Armenian Center for Political and International Studies (ACPIS)

Armenia's Policies in The Light of The Russian-Georgian War and Its Consequences

Policy Brief

2008

The 'Sevan Creative Game' Expert Workshop

26-28 September 2008 Sevan, Armenia

Policy Brief

Armenia's policies in the light of the Russian-Georgian war and its consequences

The 'Sevan Creative Game' Expert Workshop

26-28 September 2008

Sevan, Armenia

In order to encourage and foster greater direct civic engagement, in September 2008 EPF supported an expert workshop organized by the Armenian Center for Political and International Studies (ACPIS) devoted to examining recent developments in regional security and stability in the South Caucasus. The workshop focused on the aftermath of the recent conflict in Georgia, the new round of diplomatic engagement between Armenia and Turkey, the unresolved Nagorno Karabakh conflict, as well as issues related to the continuing domestic political situation in Armenia. The special three-day expert workshop was run with the methodology of *thought-activity*[1], in the form of a 'Creative game', with nearly three dozen prominent Armenian expert participants representing various segments of public policy and social sciences, including political analysts, scientists, civil servants, civil society activists, artists and educators.

The Expert Workshop

The expert workshop was organized from 26-28 September 2008 and was led by a team of experts in the methodology of systemic thought-activity, an innovative approach to facilitating and directing an intellectual enterprise based on a process of group discussion, presentation, scenario analysis and policy recommendation. The team of facilitators included Nune Dilanyan, from ACPIS and Mijnaberd, Professor David Hovannisyan, Oriental Scientist, Ambassador, and Culturologist, and Eurasia Partnership Foundation Country Director Gevorg Ter-Gabrielyan, with

---

[1] The Methodology of Thought-Activity is a special tool used for effective group decision-making in the situations of high uncertainty

journalist David Petrossyan and political scientist Ara Nedolyan providing assistance as co-facilitators.

The nearly three dozen expert participants of the workshop were divided into four theme-based groups, with each group assigned to analyze a specific issue related to the recent shifts in regional developments in the South Caucasus. In addition,

each group was assigned with the task of formulating and presenting their collective group analysis each day, through a series of linear assessments culminating in a concluding set of recommendations. The four groups were diverse and each of the groups was comprised of experts with a wide range of different specialized expertise, designed to enhance the group dynamic and overcome traditional intellectual boundaries or limits.

The four groups were each assigned a particular theme, including:

(1) *Global and Regional Forces and Trends.*

Among other issues, this group discussed: What are the major forces which play in the region, are they regional, or their origin is global?

(2) *Global World and Global Politics.*

Questions on the agenda of this group included: What are the major tendencies of Global developments? Globalization? "Glocalisation"? Regionalization? What will the future world look like?

(3) *Security for Armenia, in the region, and globally.*

This group debated: does soft security take over hard military power considerations? Does the threat of terrorism change its nature after several years of anti-terrorism build up? What are the particular security threats for Armenia, and how do they relate to the global security agenda?

(4) *Global and Regional Infrastructures.*

This group focused on questions such as: What is the role of infrastructure in guaranteeing the development of Armenia, of the region around Armenia as a whole, and of globalization? What are the ways out of the decades-long infrastructural blockade and dead-end? How can Armenia overcome that challenge?

The expert workshop was further structured with a daily focus on themes, which partly cut across the groups' identities: the issue of **global infrastructure and regional security** was the title of the first day, **states, networks and regional security models** were at the forefront of the attention on the second day, and **regional conflicts and concrete projects and programs to address the challenges** was the title of the third day. The 'generalist' construction of the event was necessary to help people overcome 'tunnel vision' and be able to see the issues, needs and solutions out of the box.

The following presentations were made during the workshop:

1. The global financial crisis: its origins, possible patterns of development and duration, and its possible impact on Armenia, by Artashes Terzyan, an investment banker

2. The changes in politics of non-recognised entities given the Georgian-Russian war, by David Petrossyan, journalist and political scientist (Noyan Tapan agency)

3. Armenia's official foreign policies at the current stage based on open sources of information, by Vahan Ter-Ghevondyan, a diplomat

4. Global geopolitical trends and their impact on the region, by David Hovhannissyan

5. The international community's investment in Armenia targeting reform and state-building, by Gevorg Ter-Gabrielyan

6. Geopolitical and political situation in the region in the context of the Russian-Georgian war and its consequences, by Aghassi Yenokyan

The project used and adapted the innovative Creative Games tool in order to foster serious intellectual examination and analysis of complex trends and concepts. The process was guided by an open exchange of ideas and resulted in the crafting, formulation and presentation of policy recommendations, each of which provided a new and unique approach to assessing current problems and challenges.

