abkhazia]." ¹²³ Already Shevardnadze had managed to replace Russia with the United States as Tbilisi's principal military-financial benefactor.¹²⁴ By the end of his administration, Shevardnadze's Euro-Atlanticism was so perceptible that he declared the West and, in particular, the European Union, as the "ultimate harbor" for Georgia.¹²⁵ He backed this up in policy at the 2002 NATO summit when he made an official bid for full membership.

Despite the fact that by the end of his administration, Shevardnadze had revived Georgia's push for NATO membership and distanced from Russia, the actual process of integration had stalled under Shevardnadze's hybrid-authoritarianism. The so-called 'young reformer' faction of Shevardnadze's Citizens Union of Georgia (CUG), one of the strongest in the legislature, felt that Shevardnadze's Euro-Atlantic push was insufficient. They desired a firmer break with the Russian past, floating the idea that Georgia's destiny—informed by the *tsiperkhasntesni*—was to reject Eurasian influences and 'return' to the Western sphere.¹²⁶

¹²² Toal, *Near Abroad*, 107.

¹²³ Eduard Shevardnadze, "Remarks on Euro-Atlantic Partnership Council Summit" (speech, Washington, April 25, 1999), <https://www.nato.int/docu/speech/1999/s990425b.htm>.

¹²⁴ Kuzio, "Geopolitical pluralism in the CIS," 107.

¹²⁵ Coen, *Euro-Atlantic Discourse in Georgia*, 34.

¹²⁶ Toal, *Near Abroad*, 106.

Indeed, the rapid change in political leadership that followed the 2003 Rose Revolution did not elevate an opposition with conciliatory views towards Russia.¹²⁷ Instead, the ‘new reformers, led by Saakashvili (who had quit as Minister of Justice in 2001 over corruption accusations against Shevardnadze) and his opposition United National Movement (UNM) party, proved far more zealous in their Euro-Atlanticism. They would, in time, confirm Georgia’s conclusive “Russia decision” by their cavalier policy towards the secessionist states and NATO.

Zurab Zhvania, Saakashvili’s first prime minister, famously echoed the new course when he declared “I am Georgian, and therefore I am European.”¹²⁸ Saakashvili employed symbolic tactics to exemplify this identification, such as displaying a European flag at his inauguration, and then reiterating that Georgia’s direction was decidedly “towards European integration” and that this direction was providentially arranged for Georgia to “take its own place in European family, in European civilization, the place lost long ago.”¹²⁹ Concurrently, Saakashvili fixed the issue of territorial integrity at the forefront of his Euro-Atlantic agenda, going so far as to assert that “Georgia’s territorial integrity is the goal of my life.”¹³⁰ His millenarian, almost monomaniac, conviction in the Euro-Atlantic vision—Georgia as united, independent, and Western—left an enduring impact on his political program. He committed to recovering Abkhazia by 2008 and redoubled the push for NATO and EU membership. Frederick Coen notes that Saakashvili wildly proposed integrating almost all public functions into the Euro-Atlantic community, including the judicial system, the foreign ministry, immigration desks, national railways, and many other services.¹³¹ His pro-Western rhetoric earned Georgia a nomination for

¹²⁷ *ibid*, 105.

¹²⁸ Donnacha Ó Beacháin and Frederik Coene, “Go West: Georgia's European identity and its role in domestic politics and foreign policy objectives,” *The Journal on Nationalism and Ethnicity* 42, no. 6 (2014): 929.

¹²⁹ Toal, *Near Abroad*, 115.

¹³⁰ *ibid*, 114.

¹³¹ Coen, *Euro-Atlantic Discourse in Georgia*, 36.

NATO membership from John McCain and Hilary Clinton as well as a NATO liaison officer to expedite integration. Saakashvili enjoyed domestic extensive support for his program, and an unofficial referendum in January 2008 showed 77 percent of voters in favor of NATO membership.¹³² At the same time, given the renewed threat to their sovereignty, the secessionist states understandably defaulted back onto Russian protection.¹³³ It was no surprise then that Saakashvili accused Russia during negotiations of annexing Georgian territory “behind these [Russian] peacekeeping troops.” The non-negotiability of Georgia’s claim to the secessionist states—the ‘red-line’ of Georgia’s constructed reality—all but guaranteed that Saakashvili would accelerate Georgia’s turn to the Western alliance structure and irritate a Kremlin averse to further NATO expansion on the Russia border. Indeed, Saakashvili had done little to promote reconciliation; he pushed forces into contested territories, escalated tensions with Putin, renamed the Minister for Conflict Resolution as Minister of Reunification, and lobbied hard for a clear path to NATO membership.¹³⁴ Once Saakashvili procured a commitment for eventual membership at the 2008 Bucharest Summit, Georgia’s Russia decision neared completion. The outbreak of war in 2008, largely a product of these initiatives from Georgia, simply confirmed the decision; in institutional terms it was validated when Saakashvili, following Tbilisi’s military defeat, defected from the CIS, or as Saakashvili appropriately called it: “some kind of post-Soviet kind of thing.”¹³⁵

Euro-Atlanticism, as illustrated, was decisive in determining Georgia’s Russia decision. It was the vigorous ideology of the elite and was persistently employed in rationalizing

¹³² Hewitt, *Discordant Neighbors*, 214.

¹³³ Francise, *Conflict Resolution and Status*, 156.

¹³⁴ Hewitt, *Discordant Neighbors*, 222.

¹³⁵ “Georgia Finalizes Withdrawal From CIS,” *Radio Free Liberty*, August 18, 2009, https://www.rferl.org/a/Georgia_Finalizes_Withdrawal_From_CIS/1802284.html.

decisions. Foreign Minister Gela Bezhushvili had captured this logic when she declared before the initiative of NATO's "Intensified Dialogue" that "Georgia is on a point of no return towards NATO; Euro-Atlantic aspirations are not part of the political game; this is a political *belief* of the Georgian people."¹³⁶ Each stage of integration with NATO and de-integration with Russia flowed in Saakashvili's administration from this fundamental belief.

Although Saakashvili's administration was punctuated by extreme enmity and violence with Russia, the Euro-Atlantic outlook was irrevocably reinforced by the 2008 war. Domestic political changes after Saakashvili have failed to upend Euro-Atlanticism within the Georgian elite. When the opposition Georgian Dream (GD) defeated the UNM in 2012 elections, Bidzina Ivanishvili and his anti-Saakashvili allies assumed power on a presumed platform of conciliation with Russia.¹³⁷ Nevertheless, the Euro-Atlantic direction has remained remarkably stable, and the Georgian Dream has never violated the 'red-line' on the secessionist territories. Maia Panjikidze, GD's inaugural foreign minister, clarified that Georgia would never accede to Russia's precondition for normalization of relations: recognizing the independence of Abkhazia and South Ossetia. Instead, she accused the Kremlin of "occupying 20% of Georgia's territories; Russia is an occupying country; it has two embassies, one in Tskhinvali and another one in Sokhumi, and as long as it remains so, diplomatic relations with Russia will not be restored."¹³⁸

De-linkage eventually allowed relations to normalize, but the fundamental controversy cannot be resolved as long as territorial unification is sacrosanct in the elite constructed reality. Mariam Naskidashvili and Levan Kakhishvili conducted interviews in 2017 with Georgian

¹³⁶ "NATO Launches 'Intensified Dialogue' with Georgia," *Civil Georgia*, September 29, 2006, <https://civil.ge/archives/115389>.

¹³⁷ Konrad Zasztowt, "Georgian Dream's Foreign Policies: An Attempt to Change the Paradigm?" in *PISM Policy Papers* 51, no. 3 (2013), 1-3.

¹³⁸ MacFarlane, *Two Years of the Dream*, 11

political elites on both sides of the legislature to evaluate their “national identity” and its impact on foreign policy. The opposition, in general, expresses views in line with firm Euro-Atlanticism; one MP noted that “Russia, in principle, denies Georgia’s right to be an independent and sovereign country.” Georgian Dream, though more conciliatory than the opposition on Russia, nevertheless agrees that acute threats emanate from Russia and that Georgia should continue towards full Euro-Atlantic integration.¹³⁹ The confirmation of the Euro-Atlantic trajectory has been impressed clearly on Georgian Dream; Irakli Garibashvili, Ivanishvili’s successor and a key negotiator in the Georgia-EU Association Agreement (including the DCFTA), recycled Saakashvili’s and Bezhuashvili’s Euro-Atlantic determinism when he proclaimed: “[the signature of the agreement] is a new great date in the chronicles of the homeland...that is Europe, its political, economic, social, and cultural environment, from which our country was artificially alienated for centuries...Georgia does not view Europe only as a political choice. We have shared common values and worldviews with Europe for centuries, and this is exactly what we value most. This is exactly why Georgia has always considered itself part of European civilization.”¹⁴⁰ Clearly, the ‘median’ constructed reality—Western-affiliated Georgia, protected by the Euro-Atlantic alliance structure from a neo-imperialist Russia that seeks to undermine the territorial integrity of Georgia—remains central to Georgia’s elite psychology. The window for reconciliation, especially after the 2008 war, has ceased to be a possibility within the elite political spectrum, thereby confirming Georgia’s “Russia decision.”

Section 2B: Armenia and the Complementary-Eurasian Constructed Reality

¹³⁹ Salome Minesashvili, "Narrating Identity: Belongingness and Alterity in Georgia’s Foreign Policy" in *Values and Identity as Sources of Foreign Policy in Armenia and Georgia*, eds. Kornely Kakachia and Alexander Markarov (Tbilisi: Publishing House Universal, 2016), 21.

¹⁴⁰ “Association Agreement – Georgia’s giant step toward free Europe,” *agenda.ge*, June 27, 2014, <https://agenda.ge/en/news/2014/1554>.

Armenia: Complementary-Eurasianism

Unlike their Georgian counterparts, Armenian elites have strained to maintain amicable relations with the West and Russia. This is in no small part a result of Armenia's historical and geographic position. While Armenian elites communicate a desire to belong to the Euro-Atlantic community, and even consider themselves 'European,' the European preference has taken a secondary position in the development of Armenia's constructed reality.¹⁴¹ This might not have been the case had Armenian elites avoided framing their national narrative and post-independence identity around Nagorno-Karabakh. Just as reunification with the secessionist territories in Georgia forms a central component of both elite Georgian political identity and influences Tbilisi's attitude towards Russia, so too has Nagorno-Karabakh loomed large in Armenian national priorities and determined the intimacy of Armenian-Russian relations.

For the Armenian populace, the controversy over Nagorno-Karabakh is a highly charged political and security dilemma. Armenians cite antiquity in their claims to ownership of Nagorno-Karabakh and regard its majority Armenian population as tenacious defenders of their homeland. The attachment to Nagorno-Karabakh was only enhanced following the Armenian Genocide and the loss of Western Armenia after World War I. After the Bolshevik invasion, the Caucasian Bureau of the Communist Party, despite the preponderance of ethnic Armenians in the region, decided to make Nagorno-Karabakh a constituent part of the Azerbaijan SSR.¹⁴² Moscow also refused to compromise on Nagorno-Karabakh's status throughout the Soviet period. As a result, nationalist demonstrations for reunification with Armenia only materialized during

¹⁴¹ Aram Terzyan, "The Evolution of Armenia's Foreign Policy Identity: The Conception of Identity Driven Paths. Friends and Foes in Armenian Foreign Policy Discourse" in *Values and Identity as Sources of Foreign Policy in Armenia and Georgia*, eds. Kornely Kakachia and Alexander Markarov (Tbilisi: Publishing House Universal, 2016), 160.

¹⁴² Ghaplanyan, *Post-Soviet Armenia*, 125.

perestroika and sparked a massive popular mobilization for the cause, which was inflamed by an Azeri pogrom that killed over 30 and dispossessed thousands of Armenians.¹⁴³ Following a declaration of sovereignty in August 1990, open warfare broke out in early 1991 and continued until a Russian-mediated OSCE ceasefire in 1994, by which time Armenian and local Karabakh forces had succeeded in occupying Nagorno-Karabakh and several surrounding republics.¹⁴⁴ As the Armenians had dropped their direct claim to Nagorno-Karabakh, the independent Republic of Artsakh was declared under practical Armenian protection, but without international recognition. Artsakh and Armenia, nevertheless, are highly integrated and even rotate political leaders. Furthermore, political elites in Yerevan have successfully transformed the narrative around protecting Nagorno-Karabakh into the defining component of post-independence Armenian identity.¹⁴⁵ As a result, national leadership has been legitimated and de-legitimated based on the Karabakh issue, such as when Ter-Petrosyan was deposed for excessive conciliation over the issue and was replaced with Kocharyan, Artsakh's former president.

The intransigent elite commitment to Nagorno-Karabakh, however, has also induced a permanent security crisis with historic rivals in Turkey and Azerbaijan. The conflict has featured two wars against Baku (1992-4 and 2016) and a damaging joint economic blockade that remains in force today. Ankara has made it clear that normalization is conditioned on Armenia renouncing its “aggressive policy” against Baku.¹⁴⁶ These quarrels have reinforced pre-existing Armenian views on Turkey and Azerbaijan—already prejudiced to hostility on account of the Armenian Genocide, the loss of western Armenia, and the Soviet-era Azeri appropriation of

¹⁴³ Ibid.

¹⁴⁴ Alexei Zverev, “*Ethnic Conflicts in the Caucasus, 1988-1994*,” in *Contested Borders in the Caucasus*, ed. Bruno Coppieters (Brussels: VUBPRESS, 2011), 30-7.

¹⁴⁵ Ghaplanyan, *Post-Soviet Armenia*, 121-151.

¹⁴⁶ Mirzoyan, *Armenia, the Regional Powers, and the West*, 31.

Nagorno-Karabakh—and confirmed their position as the “other” and “natural enemy” in the post-Soviet Armenian imagination. For example, official narratives have reconstructed the 1992-4 war to indict Baku as the aggressor. President Kocharyan in 2011 declared that the conflict had been “unleashed by Azerbaijani authorities seeking to conquer the territory of Nagorno-Karabakh through ethnic cleansing.”¹⁴⁷ He perfectly captured the “othering” of Azeris when he remarked that the pre-independence programs had shown that “Armenians and Azerbaijanis are ethnically incompatible.”¹⁴⁸ As for Turkey, despite repeated peace negotiations, Ankara has generally proved less flexible on diplomatic normalization than Yerevan. The perception of Turkish intransigence has reified anti-Turkish sentiment in the national security discourse. Kocharyan’s successor, Sargsyan, combined historical antipathy towards Turkey with vocal opposition towards their post-Soviet approach to regional politics. In a speech to the Greek Cypriot legislature, Sargsyan accused Ankara of pursuing a policy of “New Ottomanism,” and asked: “What did the Ottoman Empire bring to the peoples under its yoke other than massacres, oppression, and tyranny? Does anyone miss Ottomanism, providing a reason to deliver a “New Ottomanism?”¹⁴⁹ Furthermore, even when political leaders have upheld an international negotiation process and encouraged reconciliation, Armenian elites have domestically defaulted to maximalist positions on Nagorno-Karabakh and ethno-national rhetoric vis-a-vis their ‘historic enemy.’

The natural reaction of Armenian elites, perhaps the only available option given elite and popular commitment to the independence of Artsakh and Turkey’s membership in NATO, has been to identify with Armenia’s traditional protector, Russia. Yerevan’s preference for Russia,

¹⁴⁷ Terzyan, “The Evolution of Armenia’s Foreign Policy Identity,” 168.

¹⁴⁸ Ibid.

