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TITLE

**ARMENIAN POLICY TOWARDS REDEEMING THE PEOPLES' SAVINGS THAT
THEY HAD IN THE FORMER USSR**

STUDENT'S NAME

GARIK GRENA MUSAYELYAN

SUPERVISOR'S NAME

PROF. GOR MARGARYAN

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LIST OF ABBREVIATIONS

USSR	Union of Soviet Socialist Republics
ASSR	Armenian Soviet Socialist Republic
LSC	Labor Saving Cashes
SUR	Soviet Ruble
CIS	Commonwealth of Independent States
RA	Republic of Armenia
RF	Russian Federation
VCLT	Vienna Convention on the Law of Treaties
MLSA	Ministry of Labor and Social Affairs

INTRODUCTION

From the very eve of the USSR emergence the produced added value of its population among other things was largely invested in some forms of deposits, bonds, certificates which formed the pillar of state's economic policy (*i.e.* state utilized them in financial and credit refinancing mechanisms).¹ Some of the earliest schemes were the “Independence Loan” worth no more than 100 Soviet rubles (hereinafter also referred to as SUR) issued on February 16, 1918 the “*Second Internal Short Term Grain Loan*” issued on March 22, 1923.² Before World War 2, SUR 6 Billion worth bonds with 20 years circulation were issued to fulfill the tasks of economic and cultural construction in the third five-year plan and to strengthen the country's defense.³ By the resolution N 504 of the Council of People's Commissioners of USSR from April 13, 1942 “State Military Loan of 1942” was issued with SUR 500 highest nominal value which could win up to 50,000 SUR at its 20 years term of circulation.⁴

Yet there was a wide practice of explicit and creeping expropriation of people's accumulations. They existed in various forms and had differed influence which perhaps was an inherited phenomenon. For instance the decree of All-Russian Central Executive Committee “*On Annuling the State Loans*” from January 21, 1918, states that all governmental bonds transacted by the governments of the Russian landowners and the Russian bourgeoisie listed in a “specially published list” (over 100 types of schemes from 1817 were annulled) are annulled since December 1917.⁵ Mercy was granted only to poor citizens who owned annulled government bonds of domestic loans worth no more than SUR 10,000. In return they received personal certificates of a new loan for an amount not exceeding SUR 10,000. This technic peered whenever the economy needed big support and for its implementation the route usually had been dubbed with demonetization at least in two

¹ Центральный банк Российской Федерации, 2012. ПО СТРАНИЦАМ АРХИВНЫХ ФОНДОВ ЦЕНТРАЛЬНОГО БАНКА РОССИЙСКОЙ ФЕДЕРАЦИИ Выпуск 13, страница 7. available at http://www.cbr.ru/Content/Document/File/48221/ArchivalFonds_013.pdf

² http://www.libussr.ru/doc_ussr/ussr_228.htm , http://www.libussr.ru/doc_ussr/ussr_1582.htm

³ (see Resolution no. 1139 “On issuing the State Loan of the Third Five-Years (Issue of the Second Year) of the Council of People's Commissioners of the USSR from August 1, 1939). Available at http://www.libussr.ru/doc_ussr/ussr_4197.htm

⁴ http://www.libussr.ru/doc_ussr/ussr_4351.htm

⁵ <http://istmat.info/node/31673> , http://www.libussr.ru/doc_ussr/ussr_178.htm, Article 1

out of four such episodes. ⁶ If the denominations of 1920s and 1960s were rather plain things stood differently for the other two. In July 1946 monetary mass exceeded prewar numbers four times so a new reform was inevitable. ⁷ By ordinance N 3860 of the Council of Ministers of USSR of December 14, 1947, one, for some regions two weeks were allocated to exchange 1 new SUR to 10 outdated. ⁸ Among other depreciations, for the deposits not exceeding SUR 10,000, the first SUR 3000 was being converted by 1/1 after SUR 3000, by 3/2. In case the amount exceeded SUR 10,000 the ratio was 2/1 (point 18(b)). At this round some SUR 4 Billion was wasted. ⁹

On 0 hour, 23rd of January 1991 millions of people in the USSR who made their fortune through hardship or otherwise “unearned work” likewise at a moment lost everything. ¹⁰

The president of the USSR ordered to change the banknotes of 1961 type to a new 1991 type to be determined by the cabinet of Ministers who in its turn gave to the special category of people three days from 23 to 25 of January to exchange the banknotes limited to 1000 SUR thus interfering with their rights. ¹¹ Who could exchange that win but those who had savings in the bank accounts were not and suffered the most. At that time inflation hit 2600% diminishing purchasing power of SUR. Shortly Soviet Union broke up and then the dissolved countries that formed Commonwealth of Independent States (hereinafter also referred to as CIS) one after another abandoned SUR and introduced their own state currencies. ¹²

To mitigate the situation independent states together and separately took measures to compensate the depositors’ losses with no much success so far. So many unresolved issues *e.g.* what should be compensated, who will compensate, how much and to whom remain.