A new vocabulary was created by the participants of the event. New concepts such as 'anti-filter', 'to networkize', 'Mr. X', 'et al', 'global player', and some others, were defined, some of which will be explained in more detail in the recommendations section. Moreover, some controversial concepts, such as 'power', 'network', 'infrastructure', 'state', 'hierarchy', and 'region', were redefined in light of the recent global trends.

A comprehensive overview of some of the major issues facing Armenia in the context of global tendencies

1. Global trends

The workshop's participants came up with a uniquely comprehensive picture of global trends. This picture can be summarized as follows:

Recent events prove that the system of international relations, as it was created after the Second World War, continues undergoing substantial changes because of the impossibility to 'freeze' them within Cold War stereotypes.

If after the collapse of the USSR ideas could be entertained about the "end of history", the events of 9/11 demonstrated not only a new challenge to global security, but also a need for deep reform of the framework of assumptions which stem from the idea that international institutions should be gradually modified, rather than drastically (but non-violently) altered.

A consequence of EU expansion today is the need for EU to settle in its new borders, which will take significant time. A consequence of NATO expansion, perhaps not sufficiently visible in the beginning and combined with other factors, was Russia's new recalcitrance and bullying. Other events resulted in change in the traditional 20th century Turkey-US relationship.

A UN controversy between the right to self-determination versus territorial integrity, adopted by many other global institutions, resulted in peculiar incapacity by the UN and other global players (such as the OSCE) to address the issues that arose.

All of this had a significant impact on the region around Armenia, wherever one draws the boundaries of such a region. This impact is causing various regional actors to gradually forget the value of stability, which does not give them a chance to fulfill their needs.

Stability, which could have been considered an element of the policy of freezing conflicts, is gradually replaced by activism, which un-freezes the conflicts and adds volatility to the region and the entire international system, rather than resolve the issues.

The result is that, despite the efforts of international institutions and of the international community, the state and non-state actors start behaving with less and less regard to international standards.

Standards become fully a matter of interpretation, and anarchy increases substantially. This tendency is particularly visible in the region around Armenia.

This is also exemplified in the fact that the value of 'recognition', which has been so important in international relations since the end of World War II – and particularly for Armenia: recognition of the Armenian genocide, or recognition of the right of Nagorno-Karabakh to self-determination; or recognition of Nagorno-Karabakh as an independent state — has become totally futile. This is particularly true after the recognition of Kosovo and unilateral recognition of Abkhazia and South Ossetia by Russia, thus making the region around Armenia even more unstable in light of its needs.

2. States versus networks

This unfreezing of principles of international conduct, which were frozen during the Cold War, led some to assume that states are "back in business," the way they were in the 19th century during the times of the Great Game. This understanding of the world as states affected the concept of globalization and global values.

However, the world does not actually ever move from a more advanced state to a less advanced state (except in the case of a large-scale human-made catastrophe, but this is not the case here): in fact, state-building which takes place in the 21st century, and states' relations in the coming times, should take into account the trends of globalization in their entirety.

According to the workshop participants, state-building in its ancient conceptualization is equal to building hierarchical power structures, whereby relations are based on expressions of hierarchy from direct violent impact, via different types of coercion, influence, 'buying out', down to loss and defeat. Relations between these kinds of entities are based on a zero-sum assumptional framework, when one side's gain is perceived solely as the other side's loss, and vice versa.

The modern conceptualization of state-building, however, should be based on the understanding that networks present a set of new principles for mutually beneficial relations between various actors. If power relations are the 'blood' of state infrastructures, then mutual interest is the 'blood'

of network infrastructures; free choice to select a network, and filters for accepting/rejecting a participant to a network are the tools of building, maintaining, and managing networks.

Thus states have to 'networkize' in order to successfully face competition from networks and other states.

This, in a nutshell, implies that any unfair coercion or direct violence by states can be only short-lived (tactical, rather than strategic: the importance here is not the length of time a coercive system survives, but the fact that it is doomed in principle), because in the global world it is impossible to keep secrets for long on one hand, and prohibit free flow of information, ideas, goods and movement of peoples, on the other hand.

3. The relationship between Internal and External issues

Armenia enters this new and unfamiliar world with the mixed record of a full-fledged member of international community who is nonetheless mainly corrupt, backwards and incapable of substantial improvements in values, as demonstrated by the presidential elections and subsequent events earlier this year. Within the framework outlined above, this creates a particularly dangerous mix of factors for Armenia, and makes the country prone to further instability.