¹⁴⁹ Serzh Sargsyan, “Speech of Serzh Sargsyan in the House of Representatives of the Republic of Cyprus” (speech, Nicosia, January 18, 2011), <https://armenpress.am/eng/news/636171>.

just like the enmity towards Azeris and Turks, reflects experiences that predate independence as well as post-independence experiences that confirmed the preference. In the 19th century, major figures in the Armenian liberation movement prioritized reliance on Russia against the Ottoman Empire, which governed the western Armenian provinces. The contrast between the infidel ‘other’ of Turkey and Christian Russia prejudiced Armenians to view their northern neighbor with goodwill and appreciation. For example, during World War I and the Armenian Genocide, Russia supported Armenians in their famous 1915 defense of Van against Ottoman troops and Russian troops received a rapturous reception when Armenian troops advanced into Western Armenia in 1916.¹⁵⁰ Even during Soviet rule, when Moscow encouraged constituent nationalities to define and clarify their identities, Armenian diaspora and domestic elites continued to frame their identity in opposition to Turkey. This confirmed Russia’s enduring role as benevolent protector. Consequently, dissident and official nationalism retained an unusual loyalty to the Soviet Union in spite of the deprivation of Nagorno-Karabakh.¹⁵¹

As discussed, when Armenian elites began to *construct* their vision onto the post-Soviet reality, they placed the recovery of Nagorno-Karabakh at the center of their identity. The sudden Armenian antipathy towards the Soviet Union expressed in the 1991 referendum was the result of Gorbachev’s decision to occupy Karabakh in March 1988. Charged with establishing law and order, Soviet troops showed a clear proclivity for the Azeri position, even assisting with deportations of Armenians from Nagorno-Karabakh when Armenian nationalists assumed office in August 1990.¹⁵² The anti-Soviet mood prevailed until the 1991 putsch with the collapse of the

¹⁵⁰ Mirzoyan, *Armenia, the Regional Powers, and the West*, 24-5.

¹⁵¹ *Ibid.*

¹⁵² Marina Kurkchian, "The Karabagh conflict: from Soviet past to post-Soviet uncertainty," in *The Armenians: Past and present in the making of national identity*, eds. Edmund Herzig and Marina Kurkchian (London: Routledge, 2005), 153.

Soviet Union and the emergence of a Russia that feared a NATO-aligned Turkey would project their power into the Caucasus.¹⁵³ The deteriorating situation, especially the 1993 blockade, induced Yerevan to default back onto Russia's security umbrella. Moscow's consistent provision of military equipment, security guarantees, and official support to Armenia reinforced Russia's position as the indispensable partner.

The geo-political reality of Russian amity and Azeri-Turkish enmity that succeeded elite prioritization of Nagorno-Karabakh has been constant since independence. Armenia's National Security Strategy (NSS) emphasizes the sustained "threat to national security" posed by the "aggressive policy of militant posturing" by the Republic of Azerbaijan and their "strategic partner" in Turkey.¹⁵⁴ Armenian elites have therefore elevated a 'Russia-first' or 'Eurasian' affiliation above their cultural affinity for Euro-Atlantic integration. The NSS also evinces how Armenia's engagement with Euro-Atlantic structures is subordinated to Russia. The document valorizes the Russian relations for its "importance for the security of Armenia, the traditional friendly links between the two nations, the level of trade and economic relations, Russia's role in the Nagorno Karabakh mediation effort, as well as the presence of a significant Armenian community in Russia, all contribute to a strategic partnership." In contrast to Georgia—always vociferous in calling for Euro-Atlantic integration—Armenia has avoided committing to future assimilation in Western institutions, and instead encourages "close relations" with Euro-Atlantic structures like the EU. Armenian elites never constructed their post-independence national identity around an integrated Euro-Atlantic vision (i.e. the Western-affiliated and unified Georgia), prioritizing instead Nagorno-Karabakh. As a result, all political parties in Armenia

¹⁵³ Anahit Shirinyan, *Armenia's Foreign Policy Balancing in an Age of Uncertainty*, A Chatham House Report (London: The Royal Institute of International Affairs, 2015), 7.

¹⁵⁴ Republic of Armenia, *National Security Strategy of Armenia*, 2007, <https://www.mfa.am/filemanager/Statics/Doctrineeng.pdf>.

concur that Yerevan has no ‘Eastern’ or ‘Western’ identity to direct foreign policy, and instead default to a ‘complimentary’ policy of officially accommodating the major blocs.¹⁵⁵

Nevertheless, the privileged role afforded to Russia by Armenian elites has induced a clear proclivity for Eurasian affiliation, such as the 2013 decision to drop negotiations for an EU Association Agreement and instead opt for a place within the Eurasian Economic Union. Elites have generally consented to this affiliation, and even the main opposition party at the time acquiesced to Eurasian membership given the current geopolitical situation and security challenges.¹⁵⁶ In effect, the acquiescence demonstrates how the Armenian constructed reality, especially its insistence on a favorable resolution on Nagorno-Karabakh, has *forced* a level of dependence on Russia. The ‘median’ shared constructed reality for the post-independence period can therefore be summarized as a Russian-affiliated Armenia, protected by Russia and its security structures from a Turkish-Azerbaijan axis desirous of Nagorno-Karabakh. The complimentary element is ancillary insofar as it has not affected Armenia’s “Russia decision,” even if it remains significant in how Armenian elites conduct their foreign policy outside Russian-relations.

Complimentary-Eurasianism in the Political Leadership

Levon Ter-Petrosyan, Armenia’s first president, has the special distinction of inculcating Complimentary-Eurasism into the emerging political elite while simultaneously rejecting its fundamental premises. As the accepted leader of the pro-reunification Karabakh Committee, Ter-Petrosyan helped define the recovery of Nagorno-Karabakh as the centerpiece of Armenian

¹⁵⁵ Abraham Gasparyan, “The Armenian Political Elite's Approaches and Beliefs in Foreign Policy,” in *Values and Identity as Sources of Foreign Policy in Armenia and Georgia*, eds. Kornely Kakachia and Alexander Markarov (Tbilisi: Publishing House Universal, 2016), 186.

¹⁵⁶ *Ibid*, 189.

identity and mobilized the population behind liberation. He succeeded in transforming the Karabakh Committee into Armenia's first ruling party, the Pan-Armenian National Movement (PANM), and supported Karabagh's 'national liberation' war against Azerbaijan.¹⁵⁷ By building a post-independence identity around Nagorno-Karabakh, Ter-Petrosyan placed Yerevan in a situation where elites would be forced eventually to seek assistance from its Russian patron to avoid encirclement and isolation. Nevertheless, Ter-Petrosyan's personal opposition to identity-constructed 'maximalist' policies encouraged him to attempt a break-out from the constructed reality. Aware of the development of identity-dependent constructed realities he rejected "national ideology" in favor of a pragmatic-realist approach. In this sense he rejected each element of the constructed reality.

First, Ter-Petrosyan claimed that Armenia's principal security guarantee was "normalization of relations with our neighbors" and accordingly expressed a sincere desire to "establish mutually beneficial bilateral relations with Turkey." Second, he rejected the notion that Russia could serve as a definitive protector and warned that the Armenian people had lost faith in Russia as the "guarantor of our people's survival."¹⁵⁸ Amicable relations with Russia might still be conditioned on security and economic realities, such as membership in the CIS, but according to Ter-Petrosyan they could no longer afford the "illusion that our national aspirations will be fulfilled sometimes by Western Europeans, and more typically by Russia...committing to this idea has cost us dearly."¹⁵⁹ Armenian engagement with post-Soviet and Russian institutions in the initial period should therefore not be viewed as a product of the Eurasian affiliation, but as the consequence of Ter-Petrosyan's "pragmatic" approach.

¹⁵⁷ Ghaplanyan, *Post-Soviet Armenia*, 124.

¹⁵⁸ Levon Ter-Petrosyan, *Armenia's Future, Relations with Turkey, and the Karabagh Conflict*, ed. Arman Grigoryan (New York: Palgrave Macmillan, 2018), 20.

¹⁵⁹ *ibid*, 18.

Nevertheless, he understood Armenia's acute military and economic insecurity, and therefore increased Armenia's security dependence on Russia and the CIS. For example, Ter-Petrosyan was quick to call on Russia and other signatories of the CIS Security Treaty (the predecessor to the 1994 Collective Security Treaty) to fulfill their treaty obligations and aid Armenia during the conflict with Azerbaijan.¹⁶⁰ Russian military assistance, in excess of 1 billion USD, and critical fuel provisions had been instrumental in procuring Armenia's military victory.¹⁶¹ It was therefore only natural for Ter-Petrosyan to recognize Russia's vital place within the complementarity policy, and he justified membership in the CIS and the CST as a precondition for procuring further military-political support. In particular, Yerevan stood to gain a military edge from the dispersal of Soviet weaponry associated with membership in the CST.¹⁶² Despite Ter-Petrosyan's ever-complimentary rhetoric, Armenia inhabited a constructed reality, even if the president rejected its implications, and therefore he was compelled by Armenia's geopolitical necessity to find security in Russia. These were the justifications for the deepening of bi-lateral relations, culminating in military-cooperation agreements in 1996 and the first effective security alliance in the 1997 "Armenian-Russian Agreement on Friendship, Cooperation, and Mutual Assistance." Prior to signing the agreement, however, Ter-Petrosyan, noted that the treaty could not be viewed as an instrument for resolving the Karabakh conflict, which he insisted required a complimentary approach, possibly involving Armenian concessions.¹⁶³

Although Ter-Petrosyan was not personally a subscriber to the identity-ideological narrative that valorized Russia as patron-in-chief, his policies encouraged elite and public

¹⁶⁰ Zbigniew Brzezinski and Paige Sullivan, *Russia and the Commonwealth of Independent States: documents, data, and analysis*, (Armond: M.E Sharpe, 1997), 602.

¹⁶¹ Mirzoyan, *Armenia, the Regional Powers, and the West*, 33.

¹⁶² Ghaplanyan, *Post-Soviet Armenia*, 210.

¹⁶³ "Armenia Signs Military Alliance with Russia," *Monitor* 3, no. 161 (1997), <https://jamestown.org/program/armenia-signs-military-alliance-with-russia/>

identification with Russia. One major organization, known as the Armenian's People Initiative Russia-Belarus-Armenia, attracted over a million signatures (about half the population) and insisted that Ter-Petrosyan set up a referendum for membership in the newly established Union State of Russia and Belarus. Indeed, Ter-Petrosyan was not entirely mistaken when he defended his (allegedly insufficient) outreach to Russia by claiming that more had been done for bilateral relations with Russia than in the last "300 years of Russo-Armenian ties."¹⁶⁴ Nevertheless, Ter-Petrosyan's commitment to the multi-vectored policy and his sincere belief in rapprochement to resolve Nagorno-Karabakh proved unsustainable.

Finally, in 1997, Ter-Petrosyan made his definitive error when he crossed the red-line of Armenia's Complimentary-Eurasianism: Nagorno-Karabakh. Driven to upend the status quo of blockade and isolation, Ter-Petrosyan had endorsed the controversial phased approach produced by the OSCE Minsk Group, which required concessions such as returning regions adjacent to Nagorno-Karabakh, then under Armenian occupation, back to Azerbaijan.¹⁶⁵ He asserted that the current situation offered "only one option, a compromise solution" and that a "strategy of maximalism" in Nagorno-Karabakh would lead to the "ultimate destruction of Karabakh." In reality, the 'strategy of maximalism' was an essential part of the post-independence identity and Ter-Petrosyan concessionary posture aroused massive opposition from the political opposition and PANM. Notes from 1998 ministerial discussions reveal how ruling-party elites had adopted the constructed reality despite Ter-Petrosyan. Major Armenian leaders in the meeting of the National Security Council, including Robert Kocharyan (the first president of Nagorno-Karabakh, then Prime Minister and future president), Vazgen Sargsyan (a popular paramilitary leader then serving as Defense Minister, and briefly Prime Minister under Kocharyan), Serzh

¹⁶⁴ Mirzoyan, *Armenia, the Regional Powers, and the West*, 39.

¹⁶⁵ *Ibid.*

Sargsyan (then Interior Minister and later Prime Minister and President), and Arkadi Ghukasyan (then the president of Nagorno-Karabakh), refused to give ground over Nagorno-Karabakh. They downplayed the effect of Nagorno-Karabakh on Armenia's economic isolation ("the blockades do not affect Armenia's economic development...it is not an obstacle to foreign investment...the example of Israel shows it is possible to develop even under conditions of isolation"), insisted that political isolation was impossible ("Russia and Iran will help us,"), and warned that "Azerbaijan might renege on the agreement with any pretext."¹⁶⁶ Every core element of the constructed reality was here on display among Armenian elites; intransigence on Nagorno-Karabakh, Russia as a patron-protector, and the danger inherent in the Azeri-Turkic 'other.' Ter-Petrosyan's rejection of the constructed reality proved his downfall, and only a month after the argument he was deposed by his ministers.

Robert Kocharyan, who replaced Ter-Petrosyan with the backing of factions inclined towards a firmer Eurasian strategy, brought the so-called Russophile 'Karabakh clan' into office. They would remain in power until the 2018 Velvet Revolution. Under Kocharyan and his successor, Serzh Sargsyan, the discourse around Nagorno-Karabakh hardened and negotiations with Azerbaijan and Turkey over the contested territory stalled.¹⁶⁷ Kocharyan invigorated the push for recognition of the 1915 Armenian genocide as ethno-nationalist politics assumed a larger role in the public discourse and reformulated the dynamic of relations around Armenian-Turkic relations.¹⁶⁸ Kocharyan did, however, embrace the complimentary course in the search for economic development and optionality. Alongside Foreign Minister Oskanian, Kocharyan branched out to Euro-Atlantic structures, such as the Council of Europe, and trumpeted

¹⁶⁶ Ter-Petrosyan, *Armenia's Future, Relations with Turkey, and the Karabagh Conflict*, 47-8.

¹⁶⁷ Ghaplanyan, *Post-Soviet Armenia*, 137-40.

¹⁶⁸ Arus Harutyunyan, *Contesting National Identities in an Ethnically Homogeneous State: The Case of Armenian Democratization* (Dissertation, Kalamazoo: Western Michigan University, 2006), 84.

Armenia's European identity. The EU encouraged this outreach by including Armenia in the EU's 2004 European Neighborhood Policy initiative, which was welcomed by Kocharyan and his advisers.¹⁶⁹ But Armenia's constructed reality, unlike Georgia's, was never premised on an exclusive cultural affiliation to Europe. Outreach to Western institutions therefore were strictly delimited. Kocharyan expressed no interest in joining NATO, for example, and limited Yerevan's engagement in its 2005 IPAP to democratic and defense reforms.¹⁷⁰ This contrasts starkly with Saakashvili's IPAP which opened with a declaration that Georgia's "strategic objectives" are "membership of NATO and integration with the European Union."¹⁷¹ Instead, Nagorno-Karabakh remained central to the Armenian identity and as a result, Kocharyan's national strategy was defined by its 'Russia-first' mentality and Eurasian tilt.¹⁷² This strategy included a deliberate push to increase Russia's presence in the economic sphere to match its pre-existing military commitments, especially after 2003, when Kocharyan's ministry invited (discussed in section 3) Russian investment through debt-for-asset swaps. Accompanying Kocharyan's policy was a discursive commitment to Russia, presented in media, press releases, and interviews, that emphasized Russia's position as the "caring" patron.¹⁷³ Kocharyan's administration, in effect, embedded the post-independence constructed reality into policy and rhetoric by its devotion to Russia and hardened 'othering' of Turkey and Armenia. By the end of Kocharyan's administration—mostly as a product of inviting a larger Russian role in the Russian economy—Armenia had added complete economic dependence to its extant security dependence on Russia.

¹⁶⁹ Aram Terzyan, "The Evolution of Armenia's Foreign Policy Identity," 151-2.

¹⁷⁰ S. Neil MacFarlane, "Regional powers and security in the Caucasus," in *The South Caucasus: Security, Energy, and Europeanization*, eds. Meliha B. Altunisik and Okay F. Tanrisever (New York: Routledge, 2018), 153.