This paper consists of 3 chapters. Chapter one examines USSR’s laws and regulations on savings business. First the deposit schemes are discussed detailing their types and conditions *e.g.* their interest rates and period of circulation. Then the savings organization and the

⁶ Деньги СССР / П Рабин. - Москва: издательство АСТ, 2015. сс. 92,117,150,216. available at <https://www.twirpx.com/file/2075436/>

⁷ П Рабин с. 23-26, 69-75, 116-117, 150-154

⁸ http://www.libussr.ru/doc_ussr/ussr_4665.htm, point 3

⁹ П Рабин с. 116-117

¹⁰ The unearned work, counterfeiting, corruption were the main justification for this confiscatory action. available at http://www.libussr.ru/doc_ussr/ussr_18045.htm

¹¹ http://www.libussr.ru/doc_ussr/ussr_18042.htm

¹² <https://www.imf.org/external/pubs/ft/wp/2001/wp01101.pdf>

guarantees that were provided either by the banks and the USSR are discussed. In chapter 2 the commitments of the Republic of Armenia internationally and domestically are examined commenting on some points that it took to effectively diminish any value left from those savings afterward. Chapter 3 generally deals with the social aspect and statistical data.

To this end Armenia has taken up the commitments to proportionally service the former USSR's internal debt concerning its populations' savings by taking it to its balance sheet. As far as international law is concerned it has a duty to act in good time and in an appropriate and consistent manner to meet those commitments where an issue of general interest is at stake. Since it has a wide array of regulatory measures and scope to act the substantive aspect of the question may be lost on the way. The question is further exacerbated as the states affected try to find solution with the joint efforts. So it is significant for the beneficiaries that as the responsibility is shifted from the one subject of international law to another the ability to get satisfaction remains.

CHAPTER 1: CONDITIONS GIVING RAISE THE PROBLEM

What schemes are embraced

According to the 1977 Constitution of the USSR the Union was carrying out a unified social and economic policy in the face of its highest bodies and was governing by single monetary and credit system.¹³In contrast to that the Constitution of the Armenian Soviet Socialist Republics (hereinafter also referred to as ASSR) states that the development and approval of state plans for the economic and social development of the ASSR was reserved to the delivery of the ASSR in the face of its highest bodies.¹⁴That is said the Republics were free to exercise independent economic policies in a certain way but as the article 74 of the USSR Constitution states that the laws of the republics cannot contradict the all-Union laws then it is assumed that there was no much difference in deposit schemes. In general there were even individual schemes with the Savings Bank of the USSR such as “Special-purpose deposits for purchasing Cars”.¹⁵Therefor the savings schemes that were universal throughout the union are equally important for this matter.

¹³ http://www.libussr.ru/doc_ussr/usr_9447.htm, Article 72 (5)

¹⁴ <http://nodussr.ru/konstituciva-armvanskoi-ssr>, Article 71 (7)

¹⁵ (see Order no. 136 of the Bank of Labour Savings and Crediting of Population of the USSR no. 41 of the Trade Ministry of the USSR dated July 28, 1988), available at http://www.libussr.ru/doc_ussr/usr_14921.htm

By the instruction N15 of the chairman of USSR of October 3, 1980, Labor Savings Cashes (hereinafter also referred to as LSC or Savings Bank) the LSCs among other things were accepting deposits to the “single savings book” (hereinafter also referred to as deposit account or deposit).¹⁶ According to that operations on them were made by the rules N 1489 “*On the Use of a Single Savings Book*” dated March 29, 1966. As this rule is not accessible for assessment, the point would be that as far as from 1966 people had deposits by this scheme. Thereto the deposits accepted in LSCs were of the following types: on demand, urgent, conditional, winning, to the current account.

On 30 December 1980 the USSR Cabinet of Ministers by Resolution no. 1220, approved the issuance of the “1982 State internal premium bonds” (hereinafter also referred to as premium bonds) with the period of the circulation set at twenty years; from 1 January 1982 to 1 January 2002.¹⁷ Article 5 of the condition thereto reads as follows:

During the twenty-year loan term, 32 percent of all bonds win, and the remaining 68 percent of bonds at the end of the loan period are redeemed at their nominal value.