The fact that external developments are so dangerous that internal development should be sacrificed to pacify the external dangers is a well-known argument used many times in Armenia and elsewhere. It is no secret, though, that the weakness of internal systems is a factor which makes Armenia particularly vulnerable to external pressures, therefore emphasizing the need to strengthen the country's internal governance system. This cannot be achieved but by building opportunities for citizens' governance.

In every area, be that business development which endangers ecology; municipal development which again impacts the environment and health and of citizens; corrupt and over-inflated bureaucracies; lack of internal industry development; lack of jobs, fueling migration; lack of transparency in major business transactions and state policy changes on many issues; corruption which affects the quality of development, health and education services-- every citizen of Armenia engaged in any of these areas should think about their grandchildren and the generations that will follow, personally work out his or her personal behavior value system and negotiate it with others.

Otherwise, if left to the outsiders to be imposed as a straightjacket, the new value system will not really help overcome the challenges Armenia faces.

The state proved incapable of leading and guiding the build up of such modern value system, leaving it entirely to the society.

In order to guide the build-up of that value system, an elite build-up is necessary, to be guided by enlightened leaders from political, economic, financial, cultural and global elites.

4. Diaspora and state-building

Since the collapse of the USSR, the Diaspora was regarded by many inside Armenia as a panacea. However, one and a half decades later, it is obvious that the Diaspora, despite its on and off

engagement with Armenia and sporadic investment patterns, still cannot be considered as a major development resource.

A few years ago at an event similar to this one, the concept of a 'network-state' was built, which took into account global tendencies to build and develop networks, and regarded Armenians as a nation with a global remit, if only its Diaspora could be made to deliver systemic benefit and which could be put to systematic use.

The incumbent governments in the last 17 years have put particular effort, with mixed success, into making the Diaspora a systemic factor for the development of Armenia and for positive influence over other actors to advance Armenia's agendas internationally. Recently the idea of a Diaspora Ministry has been put forward by the government.

Despite all this, however, the workshop rightly characterized the Diaspora influence over Armenia as a 'cloud': when it rains, it is beneficial, but nobody can say when it will rain and when not; and its rain is sporadic rather than systematic.

5. Armenia and the rest of the world

Despite the significant challenges that Armenia faces, Armenia has a niche importance to the global community, upon which it should capitalize effectively.

It is often stated that Armenia's greatest resource is its people. They are its main export, as well as its main strength internally, because of education which is relatively better than that of many other countries, and their natural talent in a variety of trades, demonstrated by the century-old success of the Diaspora and migrants. Be it as it may, and thanks to that resource or not, Armenia, because of its narrow margins of capacity for action, is also a comfortable testing ground for the most innovative developments in the world, be that in technology, education, management, or innovative governance. It has to be attuned to innovations and accept the risk of adopting them, if it wants to compete and survive. Armenia can become a global launch pad for studying the formation of global citizens (the Alfa-personalities, according to Johann Galtung). These are those who do not lose their cherished local, national and ethnic identity and values and at the same time adopt the most advanced global value system; their internal identity strengthens and becomes even more secure thanks to that globalization of values. The existence of the Diaspora gives Armenia a chance to use it for a build-up of such a secure value-system, moving away from the survival *problematique* to the global impact ideology. Currently, the relations of the entire Armenian nation, the Diaspora as well as homeland, can be characterized as 'network-friendship' (*tsantsabarekamutyun*). From this, they should aim at global 'network-society' (*tsantsahasarakutyun*).

RECOMMENDATIONS

The workshop produced significant recommendations[2], both for Armenia and for the international community as a whole. These recommendations can therefore be summarized on two separate levels: those for the international community and those aimed at the national leadership.

---

[2] The workshop was conducted via a special methodology, whose rule of reference partly resembles the Chatham House rule in that no references to the particular participants are acceptable after the workshop. Its results are not consensual but rather jointly built, and belong to everybody who took part in the workshop. As for the recommendations, they are inferred from the results of the workshop by the organizers and coordinated with a large group of participants, though not everybody. Thus the primary responsible parties for the recommendations are the workshop organizers.

1. *Recommendations for the International Community*

The involvement of the international community in developmental efforts in Armenia and in the broader region has acquired a compartmentalized nature. The agendas of different states in the region differ, thus the aid and development patterns have gone in widely different directions. Whereas, one of the biggest problems that Armenia and the region face, is the problem of identifying and building a region.

