

“If you want to be a saviour, make sure you do no harm instead”: The necessity of not crossing red lines during the election campaign



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Alternatives to ingratiating statements

“What we are saying is simple and clear: discharge all loans up to three million drams. We’re talking of consumer loans.” This is a recommendation made by one of the respected representatives of a serious political actor in Armenia prior to the snap elections to be held on 20 June, 2021.

According to the recent estimates, the overall volume of the loans up to AMD 3,000, 0000 of the Armenian citizens are about AMD 823 billion. It is roughly the sum of the public budgets for defence and social welfare in 2021, AMD 309,3 billion and AMD 536,5 billion respectively. Thus, to fully implement the above-mentioned recommendation, apparently, the government should either stop financing the armed forces and paying pensions and social benefits, suspend employment programmes and provision of social services for a whole year, or should double the taxes, considering that in 2020 the tax revenue was about AMD 1,6 trillion. The alternative to the tax increase is increase of the government debt from the current USD 9 billion to USD 10,5 billion. This is what the implementation of the mentioned recommendation implies, and it will require that the political actor having authored it engage in a social contract with the society, and ensure that the citizens approve of redirecting resources intended for one issue towards addressing another.

Obviously, feasibility of this recommendation is highly doubtful in a situation where the financial resources of the state do not suffice for addressing urgent issues, such as rearmament of its army, whereas for AMD 823 billion the government could get 40 units of the updated Tor-M2 and Buk-M2 surface-to-air missile systems, 500 units of self-propelled artillery, 200 units of armoured fighting vehicles and T-72 tanks, 100 units of UAVs, and 10 unit of Mil Mi-17 military helicopters with armed assault capabilities and Su-30 fighter aircrafts. Implementing this recommendation is practically impossible when the government is failing to adhere to its commitments to the military having died or wounded in action and their families.

Reason and integrity

Election campaigns in all countries are marred with abundance of populist promises, and Armenia is no exception. As a rule, these promises refer to distribution of wealth, tax benefits, tax amnesty or increase of pensions and social benefits.

Such promises are typical to marginal political actors with little chance of winning the elections. In contrast, the political heavyweights, those who are more responsible and have a better chance of winning and forming a government, perceive the election campaign as a competition where the constituency is to choose a so-called ‘social contract’, a package of recommendations, which if approved, the contending political actor and the society agree to implement, preliminarily consenting also on the resources which will be directed towards the implementation.

In effectual societies when presenting recommendations to the constituency, the grounded and responsible political actors demonstrate a behaviour characterized by integrity and professionalism. On one hand, these recommendations are well-thought and well-argued, and on the other, they clearly reflect the sources of necessary investments and the resources which will be invested in the implementation of these recommendations, i.e., these political actors demonstrate either the



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available resources or the ways these resources can be generated, and specify the priorities towards implementation of which these resources will be directed.

Rationality, responsibility and integrity require that the electors become aware not only of the recommended benefits and achievements, but also of the trade-offs, i.e., at whose expense or at the expense of what these benefits will be ensured. Otherwise, when only the attractiveness of the recommendation is highlighted, meanwhile hiding how its implementation will be ensured, we clearly deal with a deceit, the results of which is a breach of trust towards the political actor and its representatives, towards the whole political system and the state.

Shunning adventurism

The political heavyweights participating in the upcoming elections should always have in mind that what is at stake is the security of the state and the society, and therefore, each statement or recommendation, which may be ostensibly attractive, yet effectively reckless, may turn into a security threat. Stirring up unrealistic expectations can have detrimental impact on the social-economic process and directly threaten the security and stability of the country, especially when in the aftermath of the COVID-19 pandemic and defeat in the war, both the country and its citizens are facing an existential crisis and when the public institutions are very fragile.

The financial sector is not an exception. Thus, in the result of shaping various expectations and failing to immediately satisfy those, the social behaviour may trigger artificial fluctuations of the national currency and inflation, with very harmful further consequences. Moreover, fallacious expectations often compel people to make ineffective decisions and suffer the consequences, when they start spending their savings of many years.

In conclusion, it is paramount that the political actors which have the means and a serious opportunity to win the elections, come to an agreement regarding the election campaign, an agreement which is anchored on the security of the country and its people. There is one thing in Armenia that still remains stable, its financial and economic system. Therefore, we should be careful not to introduce political adventurism into this system, and we need to continue the strong tradition: do not cash this remaining stability, the country's financial system. Do not create problems where there are not. Today Armenia already faces too many. On the contrary, we need to scale up this positive experience and use the lessons learnt and successes of this practice in addressing the issues that are or may be directly related to other security issues.

The policy brief is elaborated based on the opinions of the independent experts, public officials and representatives of political parties and civil society, having participated in the off-the-record discussion "The fiscal policy and financial stability of Armenia", held on 26.05.2021. The event was organized within the project "Supporting communication strategy in the monetary-fiscal and financial sectors of Armenia".