On 20 August 1987, by resolution no. 977 the USSR Cabinet of Ministers starting from 1988 allowed the Savings Bank of the USSR to issue “Certificates of Bearer” with 10-year storage period at the rate of 4 percent per annum.¹⁸

By Resolution no. 980 of the USSR Cabinet of Ministers dating 20 August 1987, Savings Bank of the USSR from 1988 started accepting the “Special Purpose Contributions for Children”.¹⁹ This scheme was for the children under the age of 16 provided that if the deposit is kept for 10 years, the Savings Bank of the USSR shall repay at the rate of 4 percent per annum.

¹⁶ http://www.libussr.ru/doc_ussr/usr_10484.htm, point 4

¹⁷ http://www.libussr.ru/doc_ussr/usr_10590.htm

¹⁸ http://www.libussr.ru/doc_ussr/usr_14222.htm

¹⁹ http://www.libussr.ru/doc_ussr/usr_14223.htm, Article 1

By Resolution no. 1119 of the Council of Ministers of the USSR from December 21, 1989 “State Special Purpose Interest-free Bonds of 1990” (hereinafter also referred to as bonds) were issued.²⁰ These bonds were issued for a total of up to SUR 10 billion in denominations equaling to the price of the corresponding valuable commodities including eight types of motor vehicles. By point 4 the giveaway of these goods should be made during 1993. By point 8 January 1, 1995, was the latest date to receive the goods. The repayment of the nominal value of the bonds was to be done till January 1, 1997, after which it loses its power and is not subject to refund.

By Resolution no. 1178 dated December 29, 1989, USSR Cabinet of Ministers issued “Treasury Bonds” for 16 years - from January 1, 1990 to January 1, 2006, in the amount of SUR 15 billion. ²¹Interest should be paid at the rate of 5 percent per annum.

Among others, these schemes in one way or another have not been closed as provided thus causing lots of anguish throughout the USSR.

Saving business in the USSR

In the USSR among other banks that could engage populations’ savings LSCs, State bank, State Treasury and Bank of Foreign Trade (hereinafter also referred to as Vneshtorgbank) were the major contributors. They together with the USSR were bearing the full responsibility for the preservation of these securities and their repayment. As the population has deposited in these institutions in different times understanding their chronological structures and functions together with the respective schemes are of ultimate importance. Though after the dissolution of the USSR all laws and regulations were disallowed it gives an image of what kind of legitimate expectations the depositors could have had and to understand their current needs.²²

Saving Cashes (LSC) or Savings Bank.

On November 27, 1925, the Central Executive Committee of the USSR and the Council of People’s Commissioners of the USSR approved regulation “On State Labor Savings Cashes

²⁰ http://www.libussr.ru/doc_ussr/usr_16192.htm, *point 1*

²¹ http://www.libussr.ru/doc_ussr/usr_16115.htm

²² *For disallowed laws see Chapter 2 on page 14*

of the USSR”.²³ By point 1 of that Regulation State Labor Savings Caches of the USSR was established in order to provide the population with the opportunity to store and accumulate cash savings and free funds with increasing interest. At the time LSCs were under the jurisdiction of the People's Commissaries of Finance of the USSR. By point 2 the Government of the USSR assumed full responsibility for the integrity of the sums entrusted to the LSCs. By the Resolution of the Council of Ministers of the USSR of October 4, 1962, no. 1061 LCSs were to be transferred to the USSR State Bank’s jurisdiction.²⁴

With the Joint Resolution of the USSR Central Committee of Communist Party and Council of Ministers no. 821 dated July 17, 1987, LSC’s were reorganized into the “Bank of Labor Savings and Crediting of the Population of the USSR” (Savings Bank of the USSR or “Sberbank”).²⁵ By point 4 among other things it procured the organization of savings in the country and the distribution and redemption of government bonds. By Resolution of the Council of Ministers of USSR no. 1118 from October 6, 1987 *“On Reconstructing Activities and Organizational Structure of USSR Banks”* tangible changes were made in banking sphere.²⁶ By point 3 Savings Bank of the USSR among other things took full responsibility for the effective organization of savings business in the country and the distribution and redemption of state bonds. By the resolution no. 8 of the Council of Ministers of USSR, dated January 4, 1990, “Sberbank” with its institutions, all assets and liabilities as of October 1, 1989, were transferred to the jurisdiction of the State Bank of the USSR, retaining its current organizational structure.²⁷