Which is the region which includes Armenia? The Former Soviet Union? The Caucasus? The South Caucasus? The Wider Black Sea? The European Neigborhood? The CIS? The Greater Middle East? Which geographic and political actors are legitimate members of the region, and which are legitimate players? Is Iran a legitimate player? From whose perspective? Where does the role of Russia as an actor and player end?

Given all these complexities, it was strongly advised to the international community and organizations (such as UN offices, EU, other international organizations) and bilateral donors (such as US Government, UK Government) and others to move from compartmentalized country-specific planning to region-wide planning and implementation of their joint strategies with Armenia and other actors in the region.

This should be done, however, without sacrificing the specific interests and needs of each particular actor in the region.

A common approach, moreover, would allow Armenia to benefit from, and the international donor community to facilitate, addressing some of the most difficult issues that Armenia faces, particularly resolution of the Karabakh conflict.

At the same time, such an approach would bring in to the open hidden linkages between the issues that Armenia faces and those of other regional players in a more holistic way, such as Georgian-Russian and Georgian-Armenian relations, the problem of Abkhazia and South Ossetia, Turkish-Armenian relations, the Kurdish issue in Turkey, US-Iran relations, and US and Russian relations as they meet in Armenia.

Thus the workshop calls on the international community to move emphasis from state-building to region-building.

In this regard, the international community should not over-emphasize programming for one state over another. There must be recognition that no one state remains in isolation from the other. Thus, this recommendation is based on the need to overcome a narrow focus on each country as being separate or unrelated to other states.

This necessitates a change not only in organization among international organizations, but also in their ways of working (meetings and interaction between local staff, for example). Moreover, there is also a clear and present need for preparing "country specialists" on the basis of a regional approach (so called 'regional specialists'), rather than continue on the traditionally narrow and limited country-specific preparation. This also implies moving away from country-specific strategies in planning and strategy-building to region-specific strategy building.

The Workshop participants also developed a set of specific recommendations with shared relevance and significance for both Armenia and the international community. First, it is imperative that inclusiveness is stressed in the region, whereby all major actors should be included in networks in some way. As the norms of recognition versus non-recognition in their past form

are losing significance, the chances for anarchy increase, therefore it is important to engage in some way with non-recognized or partly recognized entities in the region, such as Abkhazia, South Ossetia, and Nagorno-Karabakh to fill in power vacuum and avoid unilateral alliance-building.

The need for region-building is also reflected in the need for building and developing centers to study tendencies and build general ('generalist') pictures of the situation: think tanks and other research institutes should not be narrowly specialized. These ones think tanks and research institutions should be encouraged to operate based on regional and international remit, rather than merely on national interest.

Within the civic context of domestic issues in Armenia, the problem and challenge of the alienation of the population from governance makes it important to engage with populations rather than government, especially as the Armenian citizen tends to be limited to the role of spectator rather than actor.

This concerns mainly those international and bilateral actors which in recent years have increasingly replaced their support to independent actors and NGOs with a relationship with members of government. This is made with the pretext of statehood building, but in fact contributes to the further weakening of civil society, which becomes dependent on government benevolence instead of increasing its influence over government structures' behavior.

Differences between Russia, Georgia, Turkey, Azerbaijan, Iran, and Armenia are great, but one thing they have in common is alienation of the population from governance. This results in the populations' 'joining' other global or local networks of their choice, making governance structures often irrelevant. Thus the issue of building governance structures relevant for the populations across the region is common for all entities in the region.

A backlash of nationalist values brings about a strong need for the values of citizenship (those of a global citizen) to fill in the vacuum of ideologies and inhabitants' aloofness from their societies' future perspectives.

Recommendations to Europe

Europe is particularly well positioned to provide the entire region with an alternative to further mutual alienation. The role of Europe is not to provide the countries in the region with futile hopes of becoming a member of the EU, but in promoting European values, among which is the value of a unified global region.

- The workshop participants stressed the need for a new approach towards the concept of expanding Europe, comparing/contrasting it with a concept of expanding Caucasus, understanding the changing boundaries of regions, and building their value systems. This can be achieved through conferences, research and publications, and person-to-person contacts. The value of Europeanism, as an option emphasized in the recent European documents, provides a possible alternative to the fact that some countries in the region (e.g. Turkey and Georgia) still entertain hopes for joining EU, as different from Armenia, Azerbaijan and Iran.