¹⁷¹ Parliament of Georgia (2004), "Georgia's commitments under the individual partnership action plan (IPAP) with NATO: 2004-2006," available from http://www.parliament.ge/files/292_886_771740_ipapnatoeng.pdf.

¹⁷² Ghaplanyan, *Post-Soviet Armenia*, 223.

¹⁷³ *Ibid.*

Sargsyan was elected to the presidency amid a political storm over electoral fairness and growing concern for Armenia's deepening dependence on Russia. To manage these difficulties, he secured normalizing protocols with Turkey (rejected by the Turkish parliament) and persisted with Yerevan's restrained Euro-Atlantic engagement with the European Union and NATO's Partnership to Peace. In reality Sargsyan, along with his pro-Russian foreign minister, Eduard Nalbandyan, were reverting to the superficial approach to the complimentary policy, complete with an obvious bias for Russian security paternalism. In 2010, for example, they extended for a half-century the lease on a Russian military base in Armenia that Ter-Petrosyan had conceded in 1995, and explicitly tied it to Russia's protective role in Nagorno-Karabakh.¹⁷⁴ Sargsyan combined his appreciation for contemporary Russian assistance—including enormous Russian investments and extant security commitments—with an historical appreciation for Russia's role as Armenia's permanent "friend and partner."¹⁷⁵ Nalbandyan went so far as to admit Russia's role as Yerevan's "savior."¹⁷⁶ In 2013, Sargsyan confirmed the prejudice in the complementarity policy when Yerevan withdrew from negotiations for a EU Association Agreement and joined the Russian-led Eurasian Customs Union (later the EAEU). Sargsyan's decision represented the decisive moment of official affiliation. In contrast with the CIS, the EAEU is a supranational entity with an institutional commitment reminiscent of the European Union. Armenia's commitment to the Eurasian bloc thereby represents a "Russia decision" that precludes complete integration in a competing bloc.

¹⁷⁴ "Deal Signed On Extending Russian Military Presence In Armenia," *Radio Free Liberty*, August 20, 2010, https://www.rferl.org/a/Russia_Armenia_Sign_Extended_Defense_Pact_/2133043.html.

¹⁷⁵ "President Serzh Sargsyan's Interview to Austrian 'Der Standard' Newspaper," *Panorama*, August 23, 2008, <https://www.panorama.am/en/news/2008/08/23/interview/1306137>.

¹⁷⁶ Ghaplanyan, *Post-Soviet Armenia*, 230.

The 2018 Velvet Revolution ended the controversial rule of the Karabakh clan and invited speculation that Armenian-Russian relations could deteriorate. Nevertheless, as in the case of Georgian Dream, the change in political leadership has failed to reverse Armenia's "Russia decision." Armenia's new prime minister and the leader of the revolution, Nikol Pashinyan, who previously led the anti-EAEU Way Out faction, has assumed the Complimentary-Eurasian constructed reality despite his previous skepticism. The concept of Eurasian integration, in particular, has emerged in Pashinyan's discourse as a recurring theme and desired outcome.¹⁷⁷ In fact, Pashinyan has become a vocal supporter of the EAEU, such as calling for the expansion of EAEU free-trade agreements with Asian countries. With regards to Nagorno-Karabakh, Pashinyan assumed a posture decidedly more maximalist than Kocharyan or Sargsyan when he declared for unification between Armenia and Karabakh and proclaimed "Artsakh is Armenia, and that's it."¹⁷⁸ Unsurprisingly, Pashinyan's posture vis-a-vis Nagorno-Karabakh has come with a rhetorical push to "raise the level of relations" with Russia.¹⁷⁹ To shore up his post-revolution relations with Moscow, Pashinyan even committed troops to Syria upon Moscow's request, earning a favorable response from Russian Defense Minister Sergey Shoigu, who congratulated his ministerial counterpart for being the "the first to respond to our call for providing assistance to the Syrian people."¹⁸⁰ As in Georgia, therefore, the consolidation and durability of the elite constructed reality has limited the availability of alternative trajectories

¹⁷⁷Alexander Markarov and Vahe Davtyan, "Post-Velvet Revolution Armenia's Foreign Policy Challenges," *Demokratizatsiya* 26, no. 4 (2018), 533.

¹⁷⁸ Joshua Kucera, "Pashinyan calls for unification between Armenia and Karabakh," *Eurasianet*, August 6, 2019, <https://eurasianet.org/pashinyan-calls-for-unification-between-armenia-and-karabakh>.

¹⁷⁹ "New Russian government intends to continue constructive relations with Armenia," *news.am*, January 1, 2020, <https://news.am/eng/news/557716.html>.

¹⁸⁰ Joshua Kucera, "US rebukes Armenia over Syria deployment," *Eurasiane*, February 14, 2019, <https://eurasianet.org/us-rebuked-armenia-over-syria-deployment>.

for Armenia. Although political turnover has elevated the opposition into office, Yerevan’s affiliation with Russia and Eurasian trajectory remained durable and unaltered.

Diagram 2: Constructed Realities and ‘Institutional Engagement’

Constructed Reality	Key Elements of Fixed ‘Median’ Constructed Reality	Outcomes of Elite Constructed Realities (examples)
Armenia: Complementary-Eurasianism	Commitment to Nagorno-Karabagh; historical patronage and immediate protection by Russia and Eurasian sphere against Turkish and Azeri ‘other’; secondary ‘complementary’ European identity.	Security alliance with Russia; engagement in CIS and CSTO; limited association with NATO and EU; integration into EAEU.
Georgia: Euro-Atlanticism	‘European’ identity and political destiny; national souverainism (territorial unity); anti-Russian sentiment.	Membership in GUAM, defection from CIS and CST, integrative steps towards NATO and EU.

Section 3: Economic Dependence

Theoretical Framework

Definition

According to the political economist, Albert O. Hirschman, a minor power is economically dependent upon a larger power when it is difficult or costly for the smaller state to replace the major power’s market share or economic impact, and therefore the major power acquires influence over the minor power.

Economic Dependence and Foreign Policy

Existing literature on economic dependence tends to concentrate on whether larger powers can reliably deploy their leverage to achieve political goals over small powers. Realists tend to express skepticism towards the efficacy of economic statecraft, prioritizing hard military

power over softer linkages. Neo-liberals, by contrast, may place excessive stress on the relationship between small state acquiescence and economic sanctions/incentives from the larger partner. Many studies, nevertheless, have demonstrated links between the degree of economic dependence and foreign policy. Some have adopted similar analytical approaches to this research, such as framing foreign policy in terms of elite priorities and economic dependence. For example, Wen Zha found that the comparatively higher level of economic dependence of Thailand on China, in contrast with the Philippines, had a pro-Chinese intervening effect on Thailand's elite-run foreign-policy.¹⁸¹ Furthermore, quantitative reviews generally report an affirmative relationship between trade vulnerability and foreign policy acquiescence.¹⁸²

Economic Dependence and Elites in the Near Abroad

The post-Soviet states present a special challenge for researchers. Constituent republics lost many pre-Soviet networks and became interwoven into the USSR's central economic structure. While that structure disintegrated intra-republican linkages nevertheless endured after independence. This dynamic has allowed scholars to interrogate economic dependence in the near abroad, specifically on Russia, as a function of small state foreign policy activity. As a result, dependence studies in the post-Soviet space tend to amalgamate the implications of economic reliance with elite preferences. Certain behaviors correspond with economic reliance; post-Soviet states dependent on Russia endanger the political control of ruling elites if they pursue a foreign policy path that invites economic shock by 'breaking-out' from Russian economic interests.¹⁸³ As in Ukraine, where newly empowered elites with their own anti-Russian

¹⁸¹ Zha, "Personalized Foreign Policy Decision-making and Economic Dependence," 104.

¹⁸² Neil R. Richardson and Charles W. Kegley Jr., "Trade Dependence and Foreign Policy Compliance: A Longitudinal Analysis," in *International Studies Quarterly* 24, no. 2 (1980): 218.

¹⁸³ Eric A. Miller, *To balance or not to balance: Alignment Theory and the Commonwealth of Independent States* (Burlington: Ashgate, 2006), 22.

constructed reality defected from Moscow in 2013, elites can nevertheless reorient their asymmetrically dependent economies away from Russia and towards the West, although at high costs to national economic and security interests.¹⁸⁴ Alternatively, if elites view the cost of defection from Moscow as unpalatable, or value extant economic and security relations with Russia, then further integration in Russia's post-Soviet framework is a plausible outcome. The extent and direction of economic dependence therefore includes conditions that pre-dated independence as well as succeeded it.

Hypothesis

The extent of economic dependence in Georgia and Armenia is concurrently a product of pre-existing and developing economic conditions as well as deliberate policy choices by political elites. This section illustrates the trajectory of economic dependence with Russia or the West over time, and then provides snapshots of how elites in Armenia and Georgia responded to these changes by expanding or curbing engagement with Russia in their foreign policies. In blockaded Armenia, the drift towards 'Russian affiliation' was in large part due to the value of post-Soviet linkages, and the conscious response of political elites in Yerevan, who struggled to attract Western investment, was to maintain and later deepen extant dependence on Russia to attain valuable developmental and fiscal priorities. In Georgia, after an initial period of high dependence and similar (though begrudging) maintenance of post-Soviet linkages, Tbilisi attracted higher investment and economic intercourse from the West, which further encouraged elites, already prejudiced towards the West, to associate with Euro-Atlantic economic structures. In effect, the extent and direction of 'Russia relations' corresponds with the degree of economic

¹⁸⁴ Viljar Veebel, "Political Risks of Economic Dependence from Russia: The evidence from Ukraine, Belarus, Armenia and Georgia," *Actual Problems of Economics* 6 (2017): 13.

dependence between the subject state and the post-Soviet space, and this is reflected in the economic foreign policy of Armenian and Georgian elites.

Section 3A: Armenia and Economic Dependence on Russia

Economic Context in Period 1: Collapsing and Maintained Post-Soviet Links

The collapse of the Soviet Union destroyed the coordinated economic structure of the integrated whole, leaving newly independent states with economic fragments devoid of the USSR's deliberate interconnectivity. For the South Caucasus, the markers of this process were conveyed by closures of Soviet routes across new national boundaries, extreme disruptions to trade and industry, and energy crises. Armenia faced four interrelated economic calamities in the immediate aftermath of independence: industrial depression, hyper-inflation, trade blockades, and energy shortages. These challenges compounded already difficult efforts to rebuild after the mass-fatality 1988 Spitak earthquake, which killed between 25,000 and 50,000 Armenians and shut down the massive Medzamor nuclear power.¹⁸⁵

Industrial depression followed the loss of inputs from the breakdown in reliable trade and trade routes in the near abroad. Armenia declined in 1992 by 37.5 percent of GDP as industrial sectors cratered. Light industry essentially ceased to exist. Industry's percentage of GDP dropped fifteen points as agriculture came to account for nearly half of production. Before independence, it had constituted less than 15 percent of GDP.¹⁸⁶ At the same time, price liberalization, introduced to fight shortages, brought prices to precarious levels relative to average income.

¹⁸⁵ Stephen K. Batalden and Sandra L. Batalden, *The Newly Independent States of Eurasia: Handbook of Former Soviet Republics* (Phoneix: Oyx PRes, 1997), 103.

¹⁸⁶ Herzig, *The New Caucasus*, 130.

Compared with the first months of 1991, inflation rose nearly 650 percent in early 1992, before escalating into a dramatic hyper-inflationary spiral the next year.¹⁸⁷

In 1993, Azerbaijan and Turkey imposed a blockade on Armenia for its support of Nagorno-Karabakh. The blockade effectively destroyed Armenia's traditional trade routes. As a landlocked country, Armenia's only remaining cross-border routes passed through Iran and Georgia, and neither country, for geo-political reasons around the US-Iran conflict and the Russo-Georgian conflict, could provide a reliable route for commerce's desired destinations in the immediate post-independence period.¹⁸⁸ The blockade, still in force today, is inextricably linked with the current status of Nagorno-Karabakh, and each party to the secessionist controversy is aware of this reality. Such durability captures the geo-political outlook of Armenian and Azeri elites—as well as, according to this thesis, Georgian elites vis-a-vis Abkhazia and South Ossetia—who prize in their *constructed realities* a territorial nationalism potent enough to dig in over the crisis and therefore prolong the blockade. It is a permanent feature of Armenia's post-Soviet economic history and a significant reason for Armenia's lack of alternative economic partnerships. For example, once the blockade was practically in force in 1992, Armenia suffered from a severe long-term energy crisis.¹⁸⁹ For the next four years, Armenian energy customers averaged approximately two-hours of electricity usage per day. Without the Medzamor plant or access to reliable overland Soviet-era pipelines, Armenia had to scrape off its insufficient domestic hydropower with catastrophic consequences for industry and living standards.

¹⁸⁷ Armand Sarian, "Economic Challenges Faced by the New Armenian State," *Demokratizatsiya* 14, no. 2 (2006): 196.

¹⁸⁸ Herzig, *The New Caucasus*, 139.

¹⁸⁹ Gevorg Sargsyan, Ani Balabanyan, Denzel Hankinson, *From Crisis to Stability in the Armenian Power Sector Lessons Learned from Armenia's Energy Reform Experience* (Washington, DC: World Bank, 2006), 1-5.

As Soviet links across the South Caucasus were suddenly interrupted, if not outright destroyed, by political volatility, economic linkages with the near abroad cratered. Yerevan's trade dependence on the former Soviet Union precipitously dropped; post-Soviet countries went from importing 98 percent of Armenia's exports in 1988 to 18.8 percent in 2002 while the share of imports from the FSU (former Soviet Union) dropped from a near-monopoly to 22 percent.¹⁹⁰

Diplomatic stabilization with the 1994 ceasefire preceded a broader recovery that allowed Armenia to draw in markets beyond the post-Soviet space. The search for compensatory markets coincided with Russian instability that wounded Armenia's export-import trade. Russia's financial crisis in 1998, in particular, wreaked havoc on exports to CIS markets, which plunged as much as 30 percent.¹⁹¹ As a result of that persistent, but retrospectively temporary, macroeconomic instability, as well as Armenian trade and fiscal liberalization over the same period, the European Union and the United States captured substantial market shares. They were also providing significant amounts of humanitarian financial aid at a time when Russia was effectively incapacitated by internal strife.¹⁹² This was the economic situation that flourished under the original complementarity policy, and it is not difficult to see how Armenia's flourishing 'first-contact' with the West aroused developmental interest among the elite.

Much has been exaggerated of this period, however, and several qualifications are required to qualify the decline in dependence. First, much of the value in Armenian exports to the West, particularly the European Union in this period, were processed diamonds. Armenia's diamond industry, though prestigious and fast-growing, employed no more than 4,000 workers, generally skilled labor. Non-precious metal exports to the EU, by contrast, were cheap labor-

¹⁹⁰ World Bank, *Armenia Trade Diagnostic Study* (Washington DC: World Bank, 2002).

¹⁹¹ Gyulumyan, 40

¹⁹² Masih and Krikorian, *Armenia at the Crossroads*, 72-3.

intensive goods, such as alcohol products.¹⁹³ Since the diamonds are imported, and only the processing occurs in Armenia, it is important to review a value-added analysis of Armenian exports. When the analysis shifts from total value of exports to the value added (gross exports of a product excluding gross imports of the same product), the EU's market share of Armenian exports in 2000 falls from over 35 percent to 13 percent.¹⁹⁴ European importers of lower value goods, such as apparel, could not generally justify the higher transport costs associated with the Armenian blockade. Only high value goods, like precious stones, were valued enough to warrant expensive air transport over the blockade.¹⁹⁵

Second, Armenia's economic structure was pre-determined by Soviet command structures, and that configuration had a direct effect on Armenia's trade direction. Exports to the near abroad reflected the capital-intensive and resource priorities of the Soviet economic structure. Armenian exporters enjoyed an empirical advantage in these markets relative to post-Soviet competitors given Soviet experience and sustained contact.¹⁹⁶ Armenia's larger import market likewise drew its strength from CIS members. Not only did these states, and particularly Russia, collectively top the list of exporters to Armenia, but they also dominated the all-strategic energy supply that Yerevan depended upon to ward off a repeat of the 1992-6 energy crisis that had devastated the economy.

