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# Armenia's New Pro-Biz Prime Minister

By Arpi Harutyunyan  
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In office less than six months, Tigran Sargsyan is trying to change Armenian politics, vowing to fight graft and overhaul the government

Environmentalists campaigned fervently against plans to open a large tract of relatively untouched forest land to strip mining, only to watch the Armenian National Assembly approve the deal anyway.

This spring, as the snows in the mountainous north began to melt and work started at the Teghut mine, a coalition of conservation groups renewed their push to have the government reconsider the approval of what they contend will cause irreversible damage to the nation's dwindling forestland.

More accustomed to setbacks than progress in dealing with political leaders in Yerevan, environmentalists got a shock when the country's new prime minister, Tigran Sargsyan, not only agreed to discuss their concerns, but seemed to cozy up to their arguments.

"We can't damage nature, because it'll cost our state and the people much more to repay," Sargsyan told a group of conservationists on 20 June. "And clearly, we need to take that into account from the very beginning and make balanced decisions. We need not be seduced by industry's statistics alone, but realize the importance of providing a proper living environment for people."

Environmentalists hailed as unprecedented the prime minister's decision to meet face-to-face and to openly discuss the government's controversial approval -- even if the mining operations in northern Armenia's Teghut forest continue.

"This was the first serious meeting with a high-ranking official like the prime minister within the last 15 to 20 years," said Hakob Sanasaryan, chairman of the Greens' Union. "But the outcome of the meeting showed the discussion in fact was a formality. Maybe he will carry out serious reforms in other spheres, but not Teghut, I think."

## A NEW STYLE OF LEADER

Formality or not, the meeting is one sign that the prime minister, who has been in office less than six months, is trying to change Armenian politics. With a reputation for corruption, divisive politics, and a political culture wedded in favoritism, the country has a long way to go. But the former Central Bank chairman has been talking change -- and has already ruffled some feathers in the process.

Since taking office after an explosive political spring, Sargsyan met lawmakers discouraged by the deadly crackdown on demonstrators who claimed that the dominant Republican Party stole the February presidential election. He is also setting standards almost unheard of among public officials in Armenia -- punctuality, competence and openness.

Tatul Manaseryan, an economics professor at Yerevan State University and a former independent member of the National Assembly, believes the prime minister is trying to shake up the system and rattles off a long list of changes.

"The PM has started important reforms from his office: the work day starts at 9 a.m., the government sessions are as transparent as possible, he demands computer and other kinds of literacy from the ministers, organizes regularly scheduled meetings with citizens and actively responds to the questions raised, made a call for cooperation to the opposition and participated and spoke at the opposition congress, set a compulsory requirement for the ministries to work with non-governmental organizations, and so on," Manaseryan said.

Indeed, Sargsyan has been unafraid to criticize corruption, bribery, smuggling, and other problems -- charges often made by monitoring organizations and citizens, but rarely from the mouths of senior politicians.

"The number one problem in the Republic of Armenia is not the problem of democracy, nor the lack of freedom of expression," Sargsyan recently told the National Assembly. "The number one problem is the corruption that hinders all our reforms. If we don't manage to create equal conditions of competition for economic entities, there won't be any democracy in Armenia. That is the basis and corruption is our number one enemy."

In an effort to combat corruption and improve the tax system in this close-knit nation of 3 million people, the prime minister announced on 19 June the creation of a council to monitor the customs service and tax collections. He also set up telephone hot line to record feedback and complaints.

#### DIFFICULT HURDLES AHEAD

Sargsyan has promised to openly discuss these problems and make public cases when public servants are punished for breaching the rules.

"We have thousands of corrupt people and the problem is that even when we replace them with others, we have no guarantees the newcomers will not continue the tradition," he told an anti-corruption committee on 26 June. "We have 2,000 tax collectors in the tax agency, and 200,000 more dreaming of taking the position not because they are ready to honestly serve the country, but because they see it as an easy opportunity to get rich."

Whether Sargsyan can overcome entrenched interests and succeed is open to speculation. "It will take several months to reveal whether the middle and minor corrupt officials, or the 'sharks,' have been made accountable," Manaseryan said. "It is still too early to make judgments whether the open and transparent work style will be compulsory for all, or just the PM and the colleagues obedient to his call. But I see no grounds to mistrust the newly appointed officials. At the same time I believe the atmosphere in which those promises were given will create more obstacles than favorable conditions for reforms."

