

---

# Two digit growth is a compromise between government and administrative criminal.

By James Hakobyan

Lragir.am

31/7/2006

---

The government of Armenia stopped taking pride in the rate of economic growth in Armenia long ago. The president of Armenia has not cut red tapes and visited factories for a long time. In fact, it does not mean that there is no economic growth or the rate slowed down. By official statistics, two-digit economic growth goes on, and in the first half of 2006 it totaled over 11 percent. For the government this has become something usual, however. So usual that they are already ashamed of talking about it. Moreover, this shame has two levels. The first is that the two-digit growth remains the decoration of tables of a group of people. Hence, it is definitely inappropriate to feed people with official statistical achievements for the simple reason that people cannot eat it. After all, the elite must realize that it is even disgusting to eat meat all the time, let alone numbers. It is not a secret, however, that only one source of shame is hardly enough to cause a feeling of discomfort among the Armenian government. It is even too little. Fortunately, there is the second level, however. By its two-digit rate Armenia is no longer a tiger in the region, or it is not the only tiger in the region. Especially, compared with our main rival, Azerbaijan. The GDP of Azerbaijan grew by 40 percent in the first half of 2006. It is official statistics, of course, but we have no reason to state that theirs is a lie, ours is not. In other words, when the government continues supplying the public with boring figures about the economic growth, it is sure to find itself in a curious situation because they arouse a smile whenever they are compared with the Azerbaijani indices.

Unfortunately, the government continues doing something. It continues persuading the public that despite oil underlying the Azerbaijani economy the state of Armenia is the best in the region. This thinking, which is consistently instilled in the public, pursues an aim which is clear. It "reassures" the public, guaranteeing unchangeable situation for the government. Therefore, they have stopped feeding the society with numbers, for it may cause the opposite reaction. They merely reconcile them with the situation, in other words, they help to stomach the figures. But it is the case when successful digestion may deeply ruin the health of the public, and consequently the country. To stomach this situation means to agree that the level of corruption, black economy, protectionism that is now will persist. Therefore, generation of economic growth becomes almost impossible, remaining on the same sustainable level. As for the distribution of growth, it is impossible due to the abovementioned vicious phenomena. Definitely, the same situation is in Azerbaijan, and it would not cause worries if there were not for the oil factor and 40 percent growth. According to the Armenian government, this growth does not have a quality. Maybe. But considering that the absolute volume of the Azerbaijani economy exceeds the Armenian economy twice, we may say that 40 percent growth of that economy is equal to 80 percent of economic growth in Armenia.

In other words, in this comparison we may conclude that the economic growth in Azerbaijan exceeds Armenia nine times. And this quantitative difference is sure to become qualitative advantage one day.

In such a situation this "reassurance" preached in Armenia and reflected in the economic policy of the Armenian government directly threatens national security. Export of several tons of apricots, building of several elite buildings and use of several information technologies is not economic quality. The underlying component of the quality of economy is the possibilities of the persons who have the wish and ability to participate in this economy. The quality of the economy is its agents, consumers and producers, and their relation generates growth. And the fact that economic growth in Armenia is between 11 and 13 percent over the past 5-6 years shows that the relationship between the agents of the economy is highly conventional and highly limited. And if there is a non-quality economy both in Armenia and in Azerbaijan, it is clear that quantity will be deciding. And if everything relies on the quantity, it is clear in what situation Armenia may appear in several years, despite the quality of elite apartments. It seems that it should be clear for the government because only the lazy do not say that Armenia should launch real economic reforms and democratization of the public life to oppose to oil. This point seems indisputable, and it can be the only path when the society will not argue with the society. However, the Armenian government prefers not to argue with the administrative criminal resource and make a compromise over 11-13 percent growth. In this case, there is no way out other than that the Armenian society wage a liberation war for the economy. After all, we defeated Azerbaijan, and it reports 40 percent economic growth. Let us imagine what a rate of growth we would report if we defeated ourselves.

---