Third, trade alone formed an insufficient metric to gauge levels of dependence. The non-diamond value of Armenian exports formed less than 10 percent of national GDP.¹⁹⁷ Armenia

¹⁹³ World Bank, *Armenia Trade Diagnostic Study*, 22.

¹⁹⁴ Lev Freinkman, Evgeny Polyakov, and Carolina Revenco, "Armenia's trade performance in 1995-2002 and the effect of closed borders: a cross-country perspective," *Armenian International Policy Research Group Working Paper*, no. 04/04 (2004): 4.

¹⁹⁵ Evgeny Polyakov, "Changing Trade Patterns after Conflict Resolution in the South Caucasus," *World Bank Policy Research Working Paper* 2593 (2001): 10.

¹⁹⁶ World Bank, *Armenia Trade Diagnostic Study*.

¹⁹⁷ Freinkman, Polyakov, and Revenco, "Armenia's trade performance in 1995-2003," 4.

also suffered from a potent export concentration, again relative to other CIS countries, that made valuable sectors susceptible to price swings on small selection of products. Contrary to the export-orientation of many developing countries, Armenia's economic growth was disproportionately earned from services (in particular, telecommunications) and construction.¹⁹⁸

These three points illustrate the partial superficiality of the West's overstated stake in Armenia. Armenian elites were not ruling over a high-growth export-focused economy that could supply quality goods to the West, but a re-calibrating one, increasingly leaning on services and construction. Furthermore, Russia remained a principal instrument for Armenia's macroeconomic stability, especially when one adjusts for the negligible domestic return offered by the precious valuable trade with the EU and the historical familiarity of Armenia's traditional heavy industries with the geography of the post-Soviet market. CIS markets were evolving into dynamic markets that offered a comparative advantage to Armenian exporters.¹⁹⁹ Direct financial assistance was also supplied by the Russian Central Bank, which provided the credit necessary for Yerevan to implement budget consolidation.

Elites and Institutional Engagement in Period 1: Post-Soviet Links as Stability

With regards to Armenia's formal economic 'affiliation,' national elites continued to prioritize Russian and post-Soviet linkages. In fact, the declining dependence of Armenia on Russia should not obscure its considerable size nor its *increasing* importance, and Armenian elites understood this reality. The Armenian government faced a general crisis, arising out of the post-Soviet security situation, that presented the possibility of complete economic isolation due

¹⁹⁸ Herzig, *The New Caucasus*, 131.

¹⁹⁹ Saumya Mitra, Douglas Andrew, Gohar Gyulumyan, Paul Holden, Bart Kaminski, Yevgeny Kuznetsov, Ekaterine Vashakmadze, *The Caucasian Tiger: Sustaining Economic Growth in Armenia* (Washington: World Bank, 2007), 11.

to the blockade, a lack of strategic alternatives in Nagorno-Karabakh, and the weakness of post-Soviet Russia. Therefore, in this moment of extreme insecurity and economic confusion, Armenian elites prioritized salvaging post-Soviet networks. Even in the later 1990s, when trade with the West picked up and Russia tumbled into financial crisis, Yerevan focused on integrating into the economic support structure of the post-Soviet world. Though economic dependence on Russia in absolute terms declined, Armenian elites highly valued the surviving ties with Russia and eagerly worked to maintain the post-Soviet linkages. This would, in turn, increase Armenia's economic dependence on Russia over the next period and perpetuate the cycle.

Yerevan's economic prioritization on Russia can first be evinced by the repeated attempts of political elites to preserve strategic post-Soviet agreements regarding currency. Despite extreme political volatility, Georgia, Moldova, Azerbaijan, Kyrgyzstan, Latvia, Estonia, Lithuania, Ukraine, Belarus, and Turkmenistan all introduced new currencies or announced their intention to form them. Facing extreme inflationary pressures in excess of 100 percent per month in late 1993 and a collapse in GDP that eventually reached 61.2 percent of the pre-independence quantity, Armenian elites came to view the vestigial currency links as a source of desirable stability. It was clear that Armenia would suffer from the disintegration of the ruble zone and endure a catastrophic reversal in inter-republican terms of trade (TOT) in excess of 30 percent.²⁰⁰

Ter-Petrosyan and his prime minister, Hrant Bagratyan, reacted to the crisis by stressing Armenia's commitment to the ruble zone.²⁰¹ They were not tempted to defect by the enthusiasm shown by new currencies. In fact, Armenian elites were quite determined to keep this powerful post-Soviet monetary system intact. Only Tajikistan, Kazakhstan, and Russia stood to gain from

²⁰⁰ Linda S. Goldberg, Barry W. Ickes and Randi Ryterman, "Departures from the Ruble Zone: The Implications of Adopting Independent Currencies," *The World Economy* 17, no. 3 (1994): 310.

²⁰¹ Sarian, "Economic Challenges Faced by the New Armenian State," 197.

the implicit GDP transfers that would follow the end of the ruble zone, and the financial fallout would be dire for the fragile Armenian economy.²⁰² Ter-Petrosyan and Bagratyan worked to create the so-called ‘new style ruble zone’ (NSRZ) with an explicit drive towards “economic convergence” with Russia and committed partners, but the agreement collapsed when Russia insisted that the republics introduce their own currencies first and then demonstrate their commitment to monetary convergence. Ter-Petrosyan noted that “it was Russia itself that stood outside the ruble zone” as the NSRZ disintegrated and an independent Armenian currency was established. Despite the failure of the NSRZ, Armenian elites had demonstrated their commitment to post-Soviet structures, perhaps even more so than the Kremlin. In the same speech, Ter-Petrosyan noted his determination to find “productive and mutually advantageous development of cooperation with Russia and the former Soviet republics.”²⁰³

Indeed, the Armenian government remained sympathetic towards post-Soviet structures, as it pushed for regional integration while other states, such as Georgia, pursued evasive tactics and formed regional blocs to oppose further integration. Tbilisi needed post-Soviet links to ward off the dire economic situation, but it had little intention of strengthening a Russia-backed superstructure. Armenian elites, by contrast, were explicit in their desire to transform the CIS into an effective post-Soviet economic network. In 1998, Foreign Minister Vartan Oskanian laid out six focal points for Armenian foreign policy, one of which was express support for economic integration and “free economic zones” within the CIS framework. He was clear that regional cooperation would invite specific economic gains among the member states.²⁰⁴ The Armenian

²⁰² Brigitte Granville, “Lessons from the Collapse of the Ruble Zone and the Transferable Ruble Zone,” CESifo Forum 4 (2016): 23.

²⁰³ Freedom House Survey Team, *Freedom in the World: The Annual Survey of Political Rights and Civil Liberties, 1993-4* (New York: Freedom House, 1994), 69.

²⁰⁴ Vartan Oskanian, "International developments and their influence on the Caucasus and Armenia" (speech, Yerevan, May 21, 1998), <https://www.mfa.am/en/speeches/1998/05/21/vo/1587>.

government matched its rhetoric with policy. Between 1993 and 2001, Armenia signed seven free trade agreements (FTAs) that would remain Armenia's only FTAs until the 2008 financial crisis. Each FTA was signed with a member of the CIS: Russia (1993), Moldova (1995), Kyrgyzstan (1995), Ukraine (1996), Turkmenistan (1996), Georgia (1998), and Kazakhstan (2001).²⁰⁵ Armenia and other sympathetic CIS states also attempted to unify regional bi-lateral free trading agreements into a formal free trade zone, but the Russian government failed to ratify the agreement. Nevertheless, by April 1997, the simultaneous process of internal reform and trade liberalization in Russia and Armenia had reached a point where the Minister of Economics could confidently inform the WTO that trade with Russia was effectively free.²⁰⁶ Certain contemporary observers argued that Armenia faced an economic challenge in “breaking-out” to the West, and that Armenia’s involvement in post-Soviet institutions captured their security reliance on Russia.²⁰⁷ The foreign policy of the Armenian ministry, as illustrated above, undermines that claim. Yerevan encouraged, albeit not always successfully, the establishment and maintenance of post-Soviet economic ties, generally as stabilizing measure against economic challenges, such as the currency threat or the necessity of maintaining pro-Soviet trade.

Economic Context in Period 2: Growing Reliance on Russia

Before the 2008 financial crisis, Armenia experienced a strong spurt of development that brought double-digit GDP growth. It was fueled, in part, by a dramatic wave of foreign investment. Unlike the export-focus economies of similar post-Soviet countries, the Armenian economy had struggled to develop a burgeoning export-import trade. Despite Yerevan’s hyper-

²⁰⁵ Patrizia Tumbarello, "Regional Trade Integration and WTO Accession," IMF Working Paper 05/94 (2005): 7.

²⁰⁶ World Trade Organization and Armenian Ministry of Economics, “Accession of Armenia: Additional Questions and Replies to the Memorandum on the Foreign Trade Regime,” WT/ACC/ARM/8, April 3, 1997, 37.

²⁰⁷ Edward Marks, "The CIS and the Caucasus," *Strategic Forum* 90 (1996), 3.

liberal trade regime, Armenian merchandise exports as a percentage of GDP remained the lowest among FSU states.²⁰⁸ Macroeconomic stability, absent in the previous period, nevertheless created the conditions necessary for concentrated investment. In 2003, the Armenian government began to encourage foreign investment, in particular from the recently enlarged diaspora population, into real estate. Such an approach contradicted the standard development strategy of directing inflowing investment into exports to create sustainable FDI.²⁰⁹ As a result, Armenia developed a construction-centered growth model dependent on foreign capital inflows.

In the previous period, Armenian elites had sought to defend the surviving post-Soviet links as potential sources of stability. By the 2000s, the relative tranquility in the near abroad allowed Armenia and Russia to not just maintain post-Soviet linkages but grow them. The renewed dependence of Armenia on Russia in this period originated from four principal causes: an upsurge in foreign direct investment (FDI), the rising value of remittances, energy-fiscal reforms, and growing CIS/Russia-directed trade. Each of these developments were instrumental in creating the growth rates that helped subdue rampant poverty from 54 percent in 2004 to 27 percent in 2008.

In 2003, FDI inflows contributed barely more than 100 million USD.²¹⁰ FDI continued to rise until 2009, when inflows peaked at 950 million USD with FDI comprising 8.3 percent of GDP.²¹¹ Between 2000 and 2010, 72.5 percent of total FDI went towards transport, telecommunications, electricity, gas and water, finance, and mining. During this period of FDI-

²⁰⁸ Hasmik Chakhalyan, "The Role of the Armenian Diaspora in Homeland Economic Development: Challenges and Opportunities." Master's thesis: Central European University (2007), 16.

²⁰⁹ Poverty Reduction and Economic Management Unit, *Republic of Armenia Accumulation, Competition, and Connectivity*, (Washington DC: The World Bank, 2013), 26.

²¹⁰ Julia Kaczmarek-Khubnaia, "Foreign Direct Investment in Armenia," *Journal of Geography, Politics, and Society* 7, no. 4 (2017): 49.

²¹¹ United Nations Economic Commission for Europe, *Innovation Performance Review: Armenia*, (Geneva: United Nations Economic Commission for Europe, 2014).

dependent growth, Russia acquired its dominant position over Armenia's FDI inflows. In 2006, annual Russian investment comprised 35 percent of Armenia's total FDI. Russia-directed investments were concentrated in the strategic transport, telecommunications, and energy industries, the latter of which was in the process of restructuring. In fact, Russia's seventh-largest greenfield project in the late 2000s was an expansion of Razdan power station.²¹² FDI inflows from Russia were boosted by the activities of diasporan investors, who provided 40 percent of non-infrastructure FDI. In fact, Armenia's construction-oriented boom was mostly fueled by large diasporan investments. The largest concentration of diasporan investors, unsurprisingly, hailed from Armenia's enormous expatriate community in Russia.²¹³

Instability in the post-Soviet space helped grow the Armenian diaspora, and by 2011 there were more than 6 million Armenian expatriates outside the Republic of Armenia, and perhaps as many as 2.5 million in Russia. An upsurge in economic activity in Russia, as well as deliberate choices by Yerevan vis-a-vis the diaspora, induced a remarkable rise in the value of remittances. By 2008, the International Labour Organization estimated that remittances constituted 18 percent of GDP with an annual value of 1.5 billion USD, and that more than 70 percent of households received them.²¹⁴ Prior to this upsurge, remittances were as low as 650,000 USD in 1995, according to estimates based on World Bank figures.²¹⁵ Remittances are widely agreed to be crucial for the Armenian economy. One survey found that remittances comprised on average 80 percent of household income for those families receiving them, and though this slants towards remittance-dependent households, the value is likely not much

²¹² Alexey Kuznetsov, "Outward FDI from Russia and its policy context," *Colombia FDI Profiles* (2011): 20.

²¹³ Suren Musayelyan, "Armenia: Building a Competitive Economy," *Reuters Institute Fellowship Paper* (2009): 15.

²¹⁴ International Labour Organization, *Migrant Remittances to Armenia: the potential for savings and economic investment and financial products to attract remittances* (Yerevan: International Labour Organization, 2008).

²¹⁵ Aram Terzyan, "The EU vs. Russia in the foreign policy discourse of Armenia: The fragility of normative power or the power of Russian coercion?" *Eastern Journal of European Studies* 8, no. 2 (2017), 187.

lower.²¹⁶ From a macroeconomic perspective, remittances also provide an aggregate net gain of 0.77 percent of GDP to Armenia's economy.²¹⁷ Unsurprisingly, these inflows mostly originate in Russia, where the largest proportion of the diasporan community is concentrated. During the largest migratory outflows, the Russian government ensured to secure the proper treatment and rights of Armenian migrants. For example, in 2001, Putin remarked that Armenians "must be most kindly treated and encouraged in every way to come to Russia."²¹⁸ Russia's share of remittances between 2005 and 2007 amounted to approximately 80 percent of the total value. This value does not include 'informal' remittances from Russia, such as consumer goods like electronics, which 7.4 percent of households also received at the time.²¹⁹ Furthermore, given Armenia's reliance on the agricultural sector, the disproportionate concentration of Russian remittances in rural households added another element of central dependence.²²⁰ Any disruption in Russo-Armenian economic ties or domestic economic turmoil in Russian sectors where Armenian migratory workers were employed (predominantly construction) threatened the regularity and scale of this crucially important transfer to a substantial number of the population.

The chaotic first decade of independence had placed enormous strain on Armenian finances. The public debt problems were widely recognized by internal elites and external forces as a serious threat to the fiscal health of the republic. In 2001, the IMF noted that the Armenian government had "rapidly accumulated external liabilities...and are now facing an increasingly

²¹⁶ Roberts and Banaian, *Remittances in Armenia*, 3.

²¹⁷ Christian Bellak, Markus Leibrecht, and Mario Liebensteiner, "Short-term Labour Migration from the Republic of Armenia to the Russian Federation," *The Journal of Development Studies* 50, no. 3 (2014), 365.

²¹⁸ Emil Danielyan, "Russia Tightens Grip On Debt-Burdened Armenia," *Radio Free Liberty*, September 17, 2001, <https://www.azatutyun.am/a/1567028.html>.

²¹⁹ Aleksandr Gevorkyan, Arkady Gevorkyan, and Karine Mashuryan, "Little Job Growth Makes Labor Migration and Remittances the Norm in Post-Soviet Armenia," *Online Journal of the Migration Policy Institute*, March 17, 2008, <https://www.migrationpolicy.org/article/little-job-growth-makes-labor-migration-and-remittances-norm-post-soviet-armenia>.