Then on December 11, 1990, by the law *“On Banks and Banking Activities”* no. 1829-1 “Sberbank” of the USSR became a specialized commercial bank that should carry out operations for raising the funds of the population and distribute them.²⁸ By Article 2 the safety and timely return of deposits of the population in the “Sberbank” of the USSR was guaranteed by the USSR State Bank. By Article 4 the banks in the USSR were not liable for the

²³ http://www.libussr.ru/doc_ussr/ussr_2751.htm

²⁴ http://www.libussr.ru/doc_ussr/usr_6054.htm

²⁵ http://www.libussr.ru/doc_ussr/usr_14149.htm. point 3

²⁶ http://www.libussr.ru/doc_ussr/usr_14323.htm

²⁷ http://www.libussr.ru/doc_ussr/usr_16147.htm. point 1

²⁸ http://www.libussr.ru/doc_ussr/usr_17754.htm. Article 1

obligations of the state the state was not liable for the obligations of the banks, except in cases provided for by that Law, other legislative acts of the USSR and republics, and in cases where banks or the state assumed such responsibility. They were acting according to their articles of incorporation (Article 7 (1)) and were independent of the executive and administrative bodies of state power and control at their decisions related to current banking activities (Article 8). After the dissolution of the USSR, all branches of “Sberbank” but Russian ceased their existence *(to be continued in chapter in page 16)*.²⁹

By the USSR President Order no. YP-927 from October 25, 1990 “*On Increasing the Interests of Citizens in Storing Savings in the USSR Savings Bank’s Institutions*” the Savings Bank of the USSR maintained its state status and citizens' deposits were guaranteed by the state.³⁰

In general, LCSs were accepting peoples’ deposits and redeeming the distributed state bonds secured by the Government of the USSR. It then transferred to the jurisdiction of the State Bank of the USSR later became a specialized commercial bank with the same functions where the USSR State Bank guaranteed the deposits of the population in its facilities. The USSR and LCSs were not liable for each other obligations. LCSs were acting according to their articles of incorporation and were independent of the executive and administrative bodies of state power and control.

The State Bank (Gosbank)

The State bank initially formed in the Russian Soviet Federative Socialist Republics (RSFSR) later by the Resolution of Central Executive Committee of USSR dated July 6, 1923 “On the State Bank of the USSR” revised to the State Bank of the USSR.³¹ By the resolution of the USSR Central Executive Committee dated June 12, 1929 a new Statute of the State Bank of the USSR was approved.³² State bank amongst other things was given the right to accept cash

²⁹ <https://sberbank-history.ru/sberbank-history/>

³⁰ http://www.libussr.ru/doc_ussr/ussr_17467.htm, point 1

³¹ (see the Resolution of All-Russian Central Executive Committee from October 12, 1921 “On Establishment of State Bank”) available at

http://www.libussr.ru/doc_ussr/ussr_1137.htm, http://www.libussr.ru/doc_ussr/ussr_1137.htm

³² http://www.libussr.ru/doc_ussr/ussr_3575.htm

deposits: a) to the current account, b) on demand deposits (termless deposits) and c) for a fixed-term (termed deposits), (*Clause 25 (J)*). It Accepted subscriptions for state bonds of the USSR and union republics, as well as other securities in circulation on the territory of the USSR (*Clause 25 (L)*). By point 18 bank cards issued by the State Bank were fully secured where not less than 1/4 of their amounts at their nominal value with precious metals and stable foreign currency at the exchange rate for gold, and the rest-easily marketable goods, short-term promissory notes and other short-term commitments.

By the Resolution N 1146 of the Council of Ministers of the USSR dated October 29, 1960 a new Statute of the State Bank of the USSR was approved.³³By point 72 the USSR State Bank with all its institutions was a single centralized system.

By the Resolution of the Council of Ministers of the USSR no. 1167 from December 18, 1980, new statute of the State Bank of the USSR was approved.³⁴ By Article 1 The State Bank of the USSR carried out general management activities of LSCs of the USSR. By Article 7 the Government of the USSR and the governments of the union republics, as well as their central and local bodies were not liable for the obligations of the USSR State Bank, except for its obligations on citizens' deposits.

By point 4 the USSR State Bank ensured the conduct of a single monetary policy of the state, established official rates of foreign currencies against the Soviet rubles.

By Article 12 of the Resolution of the USSR Council of Ministers no. 1061 from September 1, 1988 “On the Approval of the Charter of the State Bank” the USSR State Bank became a legal entity and was operating with the principles of full business accounting and self-financing.³⁵ State was not liable for the obligations of the State Bank of the USSR, just as the State Bank of the USSR was not liable for the obligations of the state unless such responsibility was imposed on it by the USSR Government or when it assumed such responsibility.