Although Sargsyan is not aligned with a party, he calls the shots in parliament. The Republican Party controls 64 of the 131 National Assembly seats, and draws support from smaller political groups. Sargsyan's anti-graft campaign plays into the hands of the opposition, which for years has accused the leading party of arrogance and fostering corruption. After stormy parliamentary elections in 2007 and a bitter presidential contest earlier this year, the premier's policies may appeal to a disillusioned public thirsty for change.

President Serzh Sargsyan appointed Tigran Sargsyan prime minister on 9 April. (The men are not related.) The new premier is a graduate of the Yerevan State Institute of National Economy, and studied at the N. A. Voznesensky Financial-Economic Institute in Leningrad, now St. Petersburg. He's also been trained at Georgetown University's International Law Institute in Washington.

After serving in various government posts when Armenia gained independence in 1991, Sargsyan served as chairman of the Armenian Bankers' Association before moving to the Central Bank in 1997.

At 48, the guitar-playing father of three is a member of the Armenian Orthodox Church and is well known around the capital. During the blazing heat of Yerevan's summer, Sargsyan and his family are often seen at swimming pools in town.

#### REPUTATION HONED IN FINANCE

Sargsyan developed a reputation as a reformer while at the Central Bank, and won praise from international institutions for helping the country emerge from the dire economic conditions it endured after the collapse of the Soviet Union and its turf war with Azerbaijan. Armenia's economic fortunes have improved markedly in the past decade, including a decline in poverty and sharp rise in growth, but the World Bank and monitoring agencies say corruption and bureaucratic inefficiency continue to be a drag on the country's potential.

Dominique Strauss-Kahn, managing director of the International Monetary Fund, was among the first to congratulate Sargsyan when he became prime minister. "Numerous very important reforms were realized within your 10-year chairmanship of the Central Bank, including the alleviation of inflation, introduction of an effective system of bank supervision, and development of anti-laundering legislation." Strauss-Kahn also praised Sargsyan's "particular commitment to the continuity of reforms and intelligent governance."

But not everyone is so glowing. Levon Ter-Petrosian, a former president who lost to Serzh Sargsyan in the February election, recently told an opposition rally that as Central Bank chairman, Tigran Sargsyan cost the country dearly when he sold gold reserves for \$17 million when prices were low.

"This is absurdity in all aspects," he told the rally. "Gold is the most liquid asset. States sell gold in serious situations when famine, war, natural disasters and other things threaten the country. What stupid man on earth would sell gold, when there are no such threats?"

Beyond combating corruption, the prime minister has vowed to improve the quality of public service, which in many offices still suffers from a Soviet-era work ethic.

"Our citizens' major complaints with the state here is that the state provides bad quality, untimely services and creates problems for them," Sargsyan told the National Assembly. "As a result we have serious complaints and mistrust in the government. The order given to all ministries and agencies was the following: 'Together we have to catalog the services provided to our citizens and monitor their quality.' "

Sargsyan also wants overhaul the passport and visa agency. The government gets dozens of complaints about the agency from citizens and the country's large diaspora returning for work and holidays.

"Obviously, we have serious problem in this sphere. It's corruption -- when the service is delivered in the name of the state, but money is extorted by a set price list," the prime minister said.

#### BURIED IN GRAFT

Sargsyan appears intent to tackle the graft that is inescapable in Armenia, even in death. "The corruption [in cemeteries] simply flourishes. If you want

a proper burial plot, a big place, money will solve the problem. And the cynicism has reached its height and nothing keeps people back," the prime minister said in a speech on 26 June.

"Last week, we took part in the funeral of one of our chess grandmasters. He was a renowned, talented chess player; the chairman of the chess federation is the president of the republic, I am the deputy chair, which means that everyone was well aware we were in close contact with that talented chess player. However, no one appeared to be constrained from taking a bribe of \$2,000 to provide a place in the cemetery."

Changing this system could take time and not everyone is convinced Sargsyan can succeed.

"Tigran Sargsyan seems a well-bred, smart person at first sight," said Gayane Ohanyan, 48, a resident of Yerevan. "He is well educated, has a lot of work experience. But it is unbelievable [that he can] make significant reforms in a corrupt system like this, especially as the officials are the bearers of the system of traditions."

Yerevan State's Manaseryan says Sargsyan's reform plans will take time, but are feasible. "The process of getting rid of weeds is never short."

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