²²⁰ Bryan Roberts and King Banaian, "Remittances in Armenia II: The impacts of remittances on the economy and measures to enhance their contribution to development," *Armenian Journal of Public Policy* 2 (2007): 87.

difficult external debt burden, relative to their ability to generate primary external and budget surpluses.”²²¹ Excluding institutional creditors, Russia had become Armenia’s largest bi-lateral creditor. Alongside Turkmenistan, Moscow owned 18 percent of external debt in net present value terms with an outstanding Armenian liability of 109 million USD in 1999.²²² Armenia struggled to service its debt to Russia, which had grown to include costs for energy supplies and other deliveries.²²³ Problems with servicing the debt caused tension in Russo-Armenian relations and threatened to hamper smooth economic relations. In 2001, Yerevan was forced to divert 20 million USD to a partial repayment when the Kremlin refused to again prolong repayment.²²⁴ Another 17 million USD of servicing remained in arrears to Russia and Turkmenistan by 2002.²²⁵ Yerevan had responded to the fiscal danger by embarking on an aggressive privatization and reorganization of its energy sector. Armenia’s geographic location and limited economic appeal, however, ensured that Western investors stayed away and presented no acquisition bids. For example, the fifth block of the Hrazdan Thermal Power Plant, long unfinished, attracted no interest from Western investors.²²⁶

Instead, Armenia conducted several debt-for-equity swaps with Russia that allowed Yerevan to offload its debt and increase investment at the expense of further energy and economic dependence. Financial management of the Seven Hrazdan hydropower cascade and six hydroelectric power plants were transferred to RAO UES, Russia’s electric company, in

²²¹ IMF and the World Bank, “Armenia, Georgia, Kyrgyz Republic, Moldova, and Tajikistan: External Debt and Fiscal Sustainability,” Board Paper (2001), 3, <https://www.imf.org/external/np/eu2/2001/edeft/eng/main.pdf>.

²²² *ibid*, 9.

²²³ John Odling-Smee, “The Economic Transition in Armenia” (speech, Yerevan, July 31, 2001), <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp073101>.

²²⁴ Emil Danielyan, “Russia Tightens Grip On Debt-Burdened Armenia.”

²²⁵ IMF, *IMF Country Report: Republic of Armenia 2002 Article IV Consultation, First and Second Reviews Under the Poverty Reduction and Growth Facility, and Request for Waiver of Performance Criteria*, (Washington DC: IMF, 2002), 12.

²²⁶ Haroutian Khachatryan, “Russian Investments in Armenia: Their Economic Background and Possible Political Impact,” *The Central Asia-Caucasus Analyst* (2006).

exchange for complete debt forgiveness. The Medzamor nuclear power plant was placed under a five-year lease to RAO UES as well for writing-off gas delivery debts; the plant could have only been kept under Armenian management by continued subsidies from the government.²²⁷ The policy continued in 2006 when Armenia permitted Gazprom to acquire the fifth bloc in exchange for keeping gas prices stable during a period when rising prices throughout the CIS would have forced a doubling in charges.²²⁸ These transactions provided a launchpad for further investment by Russia in Armenia. Gazprom, for example, pledged to invest 150 million USD to complete the fifth block.²²⁹ But they also confirmed an almost permanent energy dependence on Russia.

Heavy foreign investment introduced new opportunities for trade. While Armenia was unable to transform into an export-oriented economy, and its trade deficit and excess concentration remained large, Armenian exports and imports grew 5 and 3.5 times, respectively. The increasing trade flow was generally directed towards CIS countries, which constituted in 2007 approximately 70 percent of total Armenian trade turnover.²³⁰ Armenia's strong legal framework with Russia and the CIS countries—developed from maintaining free trade agreements—provided a platform to grow trade with Russia as investment from that direction poured into Armenia.²³¹

Elites and Institutional Engagement in Period 2: Exploiting Dependence

Armenian elites in this period prioritized encouraging capital inflows and resolving their fiscal situation, but they were not initially biased toward any bloc in pursuit of these objectives.

²²⁷ Sargsyan, Balabanyan, and Hankinson, *From Crisis to Stability in the Armenian Power Sector*, 17.

²²⁸ Khachatryan, "Russian Investments in Armenia: Their Economic Background and Possible Political Impact."

²²⁹ Ibid.

²³⁰ Grigor Hayrapetyan and Viktoriya Hayrapetyan, "Regional and International Trade of Armenia: Perspectives and Potentials," *Economics Education and Research Consortium Working Paper No. 11/14E* (2011), 12.

²³¹ Ibid, 13.

The ‘complementary’ aspect of foreign policy was especially apparent in the developmental strategies of Armenia. Yerevan, however, struggled to attract Western investment into their energy privatization program and wider economic sectors. As a result, Armenian elites pivoted and agreed that engagement with Russia offered the best opportunities for fulfilling economic objectives. Rouben Shugarian, the Deputy Minister of Foreign Affairs, elucidated this viewpoint when he twice recognized that Russia was the “most probable potential investor into Armenia economy” in late 2003 while still rhetorically embracing the ‘complementary policy.’²³² As predicted by Shugarian, Armenia’s economic environment was ripe for a Russian impression, which was encouraged by the Kocharyan government and their policy of debt-for-equity swaps and asset sales that increased Russian stakeholderhip at the expense of further dependence on Russia and post-Soviet links.

Many analysts have posed that the swaps and sales were foisted by Putin onto Kocharyan as a form of ‘energy imperialism.’ To a certain extent it is impossible to definitively resolve this question but framing the circumstances of the agreements helps to condition this allegation. First, it must be understood that Yerevan was serious about overcoming structural problems and improving its fiscal situation, but they persistently struggled to attract capital, particularly for vital energy reforms. The Central Bank of Armenia, for example, had targeted a far lower debt servicing value in 2002 of 90.5 million USD.²³³ Fiscal difficulties were also precluding investment from Russia. Furthermore, representatives from the IMF and the World Bank were encouraging asset handovers as a measure to reduce external indebtedness.²³⁴ Russia’s

²³² Rouben Shugarian, “Globalization in the Context of Armenia's Foreign Policy” (speech, Yerevan, October 22, 2003), <https://www.mfa.am/en/speeches/2003/10/22/shugarian/1493>.

²³³ World of Information and International Chamber of Commerce, *Europe Review, 2003-4: The Economic and Business Report* (London: Kogan Page, 2003), 14.

²³⁴ “Armenian enterprises to be handed over to Russia for debt,” *Monitor* 8, no. 3 (2002), <https://jamestown.org/program/armenian-enterprises-to-be-handed-over-to-russia-for-debt/>.

experience with the Armenian energy industry was an additional impetus to deepen engagement with Moscow in this regard. For Kocharyan's government, inviting Russian capital offered a double positive at the expense of independence: a platform to encourage Russian investment, particularly in an industry where Russians enjoyed traditional expertise, and substantial debt forgiveness. Putin himself backed up this position when he remarked: "it is not about the debts, it is about attracting Russian capital into the Armenian economy."²³⁵ Kocharyan frequently reiterated that the proposal had come "from our side...nobody is trying to foist anything on us." Indeed, he had first proposed a variant of the measure back in August 2001.²³⁶ Further evidence for the mutual nature of the agreements can be intuited from the harder negotiating line taken by Armenian elites. They rebuffed attempts by Moscow to score control of more valuable Armenian industries. Gagik Khachatryan, then the Minister of Finance, remarked "each party has its own interests...we want to clear as much debt as possible with as little property as possible...while they want to achieve the opposite."²³⁷ Repeated delays in the settlement illustrates that this was not a simple submission by Yerevan; their own interests were served by attracting Russian investment, but on appropriate terms.

Throughout the 2000s, the Armenian government consciously deepened their economic relationship with Russia, primarily by encouraging investment. In one instance when Russian investment had briefly dropped, Kocharyan smirkingly informed Putin that "Russia holds a disgraceful second place in terms of foreign investments in the Armenian economy...I have a sense that Russia will definitely hold the honorable first place by March."²³⁸ In March 2006,

²³⁵ Emil Danielyan, "Russia Tightens Grip On Debt-Burdened Armenia."

²³⁶ "Robert Kotcharyan admits the establishment of joint enterprises as paying off Armenia's debt to Russia," *PanARMENIAN.Net*, August 21, 2001, <http://www.panarmenian.net/eng/news/5315/>.

²³⁷ Emil Danielyan, "Armenia: Debt Deal With Russia Delayed Again," *Radio Free Europe*, July 27, 2002, <https://www.rferl.org/a/1100121.html>.

²³⁸ Aza Babayan, "Putin, Kocharian Praise Growing Economic Ties," *Radio Free Europe*, January 24, 2007, <https://www.azatutyun.am/a/1586259.html>.

Kocharyan's Chief Economic Advisor, Vahram Nercissiantz, reiterated the interconnection between Armenia's "reforms" and attracting further investment.²³⁹ Yerevan finalized several transactions with Russian companies, including the sale of the main electricity system to Russia's Unified Energy System (UES) company for \$73 million. Galust Sahakian, the leader of the ruling parliamentary faction, justified it with a mix of economic pragmatism ("naturally, the state is interested in making the possible deal the most profitable for Armenia") and Complimentary-Eurasianism ("...but we would not like the electricity network to be sold to, for example, a Turkish company").²⁴⁰ As for the 2006 Hrazdan sale to Gazprom, Kocharyan defended it by reminding critics that no other investor had shown interest in refurbishing the fifth bloc. He asked: "is it better to have an enterprise which is half-build, exposed to the elements...has already wasted one credit project...or to have a Russian enterprise on our territory...an enterprise that is modern, efficient, uses less gas, and is very important to our economy?"²⁴¹ Further Russian purchases in this period included a 480 million USD sale of the Armenian telecom system and a 570 million USD investment commitment by Russian Railways upon its purchase of Armenian Railways.²⁴² Various privileges were proffered on account of Armenia's pro-Russian economic foreign policy. In addition to facilitating the improvement of Armenia's energy capabilities and drastically increasing investment, Russia charged Armenia its

²³⁹ Vahram Nercissiantz, "Statement by Vahram Nercissiantz, Chief Economic Advisor to the President of Armenia at Carnegie Institution of Washington" (speech, Washington, April 6, 2006),

<https://carnegieendowment.org/2006/04/06/armenia-s-economic-reforms-results-and-challenges-event-872>

²⁴⁰ Samvel Martirosyan, "Armenia: Answers Demanded on UES Energy Deal," *Eurasianet*, July 14, 2005, <https://eurasianet.org/armenia-answers-demanded-on-ues-energy-deal>.

²⁴¹ Tatul Hakobyan, "Energy colonization or a mutually profitable deal?" *Hetq*, April 10, 2006, <https://hetq.am/en/article/10119>.

²⁴² Astghik Bedevian, Shakeh Avoyan and Ruzanna Khachatryan, "Russians Buy Another Major Armenian Firm," *Radio Free Europe*, September 14, 2007, <https://www.azatutyun.am/a/1590475.html>; Shakeh Avoyan, "Russian Company Takes Over Armenian Railway," *Radio Free Europe*, January 16, 2008, <https://www.azatutyun.am/a/1592469.html>.

lowest gas price (\$110/TCM) out of all bilateral customers, amounting to less than half the price charged on Georgia (\$235/TCM).²⁴³

In this period, Armenian elites, grasping with economic isolation, employed Russian resources and relations as a means to promote development and growth. Yerevan had made a deliberate choice to utilize their growing economic intercourse with Russia as a springboard to solve internal dilemmas, concurrently inviting dependence and expanding post-Soviet linkages. These conditions laid the framework for Armenia's definitive 'Russia decision' in 2013.

Economic Context in Period 3: Confirmed Trajectory

The Armenian economy was beset by two shocks in the late 2000s: the 2008 Russo-Georgian war and the Great Recession. First, the Russo-Georgia conflict endangered Armenia's vital transport routes by obstructing its trade corridors through friendly Georgia. Deliveries of basic goods, such as wheat and fuel, were momentarily endangered and shortages followed. Later that same year, the global financial crisis produced a dramatic fall in remittances (down 35 percent) and the availability of credit, leading to investment shortfalls (down 31 percent) with catastrophic implications for the economy. Armenia's GDP shrank by 14 percent and the construction industry, previously the engine of the country's 21st century growth, contracted by nearly 42 percent.²⁴⁴ Post-Soviet/Eurasian linkages proved an important mechanism in stabilization and recovery. In order to counteract the effects of the recession and jumpstart a stimulus program, the Armenian government negotiated with the Russian finance ministry for emergency credit; the finalized deal supplied Yerevan with a 500 million USD "stabilization

²⁴³ Newnham, "Oil, carrots, and sticks: Russia's energy resources as a foreign policy tool," 139.

²⁴⁴ Poverty Reduction and Economic Management Unit, *Republic of Armenia Accumulation, Competition, and Connectivity*, xiv.

credit” loan from the Russian government.²⁴⁵ Yerevan also joined the Eurasian Development Bank (EDB), originally founded in January 2006 by President Putin and President Nazarbayev, and the Eurasian Fund for Stabilization and Development (EFSD) with the express purpose of combating the economic crisis. Armenia has been a major recipient of EFSD funding. Despite contributing only 1 million USD (in contrast to Russia’s 7.5 billion USD), Yerevan has received several phases of funding, including a 400 million USD loan from the EFSD in 2011 and another 300 million in 2016.²⁴⁶ These measures, combined with low interest rates and the gradual recovery of remittances, helped restore stability to the Armenian economy.²⁴⁷

Armenia’s recovery, though slower, solidified the basic parameters of Armenia’s economic dependence on Russia. In 2012, total net FDI reserves were 4.6 billion USD of which 53 percent hailed from CIS countries, predominantly Russia. By 2015, a quarter of all companies in Armenia with foreign investment were receiving Russian capital.²⁴⁸ Remittances recovered to 15 percent of GDP and trade with Russia increased by 4 percent between 2010 and 2012 with commodity turnover up 20 percent the subsequent year.²⁴⁹ Concurrently, deteriorating relations between the European Union and Russia over Ukraine invited the possibility of Western sanctions on Russia just as Armenia was engaged in negotiations with the European Union for an Association Agreement. An integrative approach to the Western bloc would have threatened intimate economic ties with Russia at a time when the two blocs appeared mutually exclusive.²⁵⁰

²⁴⁵ Emil Danielyan, Armenian-Russian Loan Deal ‘Finalized,’ *Radio Free Europe*, February 10, 2009, <https://www.azatutyun.am/a/1599759.html>.

²⁴⁶ “Armenia to receive \$400 million from EurAsEC anti-crisis fund,” *news.am*, June 6, 2011, <https://news.am/eng/news/62168.html>.

²⁴⁷ Evgeny Vinokurov, *Introduction to the Eurasian Economic Union* (Cham: Palgrave Macmillan, 2018), 59.

²⁴⁸ Dennis Degterev, Konstantin Kurylev, eds., *Foreign Policies of the CIS States: A Comprehensive Reference* (London: Lynne Rienner, 2019), 61.

²⁴⁹ Anthony Rinna, “Yerevan’s Choice: Armenia and its Integration into the Eurasian Customs Union,” *Iran and the Caucasus* 18, no. 4 (2014), 397-8.

²⁵⁰ Rinna, “Yerevan’s Choice,” 403.

Furthermore, integration into a Eurasian bloc offered simplified access for key Armenian sectors, such as free movement for Armenia's migratory (and remittance-producing) workforce in Russia, stable gas prices during rising prices, and increased trade and investment turnover in addition to the already considerable degree of bi-lateral trade intercourse with Russia.²⁵¹ Determined to preserve the strategic economic relationship with Russia, Yerevan announced its 'Russia decision' in 2013 when it decided to join the Eurasian Customs Union (EACU)—originally formed in 2010 by Russia, Belarus, and Kazakhstan—effectively ending negotiations with the European Union. Unlike the CIS, ripe with economic false starts and integration failures, the EACU represented a major phase towards a coherent supranational structure in the post-Soviet space, complete with binding decision-making processes.²⁵² In 2012, the EACU was integrated into the larger structural framework of the Eurasian Economic Union (EAEU), which established a single common market for member-states in addition to coordinated policies across most sectors enforced by four intergovernmental bodies and courts.²⁵³ Armenia finalized its membership in the EAEU in 2015 and remains a proactive member today; former Prime Minister Tigran Sargsyan, for example, has chaired the key Eurasian Economic Commission (EEC) since 2016.