- Europe is making significant investments in the region, particularly in Georgia after the conflict. It is important for Europe to make sure that these funds are being distributed for the good of the entire region rather than of its separate pieces; the

needy areas should not be forgotten, regardless of their political status. Thus, European development should be accessible to Abkhazia, South Ossetia, Russian North Caucasus, Nagorny Karabakh, and Eastern Anatolia.

2. *Recommendations for Armenia*

Internal issues

- In light of recent developments both in the region and in Armenia proper, it is clear that there is no fair market in Armenia; fairness makes markets strong. The market in Armenia remains very weak. It should be strengthened. For several years the state policies tilt toward favoring import upon export. As a result, Armenia becomes an area for transactions. If imports are not favored, production will not develop and the full fledged market will never come into being.

- Emphasize capacity-building among young leaders, with specific attention devoted to building leadership skills and enhancing young leaders' thinking and analytical capabilities. It was noted that decision-making is rarely, if ever, studied, trained or researched in Armenia in any significant way. Leadership skills training is restricted to PR and/or masterminding or manipulating electoral processes.

- For Armenia, which remains hindered by a degree of unresolved domestic political tension, there is an obvious need to develop and guide the opposition to focus on policy issues rather than on personalities, for example by stressing the need for genuine "shadow cabinets" to concentrate on public policy issues.

- A related factor involved the need to prioritize efforts to introduce greater equity and fairness in the country's informal laws rather than trying to help with adopting formal laws on every issue, which are also often plagued by problems of transparency and arbitrary implementation. This also further infers a need for working with and strengthening de facto structures. A similar approach can be applied to Nagorno- Karabakh in the sense that,

while the conflict stays unresolved, democratic developments there should be supported in order to increase the governability of the area.

- There is a related need to deliver salient information to government officials, which they usually fail to receive. This information flow should transcend narrowly defined specialties and expertise, move across networks, and span center-periphery divisions, making the division to center and periphery less and less relevant.

- The center-periphery relationship can be illustrated by a past-present metaphor: an apricot makes an Armenian village as important as Yerevan, and the free flow of communications allow the difference to wither away.

- Thus, instead of 'power hubs', 'server hubs' should be developed, and over reliance on power hierarchies must be seen as making structures volatile and breakable.

External issues

- Armenia has no guarantees that Russia's new engagement with Turkey can be trusted Alienation of the public from governance does not allow for the creation and maintenance of the system of checks and balances which enables the public to benefit from a development and create safeguards against negative consequences. This is where "anti-filters" (see below) play a dominant role and need to be overcome and overturned.

The concept of 'anti-filters' was developed during the workshop to name those systems which are used to block any possible positive development or any systemic improvement which may take place for the greater good, if it affects the interests of few or unrelated distant players. For instance, the fact that Armenians and Turks conduct individual trade on a large scale despite lack of diplomatic relations between their countries, by no means affects the thinking of the politicians who make decisions on establishing diplomatic relations; similarly, the earlier destruction of

regional markets, such as those in Ergnet and in Sadakhlo, on the pretext of fighting corruption but instead weakening the impact of people-to-people contacts across the conflict divides (Georgian-South Ossetian in the first case and Armenian-Azerbaijani in the second); these are examples of building or utilizing 'anti-filters' to the detriment of the societies of the region at large and of Armenia in particular.

Other 'anti-filters' include the lack of civic impact on Armenia's foreign policies (independently of their successes or failures): foreign policy of Armenia is an area of concern to every Armenian citizen, so decision-making here should not be left to a group of individuals, independent of their personal qualities.

Other examples of 'anti-filters' are the noticeable regress from adopting good laws to adopting amendments to them which remove the freedoms enjoyed by citizens; or agreeing on reforms, such as anti-corruption reform, and then turning the implementation of reform policies into over-bureaucratized processes with low or negligible impact.

- It is a global tendency that, while "soft power" is better than violence, the "soft state" is 'networkizing'. Winning with hard power in the short run means actually losing in the longer run, as only win-win solutions work sustainably.

- Such a focus on "win-win" solutions is often open to interpretation, especially for Armenians. Remember the joke about football: an Armenian is good a goalkeeper because even if he lets a ball in, they will never convince him that it happened. Even so, setting up the 'win-win' framework will have a positive impact, whereas currently a lot of effort is put in the opposite direction: building the image of the enemy and threat perception.

This is detrimental for a society: it makes the society lose its foundation and not to rely on itself

If Azerbaijan should experience soft coercion to engage in modern and stable relations with its neighbors, the same applies to other players in the region.