Elites and Institutional Engagement in Period 3: Towards Eurasia

In the late 2000s, pro-Russian states in the near abroad, alongside Russia, were developing a new model for post-Soviet regional economic integration through the EAEU. At the same time, Armenia was negotiating for an EU Association Agreement as its 'complimentary' trade ties with the European Union were quite strong. Nevertheless, Armenian elites were

²⁵¹ Ibid.

²⁵² Degtarev and Kurylev, *Foreign Policies of the CIS States*, 13.

²⁵³ Vinokurov, *Introduction to the Eurasian Economic Union*, 44.

pursuing a concurrent program of post-Soviet integration that illustrates their sustained commitment to post-Soviet integration. In late 2012, Yerevan moved to improve the legal framework of their extant economic relations with Russia by supporting a special free trade agreement within the CIS. Tigran Davtyan, Sargsyan's economic minister, emphasized that this step would further stimulate existing trade to Armenia's advantage and promote much needed exports.²⁵⁴

This integration measure into the post-Soviet space precluded the controversial 2013 decision by Sargsyan to join the EAEU. As illustrated above, Yerevan's decision was not simply the consequence of Russian coercion. Admittedly, pressure was naturally exerted on Yerevan by Moscow, particularly by ominous reference to gas prices, but that has to be conditioned by the economic realities that Yerevan inhabited. Russia was the instrumental partner for Armenia, both in terms of providing security and in terms of economic partnership. It was no surprise then that after Yerevan's decision to join the Customs Union that Armenian business largely supported the confirmed trajectory, favoring a Eurasian direction over the prospect of implausibly high EU standards and a comparatively unfamiliar marketplace.²⁵⁵ Furthermore, even before the alleged coercion occurred, Sargsyan stated that Armenia could join the Customs Union and inquired about specific paths to membership. His prime minister, Tygran Sargsyan, who opposed joining the EEU because Armenia shares no borders with Russia, nevertheless agreed that Armenia needed a special form of cooperation with the Customs Union.²⁵⁶ For Yerevan, keeping low gas prices and fostering flexible relations with Russia took precedence over a Euro-Atlantic

²⁵⁴ "Armenian Parliament ratifies treaty for free trade zone in CIS," *Kyiv Post*, September 11, 2012, <https://www.kyivpost.com/article/content/russia/armenian-parliament-ratifies-treaty-for-free-trade-zone-in-cis-312807.html?cn-reloaded=1>.

²⁵⁵ Richard Giragosian, "Armenia and the Eurasian Economic Union: The view from Yerevan," *European Council on Foreign Relations* (2015).

²⁵⁶ "Russia's Customs Union to Eurasian Union: An Evolution (Part 2)," *Stratfor*, July 25, 2012, <https://worldview.stratfor.com/article/russias-customs-union-eurasian-union-evolution-part-2>.

outreach.²⁵⁷ Further integration into the Eurasian sphere (e.g. the EAEU) offered the prospect of freer access to the market of the ‘Common Economic Space, further investment inflows into export production, free movement of capital, and the abolition of customs duties for the already prevalent flow of Armenian goods and services into the Eurasian marketplace.’²⁵⁸

The incorporation of export duty waivers (associated with ECU ascension) into reduced gas prices, for example, were projected by the IMF to save Armenia a substantial 1.5 percent of GDP per year.²⁵⁹ In effect, Armenia’s pre-existing and growing dependence ensured that economic association with Russia was prioritized. Membership in the EAEU would secure and develop the linkages maintained and formed over the past two periods.

At the time, Sargsyan’s decision to join the EEU and then the EAEU (finalized in 2015) were highly controversial among the public. As discussed in the previous section, however, much of the opposition, legitimately concerned over Sargsyan’s tendency towards authoritarianism, saw integration into the EAEU “as the right step” and recognized that the maneuver had been motivated by pragmatism.²⁶⁰ Nor did participation in the EAEU preclude limited outreach to the West: Armenia has attempted to deliberately ‘bridge’ the European Union and the Eurasian Union. For example, Armenia negotiated a ‘Comprehensive and Enhanced Partnership Agreement’ with the European Union in 2017, although this ‘engagement’ is not commensurate to a full Association Agreement.²⁶¹ Today, membership in EAEU is generally accepted, even though the supposedly anti-EAEU faction assumed power after the 2018 Velvet

²⁵⁷ Golam Mostafa and Monowar Mahmood, “Eurasian Economic Union: Evolution, challenges and possible future directions,” *Journal of Eurasian Studies* 9 (2018): 165.

²⁵⁸ Degtarev and Kurylev, *Foreign Policies of the CIS States*, 62.

²⁵⁹ IMF, *IMF Country Report No. 14/89: Republic of Armenia, Request for arrangement under extended fund facility* (Washington DC: IMF, 2014), 8.

²⁶⁰ Gasparyan, “The Armenian Political Elite’s Approaches and Beliefs in Foreign Policy,” 189

²⁶¹ Aram Terzyan, “Bringing Armenia Closer to Europe? Challenges to the EU-Armenia Comprehensive and Enhanced Partnership Agreement Implementation,” *Romanian Journal of European Affairs* 19, no. 1 (2019): 97-107.

Revolution. For Armenia, displacing Russia would incur enormous costs that no government has appeared willing to stomach. To the contrary, further integrative measures have been the default reaction of an Armenian elite unwilling to risk displacing their patron.

Section 3B: Georgia's Economic Dependence on Russia

Economic Context in Period 1: Temporary Dependence

As in Armenia, Georgia's economic condition following independence was marked by extreme precarity. The chaotic political condition within Georgia, combined with the collapse of Soviet-era linkages, resulted in a situation nearly identical to that in Yerevan: steep declines in GDP across all sectors, hyper-inflation (especially severe in Georgia), and energy shortages.²⁶² Prior to the collapse of the Soviet Union, Tbilisi had received about a quarter of its electricity and almost all of its raw materials and energy sources from Russia. In 1991, approximately two-thirds of Georgian exports were destined for Russia.²⁶³ Immediately following independence, Tbilisi implemented a brief but disastrous self-imposed blockade on Russian trade that wreaked havoc on its economy. But once the political environment stabilized in 1994, the Georgian economy began to recover, and GDP growth reached double digits. Credit from international financing corporations supplied Tbilisi with the necessary finances to control inflation and establish a new currency.²⁶⁴ Aggressive privatization and internal reform expedited the recovery, though the structural changes made for uneven socio-economic conditions.²⁶⁵

Georgia's economic dependence on Russia was pronounced in two sectors: trade and energy. Georgia's economy was largely reliant on Russian/CIS trade for both imports and

²⁶² Herzig, *The New Caucasus*, 122-132.

²⁶³ Jones, 188

²⁶⁴ *Ibid*, 190.

²⁶⁵ *Ibid*, 190.

exports as a product of the integrated Soviet legacy. In 1995, the CIS imported 62 percent of Georgian exports and supplied 45 percent of Georgian imports. For example, Russia imported about 75 percent of Georgia's growing wine market, which constituted an average of 10 percent of Georgian exports, and was the primary consumer of Georgia's leading export, scrap metal. Oil, gas, and hydrocarbons, largely inbound from Russia and Azerbaijan, made up over a third of total imports.²⁶⁶ Russia's economic imprint was substantial enough to spark a major economic crisis in Georgia—Armenia was also affected—as a result of Russia's default during the 1998-ruble crisis. In addition, Tbilisi racked up enormous debts for energy deliveries from Russia; the controversy around these debts would eventually serve as the impetus for domestic energy reform. As discussed below, Georgian elites initially reacted to these realities much in the same way as their Armenian counterparts: by deepening (albeit more conditionally) their institutional engagement with Russia.

Unlike landlocked Armenia, however, which was restricted in the pursuit of an alternative economic direction by the blockade and unpalatable transport costs, Georgia's superior geographic position allowed for a broader reconnection with the non-Soviet space and the Black Sea region. Dependence on Russia rapidly declined after 1995 and engagement with regional and Western markets earned momentum. Turkey, for example, displaced Russia as Georgia's major export market in 2000 as it developed a flourishing consumer goods exchange with Tbilisi and also became a primary importer of the Georgian scrap-metal. Over the same period, Georgia tripled its exports to the European Union to 18 percent. Germany, in particular, played an instrumental role in the new connectivity as Berlin captured 10 percent of the Georgian export market by 2000. The largest Georgian export to the European Union, hazelnuts,

²⁶⁶ World Bank Poverty Reduction and Economic Management Unit, *Georgia: An Integrated Trade Development Strategy*, (Washington DC: The World Bank, 2003), 14.

was one of the few high value products in Georgia's fragmented trade repertoire of mostly low-value goods destined for CIS countries.²⁶⁷ At the same time, Georgia managed to secure its place in the Transcaucasian energy network through the Baku-Supsa oil pipeline, completed in April 1999.²⁶⁸ It was the first oil pipeline between Georgia and Azerbaijan and a preliminary to Georgia's *eventual* energy independence from Russia. In effect, Georgia's reconnection with the outside world recalibrated its trade distribution and mitigated its dependence, therefore providing a platform from which to encourage greater intercourse and possible integration with the West.

Elites and Institutional Engagement in Period 1: Uneasy Engagement

Georgian elites faced the challenge of managing their hyper-dependence on Russian economic links while concurrently resisting Russia in the military-security realm. After a disastrous experience of Euro-Atlantic exclusivity under Gamsakhurdia, Tbilisi recognized its high interconnectivity with Russia and cautiously engaged in Russian and post-Soviet economic institutions. Nevertheless, Georgian Euro-Atlanticism conditioned that outreach and limited the extent that Georgia was willing to stomach further outreach. For Tbilisi, dependence on Russia was an impediment destined to be overcome, and they exemplified this policy by obstructing measures in the post-Soviet space for Russian-led integration. As Georgia's economic trajectory shifted beyond the near abroad, Georgian elites moved to de-leverage their extant commitments to Russian-led institutions.

In 1991, Gamsakhurdia attempted a premature 'defection' from Russia. This defection was not inspired by any economic rationale and simply reflected the extreme manifestation of Euro-Atlanticism. He practically imposed a self-blockade by attempting to embargo Russia

²⁶⁷ World Bank Poverty Reduction and Economic Management Unit, *Georgia: An Integrated Trade Development Strategy*, 13-60.

²⁶⁸ Emmanuel Karagiannis, *Energy and Security in the Caucasus* (London: Routledge, 2002), 85.

without recognizing the depth of Soviet economic integration. The severe decline in living standards that succeeded the blockade imperiled the popularity of the leadership and contributed to Gamsakhurdia's defeat.²⁶⁹ Contemporary economic conditions were clearly not suitable for a definitive 'Russia decision' at the time. Even for the Euro-Atlantic elite—already furious with Russia over its treatment secessionist states—the political and economic costs associated with defection made it prohibitive. Instead, they followed the Armenian path and approached post-Soviet institutions as unavoidable instruments of stability. Shevardnadze highlighted the economic dimension of Georgia's controversial ascension to the CIS in these terms. He argued that Georgia needed to "end our economic isolation" by "renewing traditional economic ties to the other states of the former USSR."²⁷⁰ In trying to convince the Georgian parliament to ratify ascension to the CIS, Shevardnadze insisted that Georgia had to "restore broken economic links and develop them on a completely new basis, which is a necessary prerequisite for the reforms for transition to a market economy" and that the CIS would help "promote stabilization, and halt the decline in the population's standard of living." At this stage, Georgia needed the CIS as much for an economic reprieve as it needed it to end the civil war.

As Georgia's macroeconomic situation normalized and Georgian economic connectivity with the West intensified, however, further Russia-directed integration within the CIS ceased to be a necessity. Instead, the Georgian government worked towards an intra-FSU organization that would collaboratively encourage Euro-Atlantic economic outreach and impede further CIS integration. In 1997, the Georgian, Azerbaijan, and Moldovan governments (later joined by Ukraine) formed the regional 'GUUAM' organization, representing those states in the near

²⁶⁹ Gülsen Aydin, "Economic Change and Development in Georgia after the Rose Revolution: A Boost to the Mikheil Saakashvili's Consolidation of Authority," *ZKU Journal of Social Sciences* 7, no. 14 (2011).

²⁷⁰ "Georgian Defends Renewed Ties to Ex-Soviet Bloc," *The New York Times*, March 6, 1994, 18.

abroad with Euro-Atlantic biases or anti-Russian slants. Though partially motivated by political-military features that emanated from perceived Russian involvement in the secessionist territories and controversies over the CIS Collective Security Treaty, GUUAM's objectives also reflected an acute distrust of further CIS-directed economic integration, especially during a period of declining dependence on Russia. For participating countries, pro-integration objectives like the CIS free trade zone (supported by Armenia), the CIS Economic Council, the CIS Customs and Payments Unions were merely "economic levers by Russia," and instead member-states should 'break out' by integrating into "transatlantic and European structures."²⁷¹ In policy terms, GUUAM succeeded in promoting anti-Russian economic cooperation, such as a joint effort to avoid Russian transport taxes on Central Asian goods.²⁷² The drive towards overcoming economic dependence, predictably, gained additional purchase after the disastrous system-wide downturn in the 1998 Russian financial crisis.

Georgian elites in this period confronted severe economic instability and high dependence on Russia. Though they were inclined to the Euro-Atlantic trajectory, Gamsakhurdia's example had shown that outright defection from Russia, given Georgia's extensive dependence on post-Soviet networks, was incompatible with political survival. Instead, Shevardnadze and his colleagues embraced a cautious approach to the CIS until Georgia's degree of economic dependence had decreased to manageable levels, at which point Georgia could pursue a more determined Euro-Atlantic policy, as evinced by Tbilisi's participation in GUUAM.

Economic Context in Period 2 and Period 3: 'Breaking-Out'

²⁷¹ Kuzio, "Geopolitical pluralism in the CIS," 94.

²⁷² *Ibid.*, 86.

The Rose Revolution triggered a slate of neo-liberal reforms relating to privatization, coherent taxation, debt reduction, and free trade. The ensuing improvement in the business environment and rising domestic demand sparked a surge in foreign investment. Similarly to Armenia, Georgian economic growth initially became dependent on loans, investments, and transfers from abroad, mostly concentrated in the energy, construction, and trade sectors. But the sources of Georgia investment contrasted quite sharply with that of Armenia. In fact, the defining feature of the post-revolutionary era was declining economic dependence on Russia and rising dependence on the West was the expansion of Euro-Atlantic investment and direct assistance.

First, although remittances grew by almost 7 times in the second period, they constituted a comparatively smaller proportion of Georgia's economy. Remittances peaked in 2008 at about 1 billion USD and averaged around 6 percent of GDP per year. Unsurprisingly, most Georgian migrants worked in Russia, which had an estimated 200 thousand Georgian workers, and sent nearly 65 percent of total remittances back to Georgia.²⁷³ When adjusted against Armenia's smaller population, however, Georgian remittances from Russia constituted a far smaller value per capita. Remittances have accordingly not featured prominently in Russo-Georgian relations.

Second, in contrast to remittances, FDI and direct assistance was instrumental in Georgia's development. Total FDI, attracted by Georgia's privatization reforms, quadrupled from its pre-revolution levels to reach 2 billion USD in 2007.²⁷⁴ Total investment stock shrank after the 2008 war and the global recession but then returned to average about 1.7 billion USD per year from 2014 to 2018. The defining feature of this uptick in FDI was the concentrated level of Euro-Atlantic investment. Collectively, EU member-states attained the position of principal

²⁷³ Economic Policy Research Center, "The Role of Remittances in Georgian Economy," *Issue in Focus Report* (2011): 8.

²⁷⁴ Ketevan Tsikhelashvili, Tengiz Shergelashvili, Mikheil Tokmazishvili, *The Economic Transformation of Georgia in its 20 Years of Independence*, *European Initiative Liberal Academy Tbilisi* (2012)..

investor in Georgia, though the United States was the single largest bi-lateral investor. At the height of the investment surge in 2007, investment from EU member-states provided nearly 60 percent of Georgia's total FDI, and they retain that predominant status today.²⁷⁵ Furthermore, the value of these investments, according to the IMF, remain "crucial" for Georgia's economic development.²⁷⁶ Georgia's 2015 EU Association Agreement has reinforced the trajectory by encouraging further European investment into the economy, including a massive 3.8 billion USD program for Georgian infrastructure as part of the Eastern Partnership; Armenia has been allotted only about a quarter of that value.²⁷⁷ By contrast, Russia's stake never accounted for more than 10 percent of FDI after 1996, when total investment were already relatively low, and its share was effectively crowded out by Western investments. FDI from Russia even briefly became negative in 2013, indicating that the threat of Russian FDI withdrawal represents a negligible threat to the Georgian economy.²⁷⁸ Against the example of Armenia, Georgia is not dependent on Russian investment.

Therefore, in definitional terms the extent of dependence on Russia has declined. The largest investments, the Baku–Tbilisi–Ceyhan (BTC) oil pipeline and the 'Southern Corridor' (Baku–Tbilisi–Erzurum) natural gas pipeline, were considered to be central elements of the Euro-Atlantic energy strategy in a collective effort to reduce dependence on Russia. The former was largely encouraged by the United States to weaken Russian and Iranian regional influence,

²⁷⁵ Merab Kakulia, "Georgia's Experiences on Developing Trade and Trade Policy Relations with the European Union," in *Developing Trade and Trade Policy Relations with the European Union: Experience of Visegrad Countries and Lessons for Eastern Partners*, ed. Tamas Szigetvari (Budapest: Institute of World Economics, 2014): 142.

²⁷⁶ IMF, *IMF Country Report No. 17/97: Georgia: Request for Extended Arrangement Under the Extended Fund Facility and Cancellation of Stand-By Arrangement* (Washington DC: IMF, 2017), 45.

²⁷⁷ Eastern Partnership, "Indicative Ten-T Investment Action Plan," European Union and World Bank (2017): 14. https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/ten-t_iap_web-dec13.pdf?fbclid=IwAR3NQ5YCRv4KX9q7LCSKCN0eLkPxEdooiWdT2xKVPfeVDSTdI-aH5umFeEY.

²⁷⁸ Sergi Kapanadze, "Georgia's vulnerability to Russian pressure points," *European Council on Foreign Relations Policy Memo* (2014): 2-3.

and the latter by the European Union to increase the energy independence of its member states. Tbilisi was also among the largest per capita recipients of direct US aid, amounting to nearly 1 billion USD between 2001 and 2007. After the 2008 war, Georgia received nearly 500 million euros in post-conflict assistance from the European Union.

In 2005, Georgia was awarded a 295 million USD grant by the U.S Millennium Challenge Corporation for transport and pipeline infrastructure.²⁷⁹ The construction of these pipelines strengthened the economic autonomy of Georgia, reduced Russian influence, and confirmed the pre-eminent position of ‘Western actors.’²⁸⁰ Armenia, under prolonged blockade over Nagorno-Karabakh, was never afforded such opportunities; the contrast is an excellent example of the interaction between the ability to decrease economic dependence and the apparent permanence of constructed realities. Armed with these Euro-Atlantic investments, Georgia’s energy dependence on Russia has been practically negated. By 2010, hydrocarbons were imported overwhelmingly, both in value and volume, from the European Union (Romania and Bulgaria) and Azerbaijan against Russia’s shrinking share, which had fallen to one-tenth of total Georgian hydrocarbon imports. Natural gas imports from Azerbaijan alone grew by more than 11 times between 2010 and 2013.²⁸¹ As Georgia gets an apportioned, and growing, share of the total fuel transmitted through the Southern Corridor, recent estimates project that this share will only continue to grow once the supply chain extends through the Trans-Adriatic Pipeline,

²⁷⁹ U.S. Library of Congress, Congressional Research Service, *Georgia: Background and U.S. Policy*, by Cory Welt, R45307 (2019), 17.

²⁸⁰ Vladimer Papava, Baku-Tbilisi-Ceyhan Pipeline: Implications for Georgia," in *The Baku-Tbilisi-Ceyhan Pipeline: Oil Window to the West*, eds. S. Frederick Starr and Svante E. Cornell (Washington DC: Central Asia-Caucasus Institute, 2005), 99-101; Tracey German, "Pipeline politics: the South Caucasus and European energy security," in *The South Caucasus: Security, Energy, and Europeanization*, eds. Meliha B. Altunisik and Okyay F. Tanrisever (New York: Routledge, 2018), 184.

²⁸¹ Kapanadze, "Georgia's vulnerability to Russian pressure points," 4.

which will connect Turkey with southern Europe.²⁸² Furthermore, the changes should not be viewed as an immediate consequence of the 2008 military conflict but as a development that preceded it. For example, since 2007 Georgia has been a net-exporter of electricity to Russia on account of concentrated Western and domestic investment into hydroelectric capacities.²⁸³ Energy dependence on Russia, once an obvious element of Georgia's geo-political situation, has been effectively supplanted by energy dependence on the EU and Azerbaijan.

At least initially, Georgia's trade dependence on Russia remained an enduring legacy of the preceding period. Russia was Georgia's largest *bi-lateral* importer, although the European Union as a collective entity had since overtaken Russia. The changing dynamics of comparative advantage in the post-Soviet space, however, favored reorientation towards superior Western markets, if available, and Russo-Georgian trade links subsequently declined.²⁸⁴ This dynamic was supplemented by an intrusion from the security realm. Georgia and Russia engaged in a tit-for-tat escalation over Tbilisi's push for NATO membership and for recovery of the secessionist states, culminating in Russia's 2006 severance of trade and transport links to Georgia.²⁸⁵ This imposed a serious cost on Tbilisi and Georgian elites, but Georgia's trade dependence was not nearly as extensive as it had been under Gamsakhurdia, and Georgia was able to adjust. Exporters took advantage of the moment to lay their vestigial dependence on Russia to rest as they pursued compensatory markets for Georgian goods.²⁸⁶ Saakashvili even boasted that Georgia had successfully overcome its residual economic dependence and that as a result, the

²⁸² "Georgia's share to increase during gas transit through Southern Gas Corridor." *Azernews*, December 2, 2019, https://www.azernews.az/oil_and_gas/159137.html.

²⁸³ Kapanadze, "Georgia's vulnerability to Russian pressure points," 4.

²⁸⁴ Vasily Astrov and Peter Havlik, "Economic Developments in the Wider Black Sea Region," Vienna Institute for International Economic Studies Research Report, no. 349 (2008), 134.

²⁸⁵ Hewitt, *Discordant Neighbors*, 220.

²⁸⁶ Vladimer Papava, "The Evolution of Economic Relations Between Georgia and Russia in the Post-Soviet Period: Past Trends and Perspectives," in *Russia and Georgia: Searching the Way Out*, ed. Kakha Gogolashvili (Tbilisi: Georgian Foundation for Strategic and International Studies, 2011), 99-101.

“embargo has lost any sense.”²⁸⁷ Until 2012, when relations were normalized under the Georgian Dream government, Georgian exports to Russia were non-existent. Since then Russia has accounted for no more than 14 percent of exports and 10 percent of imports. Meanwhile, the EU has maintained its leadership lead in the Georgian trade market with 27 percent of overall trade even before the 2015 Association Agreement, which briefly stimulated another uptick in Georgia-EU trade turnover.²⁸⁸

Three central elements have therefore inverted Georgia’s reliance on Russia into dependence on the Euro-Atlantic sphere. The first is the strategic importance of FDI in the Georgian economy and the decisive role that European-directed investment played in establishing, maintaining, and growing that stakeholder ship. The second is the convergence of domestic efforts to increase energy independence, particularly through the hydroelectric industry, and Euro-American pipeline strategies. These mutually reinforcing developments enabled Georgia to break out of its previously extreme hydrocarbon dependence on Russia. The third has been the deposition of Russia’s formerly predominant role within Georgia’s trade market, mostly as a function of macroeconomic re-calibration to more competitive markets as well as various sanctions imposed by Russia as a result of security conflicts emanating from Tbilisi’s Euro-Atlantic constructed reality. The net result has been the loss of Russia’s economic position in Georgia, previously a decisive element (e.g. the CIS) in keeping Georgia connected to Russia and the post-Soviet space.

Elites and Institutional Engagement in Period 3: Towards the West

²⁸⁷ "Saakashvili: Russia’s Embargo Failed," *civil*, December 12, 2010, <https://civil.ge/archives/119967>.

²⁸⁸ Hana Daoudi, *Regulatory and Procedural Barriers to Trade in Georgia: Needs Assessment* (New York: United Nations, 2018).

As discussed in the previous section, Saakashvili brought a definitive affiliation with Euro-Atlantic structures into power. From an economic perspective, the European Union was an obvious destination for Tbilisi's desired integration. The EU's decision to include Georgia (along with Armenia and Azerbaijan) in its 2004 European Neighborhood Policy (ENP) sparked a euphoric optimism in Tbilisi that Georgian membership in the European Union was only a matter of time. Saakashvili remarked that the "EU has recognized that we have a chance of joining the EU after some time...this may happen quite soon." He would even proclaim in the presence of the EU leadership, frequently to little reaction, that Georgia's ascension was imminent.²⁸⁹ In reality, the EU's mechanisms for integration required not only the European political will to expand into the chaotic South Caucasus, but also underlying commercial and economic linkages. Although the former tendency has contributed to EU reticence with regards to extending actual membership, growing economic ties between the European Union and Georgia enabled Tbilisi to deepen its institutional engagement in the EU's structure. For example, Tbilisi only qualified for involvement in the EU Generalized Scheme of Preference Plus (GSP+) program—for Georgia the predecessor stage before an EU DCFTA—because GSP+ requirements demanded a certain level of extant trade interconnectivity with the EU.²⁹⁰ Extant and growing trade linkages therefore provided the platform for elites to deepen their institutional engagement with the European Union.

At the same time, Tbilisi was taking advantage of underlying economic changes, particularly rising Western FDI, to simultaneously lessen dependence on Russia and strengthen its structural relationship with Europe. Georgian elites effectively imagined that they could

²⁸⁹ Coene, *Euro-Atlantic Discourse in Georgia*, 36.

²⁹⁰ European Commission, "The EU's Generalised Scheme of Preferences," (GSP), 2004, https://trade.ec.europa.eu/doclib/docs/2015/august/tradoc_153732.pdf, 4.

employ their attractive investment environment and translate it into programs that would make Georgia an indispensable component of the European Union's energy-security network. The push for energy independence had gained additional traction when Russia, employing its then-monopoly on supplying Georgian gas, reacted to Saakashvili's push for NATO membership by raising gas prices in 2006.²⁹¹ But Tbilisi was already attracting the sources necessary to overcome its remaining energy dependence. Saakashvili's government, for example, deployed the Diplomatic Service to "stimulate Euro-Atlantic interest" in developing pipeline and energy routes beneficial for the EU. Gela Bezhuashvili, the Minister of Foreign Affairs, noted in the 2006 National Security Concept that a key Georgian priority was "identifying alternative ways of transporting Caspian Sea energy resources to European markets with the aim of ending Europe's dangerous dependence on a single provider [Russia]."²⁹² In this regard, Tbilisi considered itself as a valuable potential asset in the European economic chassis. Indeed, the Southern Corridor pipeline forms a variation of institutional deepening, especially since the EU regards it as a permanent cornerstone of energy policy.²⁹³

The 2015 Association Agreement and DCFTA with the European Union represents the natural culmination of Georgia's economic linkages with the West and the gradual disintegration of dependence on Russia. Negotiations commenced in 2010 when trade relations with Russia were still prohibited as a result of the 2008 war and concluded in 2013. Since September 2014, and as a result of the DCFTA, the EU has almost completely liberalized imports from Georgia.²⁹⁴ But even before this opening, the European Union was concurrently the largest investor and

²⁹¹ Newnham, "Oil, carrots, and sticks: Russia's energy resources as a foreign policy tool," 142.

²⁹² Georgian Ministry of Foreign Affairs, *Foreign Policy Strategy for the years 2006-2009*, https://www.gfsis.org/media/download/GSAC/resources/115_1973_997704_Strategy_MFA2006-2009En.pdf.

²⁹³ German, "Pipeline politics: the South Caucasus and European energy security," 185.

²⁹⁴ Michael Emerson and Tamara Kovziridze, *Deepening EU-Georgian Relations: What, why and how?*, (Brussels: Center for European Policy Studies, 2016), 2.

trade partner with Georgia. Georgia's government viewed negotiations as building off extant economic relations towards the direction of comprehensive integration. In addition, many political and policy elites, including Kakha Gogolashvili, the Director of the Georgian-European Policy and Legal Advice Center, view the Association Agreement and the DCFTA as representing the ‘conclusive’ stage of integration.²⁹⁵ Ivanishvili, in spite of his mildly conciliatory attitude towards Russia, captured this point when he declared his hopes to “make Georgia’s EU integration irreversible.”²⁹⁶ Georgia’s successful negotiations and the completion of an EU Association Agreement should therefore be contrasted against the background of Armenia’s reversal into the Customs Unions and then the EAEU. The discernible dividing element was clearly the complete lack of Georgian dependence on Russia, which permitted flexibility and outreach to the Euro-Atlantic structures without risking economic instability from such a ‘defection.’

Diagram 3: Economic Dependence and ‘Institutional Engagement’

Country	Period	Economic Dependence on Russia/CIS	Elite Responses to Dependence (examples)
Armenia	1	High, declining but valuable trade dependence.	CIS membership, ruble-zone preservation, FTAs with FSU states.
	2	High, dependence on investment.	Bi-lateral swaps and asset sales with Russia.
	3	High, sustained trade and investment dependence.	CIS FTA, EEU/EAEU (abandonment of EU Association Agreement).
Georgia	1	High, but declining trade dependence.	CIS membership; as dependence decreases, participation in GUAM to spoil integration.
	2/3	Eventually low, attained by Western investment attracted by post-Rose Revolution reforms.	Southern Corridor pipeline agreements, EU integration (DCFTA, Association Agreement).

²⁹⁵ Tamar Khidasheli, “Georgia's European Way,” *Internationale Politik und Gesellschaft*, no. 3 (2011): 102.

²⁹⁶ “European Commissioner for Neighbourhood Meets Ivanishvili” *civil.ge*, November 7, 2013, <https://civil.ge/archives/123010>.

Discussion: Constructed Realities and Economic Dependence

In the previous sections, it has been shown that identity-driven constructed realities prejudiced national leadership to divergent blocs and that the degree of contemporary economic dependence was a primary motivating (and occasionally restraining) factor in their international trajectories. These two variables, however, should not be considered clearly delimited and separate. The variables, in fact, frequently reinforced each other and helped confirm the respective long-term trajectory. To give a broad illustration, the predilection of Georgian elites for the West was supplemented by a rising Western imprint in the economy. Without economic interest from the West, which largely supplanted Russian linkages, Georgian elites might not have had the flexibility to pursue their desired push to the West. Indeed, the evidence from Georgia's first period evinces the point: Tbilisi's Euro-Atlantic desire had to be relegated beneath economic necessity, which demanded at least some initial outreach to Russia (e.g. the CIS) despite elite discomfort. Armenia provides the counterpoint. Yerevan was unable to attract sufficient Western investment as a result of a constructed reality that permitted little compromise over Nagorno-Karabakh and therefore prolonged a damaging blockade. Armenian elites thus defaulted on their traditional patron—inviting self-reinforcing dependence on Russia that culminated with their definitive affiliation with Eurasia.