Recommendations for work with the Diaspora

- New policies should be developed re the right of the Diaspora to engage in internal politics in Armenia. Currently, on one hand even Armenian citizen abroad are denied the right to vote during the presidential elections, but prominent individuals among the the Diaspora have an unchecked influence over the elections processes.

- The Diaspora's investment, both business and charitable, should come under public scrutiny and be opened up; the Diaspora should enjoy the same strictness vis-a-vis its investment in Armenia as it enjoys in its own countries, for its own benefit.

- Diaspora should be encouraged to invest in long-term strategic areas and in a long-term strategic way, using the experience of multilateral donors on procedures and checkproofs to avoid corruption and low effectiveness of investment.

Recommendations to NGOs, local foundations, and other civil society donors

- In their search for delivering 'concrete' outputs, NGOs and donors have left out some important areas of impact, such as: intellectual challenge and the capacity of younger generations to develop their thinking, decision-making, and strategy-building abilities. This was called 'a need for brain shock' by the

workshop participants.

- Also, in addition to influencing formal policies via advocating, e.g., for the adoption of advanced laws, social entrepreneurs operating in Armenia and in the region should pay attention to influencing the informal rules of the game and institutions. They should not shy away from supporting projects with 'soft' deliverables and with impact discernible only in the long run. They should pay particular attention to funding cross-border and citizens' diplomacy initiatives.

- The strategies based on which the reform in Armenia is being implemented, and the vision of the future at which this reform is aimed, are completely unclear to implementers and the general population alike. At what is Armenia realistically aiming at in the short-, medium- and long-term? Without a big picture, any particular organization's strategy cannot be as effective as it should be. Thus events and activities are needed to support the building of the big picture.

- Similarly, there is a value collapse in Armenia, which is determined by the collapse of the USSR and the double-value system which existed during it; by the incapacity to use the ancient nationalist value system in the current industrial and post-industrial era; by the global value crisis due to the postmodern trends; and by the relativity of value systems which is usually the case in 'crossroad' regions and Diasporic nations. In these circumstances, none of the existing value systems fully satisfies the need of the Armenian society, be that the post-Soviet Armenian version, the nationalist version, the post-Soviet Russian version, the simplified 'Western' version (democracy and human rights) or the 'European' version, which is a more nuanced version of the 'Western' value system. Perhaps only the 'European' system has some clear echo for many Armenians, but even that should be modified to fit in.

- In fact, instead of modification, activities which build up value systems are needed, as well as understanding and studies on how values appear and how they are formed and adopted by societies.

Some Specific Recommendations

- Political science thinking should move away from a more traditional reliance on a strictly geopolitical calculus to a 'network-political' calculus, whereby states should be encouraged and pressured to 'networkize', otherwise they fail.

- There is a need for specific periodic consultations on foreign policy options for Armenia; these consultations should be conducted in a structured and methodologically sound way, building common understanding across social strata, government and society, and expert clubs, such as at the current workshop. There should be mechanisms to turn their results into action, which should be worked out in consensus with all the stakeholders.

- An Internet website aimed at collecting and disseminating the intellectual output of political science and public policy 'generalists' (rather than merely specialists and experts) of Armenia would also contribute to ensuring that large-scale societal dialogue takes place, combined with international dialogue.,

- The development of new measures is needed to overcome the limiting effect and power of "anti-filters" which are used to maintain a closed political and economic system. These new measures are closely linked to reform of the educational system to make it fit the combination of global market demand *as well as* Armenian-specific needs.

- Armenia should engage in building up its future leadership. One example of such a future leader was envisioned in the figure of a 'Mr. X', a business person who is also a social entrepreneur and whose activities have a large-scale positive impact on society. The

example of early George Soros with his gift of copy machines to all the Soviet academic institutions in mid-1980's was brought up: this gift had a huge impact on overcoming the limitations on free circulation of information, bringing prohibited *samizdat* in to the open. Thus, Mr. Soros contributed to the reform of the Soviet system at the beginning of Perestroika.

- Russian engagement on the Armenian-Turkish issue adds instability in the region. When (and if) the Russian railroad in Armenia connects to Turkey, if Karabakh is not touched, it is good; but if Karabakh becomes more volatile, it is an issue. A public debate is needed on the Armenian action plan for adding stability, while keeping the constructive engagement with all the players along the lines of 'complementarity'?

- A permanent working group on foreign policy issues should be set up, which includes representatives from all the relevant government offices and from civil society membership, with thorough confidentiality and transparency in its work.