Several specific examples will further illustrate the degree to which these two variables confirmed national trajectories. Take, for example, Armenian diaspora investors and remittance-producers in Russia. Almost 2 million Armenians in Russia belong to an organization called the Union of Armenians in Russia (UAR), led by the wealthy businessman and investor, Ara Abramian, and many utilize this connection to spend lavishly back in Armenia.²⁹⁷ The UAR

²⁹⁷ Cavoukian, “Soviet mentality?”, 715.

actively promotes the Eurasianist and pro-Russian beliefs shared by many elites back in Yerevan, and have employed their substantial economic leverage to encourage institutional engagement between Armenia and Russia on account of Armenia's dependence on diaspora-sourced FDI from Russia.²⁹⁸ For example, Abramian was a decisive influence in the slate of bi-lateral swap agreements in the early 2000s that deepened relations with Russia and stimulated further investment.²⁹⁹ Another informative example is Armenia's membership in the EAEU. In the previous section the economic motivations behind joining the EAEU were discussed, but obviously wider security considerations were reflected upon as well. One opposition MP noted that because of the Turkish blockade that Armenia was presented with "no alternative" and that Yerevan had to join the EAEU to "maintain its security; our [European] partners must understand our conditions...we don't have open borders and they must remember this reality."³⁰⁰ At the same time, all Armenian political parties argue that Nagorno-Karabakh can only be settled upon international recognition of Artsakh, an unlikely outcome any time in the near future.³⁰¹ Armenia's relatively isolated geo-political situation, a product of its constructed reality, has therefore pushed Armenia into sustained economic dependence with Russia and reinforced its theoretical role as Yerevan's protector. Indeed, the Armenian public near-unanimously support Russia's position as Armenia's "main friend."³⁰²

For Georgia, it was partially Western economic support and investment that enabled Tbilisi to realize the aspirations of Euro-Atlantic affiliation. To give one example, energy

²⁹⁸ Sean Roberts and Ulrike Ziemer, "Explaining the pattern of Russian authoritarian diffusion in Armenia," *East European Politics* 34 (2018): 155.

²⁹⁹ Sophie Lambroschini, "Russia: Putin Plays To Armenian Diaspora, But For What Purpose?," *Radio Free Europe*, October 13, 2003, <https://www.rferl.org/a/1104643.html>.

³⁰⁰ Gasparian, "The Armenian Political Elite's Approaches and Beliefs in Foreign Policy," 187.

³⁰¹ *Ibid*, 197.

³⁰² Narek S. Galshtan, "Armenia's Foreign Policy in the Public Perception," in *Values and Identity as Sources of Foreign Policy in Armenia and Georgia*, eds. Kornely Kakachia and Alexander Markarov (Tbilisi: Publishing House Universal, 2016), 234-7.

dependence was one of the levers employed by Russia to influence Yerevan into the EACU, although typically Armenian elites invited energy dependence without additional pressure from Moscow. Raising gas prices was a conventional strategy that Russia had employed to warn Georgian elites against realizing their Euro-Atlantic ambitions, which would invite NATO to Russia's borders against Moscow's insistences.³⁰³ Western investment, however, has enabled Georgia to strategically overcome this dependence through pipeline construction and domestic energy production. Russia has few remaining available measures to influence Tbilisi as it did in Armenia and therefore Georgian elites, unlike their Armenian counterparts, have been able to pursue Euro-Atlantic outreaches, such as completing an EU Association Agreement. Armenia, meanwhile, has been deliberately excluded from energy transit networks as a direct result of its standoff with Azerbaijan and Turkey.

In effect, the decline in economic dependence was an enabling factor for Tbilisi to pursue its Western proclivity without interference. For Armenia, the experience was inverted as Yerevan's 'complimentary' predilection proved incompatible with macroeconomic realities that emanated from their geo-political situation. President Sargsyan summarized that reality best when he noted: "...since we share a system of military security, it is impossible and inefficient to isolate ourselves from the corresponding geo-economical space."³⁰⁴ Formidable pro-Russian affiliations among the elite, and the necessity of maintaining Moscow's security paternalism, ensured that few efforts were undertaken to reverse Armenia's dependence.

Comparisons Revisited

³⁰³ Newnham, "Oil, carrots, and sticks: Russia's energy resources as a foreign policy tool," 142.

³⁰⁴ Laurence Peter, "Armenia rift over trade deal fuels EU-Russia tension," *BBC*, September 5, 2013, <https://www.bbc.com/news/world-europe-23975951>.

In reviewing the sources behind national trajectories, two decisive variables have been examined as determining Armenia's close cooperation with Russia and Georgia's defection to the West. The divergence in the direction of relations reflects the contrasting disposition of constructed realities between Georgian and Armenian elites as well as their reactions to alternating levels of economic dependence.

As discussed, within the personality-driven governments of the South Caucasus, the opinions of leading elites served as a crucial determiner of foreign policy. In both Georgia and Armenia, political experiences in the pre-Soviet period and the immediate post-Soviet period conditioned elite visions for their states within the post-Soviet space. For Georgia, the troubling legacy of Russia as an imperial power and Soviet master was strengthened by Moscow's alleged promotion of secessionism. With the addition of an identity-driven affiliation with 'the West,' Georgian elites developed a durable constructed reality, Euro-Atlanticism, that endorsed an interrelated vision of Georgian territorial integrity (recovering the secessionist territories), Euro-Atlantic integration (membership in NATO, the EU, etc.), and anti-Russian sentiment. Yerevan's inheritance from the pre-Soviet moment was quite similar to that of Tbilisi: the desire for the recovery of lost territories, a vague 'complementary' affiliation to Europe, and concern about Russian power. But unlike Georgia, Armenian elites also entertained an historically informed role for Russia as Yerevan's protector against traditional enemies in Baku and Istanbul. The prioritization of saving Nagorno-Karabagh induced the adoption of a constructed reality (Complementary-Eurasianism) that projected Russia as Armenia's security guarantor and 'othered' Turkey and, especially, Azerbaijan. The subsequent imposition of a joint Turkish-Azeri blockade of Armenia confirmed the necessity of some Eurasian affiliation by deepening Yerevan's immediate security and economic dependence on Russia.

In both countries, the ‘median’ version of each constructed reality has endured among the political leadership throughout the post-Soviet period. Only Ter-Petroyan, the exception that proves the rule, resisted that logic while in office (despite his instrumental role in creating the conditions necessary for the Eurasian-tilt), and he paid the price at the hands of elites committed to the constructed reality. Otherwise, all leading political figures and ruling parties, including those that previously hailed from skeptical opposition parties, have conformed to their respective constructed realities. Such durability has sharpened the divergence in national trajectories by constant adherence to policies informed by the constructed realities. For Georgia the predominance of the Euro-Atlanticism among political elites allowed for a sustained push against intra-FSU integration in the post-Soviet space and towards integration into Western structures. Within the CIS, for example, Tbilisi played a spoiling role in integrative efforts by aligning with other skeptical member-states and courting Western attention through GUAM. Later it would refuse to renew its membership in the CIS’ security treaty, and eventually defected outright at the nadir of relations with Russia. Armenia’s approach towards post-Soviet linkages was very different. Political elites in Yerevan reflected their commitment to the constructed reality by deepening their involvement in post-Soviet structures. The leadership in Yerevan promoted stronger connections within the CIS, for example, and actively engaged in the CIS’ security framework. The culmination of the gradual deepening of relations between Armenia and Russia, represented by the decision of the Sargsyan government (steeped in the Eurasian preference) to join the EAEU was a stark contrast with Georgia’s experience in post-Soviet linkages.

Outreach to the West was also conditioned by underlying constructed realities. Despite a general identity-driven affiliation with Europe, Armenia’s national narrative in the post-Soviet period, centered around Nagorno-Karabagh, precluded any excessive association with blocs

competing with Russia, best represented by NATO and the EU. Armenian elites therefore confined their engagement with NATO to technical and cooperative assistance without a long-term aspiration for integration, and made far more limited arrangements with the EU, especially in comparison to their participation in the EAEU and Georgia's outreach. Indeed, Tbilisi's constructed-reality demanded that the leadership push for the West and 'break-out' from Russia's post-Soviet vision. At first chance, Shevardnadze pivoted Georgia to the West, and the political elites continued to prioritize integration into the EU and NATO as an interrelated function of their desire for territorial sovereignty, their embrace of European identity, and their anti-Russian sentiments. The constancy of the median constructed reality among Georgian elites ensured that the Euro-Atlantic foreign policy was maintained, culminating in military conflict with Russia and deeper integration into Western structures (i.e. the Association Agreement).

The degree of economic dependence on Russia and the post-Soviet also influenced the divergent trajectories of the two countries. At the initial post-independence stage, trade in both countries was overwhelmingly dependent on Russia and the CIS. Though this dependence quickly declined as Georgia and Armenia opened to global markets, elites in both countries responded to the initial situation by engaging in post-Soviet institutions to stabilize their precarious economies. Thereafter the trajectory of dependence diverged and accordingly the responses of elites diverged as well. Georgia attracted significant Western FDI and trade that encouraged European and Georgian elites to promote further institutional integration, particularly into EU programs. Georgian elites, certainly prejudiced by their Euro-Atlantic preferences, also leveraged this advantage to confirm their autonomy by pursuing energy independence, such as participation in regional pipeline politics and construction. Yerevan, by contrast, was a major recipient of Russia-directed investment and remittances, and less able to

adjust to investment and trade conditions favorable to the West during the blockade. Attempts to attract Western investment into Armenian enterprises repeatedly faltered and thereby accentuated Armenia's dependence on Russia. Ruling elites therefore consciously moved closer to Russia in order to exploit Armenia's extant dependence for further assistance. For example, they encouraged the flow of investments by large asset sales to Russian companies. In contrast to the Georgian push for energy independence, Armenia remained completely dependent on Russian energy, and elites actively deepened its dependence to gain favorable terms and prices. Just as Georgia had responded to its rising dependence on the West and declining dependence on Russia by amplifying its push for Euro-Atlantic integration, Armenian elites responded to economic dependence by confirming Armenia's 'Eurasian' national trajectory. Certainly by Yerevan's 2013 decision to join the EACU the value of underlying economic linkages with Russia was sufficient to enable the Armenian government to definitively align with Moscow.

Two pathways have unfolded as a result of these determining variables. Georgia, largely integrated into Western networks and guided by a pro-Western political leadership, has remained fixed on attaining full Euro-Atlantic membership. By contrast, Armenia, heavily dependent on Russian economic linkages and led by political elites with a sustained commitment to the EAEU, remains a dependable partner of Russia within the post-Soviet space.

Conclusion

Great powers are rarely paragons of virtue. Russia is certainly no exception to the rule. But the tendency to view relations in the near abroad as an exclusive function of Russian initiative denies sufficient attention to determining variables originating from the opposite actor. Instead, this research has reveals that the direction of relations after the disintegration of the

USSR reflected small-state elite perceptions, generally inspired by developments in the pre-Soviet and Soviet era, about the role and form of their nation in the post-Soviet space. In addition, the evolving degree of economic dependence between the subject states and Russia either encouraged cooperation and further integration (high dependence) or laid the groundwork for a definitive ‘defection’ away from Moscow (low dependence). Contrary to the interpretations put forward by subscribers of the ‘conventional wisdom,’ issues of national identity, territorial unity, and enduring economic linkages proved far more determinative than any supposition of Russian aggression in the trajectory of relations. While this research is confined to Georgia and Armenia, in which the elite personalization of foreign policy is an accepted condition in the literature, the analytical strategy adopted could theoretically extend across the South Caucasus, Central Asia, and Eastern Europe, where political elites also share identity-determined constructed realities and economies are variously dependent or independent of Russia.

From a Western perspective, the implications for this alternative method of examining the near abroad are appreciable. Western policymakers and leaders have an obvious tendency to view Russia as a revisionist power in the post-Soviet space. The 2008 war in Georgia, for example, was largely framed as a struggle between ‘David vs Goliath’ with Russia cast in the role of obvious aggressor. Little attention was afforded to the militant desire by Georgian elites to recover the secessionist territories nor Tbilisi's almost chiliastic Euro-Atlantic push to integrate into the West and draw associated security and economic institutions against Russia's border. As for Armenia, its extensive association with Russia is frequently framed as the nefarious product of Russian coercion. Such an attitude would certainly come as some surprise to many Armenian elites, who see Russia as the indispensable partner both in security and economic spheres. Indeed, as this research has sought to illustrate, neither Georgia's ‘defection’

nor Armenia's 'co-operation' have been the direct consequence of sustained Russian bellicosity, but the product of longer-term trajectories affected by elites and evolving economic linkages.

The reality of small-state driven trajectories, informed by the experiences of Georgia and Armenia, necessitates a re-appraisal of Russia's geo-political posture in the near abroad. First, Russia and FSU states share innumerable legacies from the Soviet period. These issues, discussed in this paper, can range from economic configuration to national identity. The extent of overlapping experience merits a return to President Medvedev's earlier claim that the 'near abroad' is defined by its status as a 'reciprocal zone of interest.' Naturally the claim somewhat oversimplifies all relationships between Russia and post-Soviet states; the Georgian leadership might define it instead as a reciprocal zone of conflict. But for many FSU states the assertion rings true. Armenia's post-independence political leadership has placed a strategic premium on the relationship with Russia, and they would certainly view Russia's actions in the near abroad vis-à-vis Armenia as indicative of a 'reciprocal interest.' Other states in the near abroad, such as Kyrgyzstan (another landlocked EAEU member), share the view from Yerevan. Only dramatic over-simplifications reduce the amenability of these states to Russia and its integrative post-Soviet program as the exclusive product of Russian imperialism. Even at the opposite end of the spectrum, such as in Ukraine or Georgia, the legacy of pre-Soviet, Soviet, and immediate post-Soviet experiences are palpable in instigating conflict. Nor are these examples strictly informative about Russian culpability; the Georgian government demonstrated, for example, a constant proclivity for forceful recovery of the secessionist territories and a fixed desire for Euro-Atlantic integration, despite understandable Russian concerns about a new NATO presence on their southern border.

Though inconceivable in the present political environment, the United States and the West should adjust both their conception of Russia's position in the near abroad and policies affecting Russia's role in the region. By re-evaluating Russia's role in the post-Soviet space from an imperial power to a great power within a framework of shared regional interests, the West can pivot away from an aggravating position of excessive confrontation and misplaced alarm towards Moscow. Any assumption that the re-constitution of the Soviet empire is Russia's *raison d'etre* misses the subtler pattern of Russian policy in the post-Soviet space, more focused on institutional integration and strengthening post-Soviet linkages than fomenting trouble for expansionist ambitions. In conflict areas, Russian policy, as in Georgia, has tended to follow a reactive pathway, obscuring claims that Moscow's aggression has warranted intrusion by the West. In fact, the expansion of NATO, especially in the post-Soviet period, constitutes a far more provocative measure than Russia could ever produce against the West. It is little surprise then that Russia has quarreled with states that have participated in the eastward expansion of Euro-Atlantic structures, which it views as interfering in the 'reciprocal zones of interest' and promoting conflict by affording protection to querulous elites, as in Tbilisi. The unclear advantages of a permanent Western intrusion into the post-Soviet space—producing in many cases an unnecessary escalation of tensions between the United States and Russia—merits reconsideration. Instead, the United States and the West should focus on collaborative and developmental efforts to build a partnership with Russia, rather than normalize a fixed and unproductive enmity by disregarding legitimate Russian interests in the near abroad.

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