³³ http://www.libussr.ru/doc_ussr/usr_5611.htm

³⁴ http://www.libussr.ru/doc_ussr/usr_10565.htm

³⁵ http://www.libussr.ru/doc_ussr/usr_14998.htm

On December 11, 1990, the law N 1828-1 on the State Bank of the USSR was approved.³⁶

Among other things it stated that the State Bank was a legal entity (Article 3 (1)), official rates between the ruble and gold or other precious metals were not established, (Article 10 (2)), banknotes and coins were an absolute obligation of the State Bank of the USSR and secured with all its assets (*Article 12 (2)*). By point 2 The USSR and the State Bank should not be liable for each other obligations unless they had assumed such. By Article 18 The USSR State Bank regulated the exchange rate of the ruble to the foreign currency by setting official exchange rate quotations and making transactions for the sale and purchase of foreign currency for rubles in the free foreign exchange market. By Article 26 The USSR State Bank managed gold and foreign exchange reserves on its balance sheet which served as collateral for its obligations.

In general State bank was accepting cash deposits, subscriptions for state bonds and securities regulating the exchange rate of the ruble to foreign currency, carrying out general management activities of LSCs. Government of the USSR and union republics were liable only for the obligations on citizens' deposits. State bank then became a legal entity and was operating with the principles of full business accounting and self-financing. The State and USSR were not liable for each other obligations unless assumed such. Gold and foreign exchange reserves on the balance sheet of the State Bank served as collateral for its obligations. Banknotes and coins were an absolute obligation of the State Bank of the USSR and were secured with all its assets.

Bank of Foreign Trade “Vneshtorgbank”

By point 2 of the Instruction of the Bank of Foreign Trade of the USSR dated December 10, 1976 no. 8 “*On Accounts and Deposits in Foreign Currency and in Rubles*” “Vneshtorgbank” opened various types of current accounts, settlement account and other accounts and deposits either by t permission of the USSR Ministry of Finance or by decision of “Vneshtorgbank” of the USSR.³⁷

³⁶ http://www.libussr.ru/doc_ussr/usr_17753.htm

³⁷ http://www.libussr.ru/doc_ussr/usr_9052.htm

By the Resolution of the Council of Ministers of the USSR no. 1345 from December 28, 1990, “Vneshtorgbank” was reorganized from the state owned to the joint stock company.³⁸

By point 1 of the President Order no. YP-2741 of the USSR “*On the Bank of Foreign Economic Activity of the USSR*” the Bank of Foreign Economic Affairs of the USSR took full responsibility for all credits and loans received by it on behalf of the Government of the USSR.

State Treasury Obligations

By the Decree of the Council of the People’s Commissioners of the RSFSR from October 31, 1918 “*On Merger of the Treasury with the Institutions of the People’s Bank*” the activities of the treasury were transferred to the People’s Bank later on to the State Bank.³⁹

To sum up, with LCSs deposits and bonds were guaranteed by the USSR, with the State Bank deposits were guaranteed by its collateral and USSR commitments, treasury bonds were not secured and the USSR took up an obligation for all obligations of the Bank of Foreign Trade. These are declaratory commitments which do not enquire USSR international obligations at that time.

CHAPTER 2: THE FATE OF SAVINGS AFTER THE DISSOLUTION OF USSR

Transferring USSR Internal Debt to the Seceded states

By the agreement “*On the Creation of Commonwealth of Independent States*” the founders of the USSR (Russian Federation, Ukraine, and Belarus) proclaimed that the USSR as a subject of international law and geopolitical reality ceases its existence. Instead, they were creating Commonwealth of Independent States (hereinafter also referred to as CIS).⁴⁰ A protocol thereto on acceding to that agreement besides Latvia, Lithuania, Estonia, and Georgia was also signed by 11 other states including Armenia.⁴¹

By Article 11 from the moment of signing the Agreement, the application of the laws of the third countries, including the former Soviet Union was disallowed within the territories of the signatory States. By Article 12 the High Contracting Parties only should guarantee the former

³⁸ http://www.libussr.ru/doc_ussr/ussr_17909.htm

³⁹ http://www.libussr.ru/doc_ussr/ussr_387.htm

⁴⁰ <http://www.arlis.am/DocumentView.aspx?DocID=77029>

⁴¹ (Georgia become a party in December 1993 and withdrew from it on August 18, 2009. available at <http://www.cis.minsk.by/page.php?id=174>)

<http://www.arlis.am/DocumentView.aspx?DocID=77469>

Soviet Union Treaties and international obligations arising therein. By Article 14 Activities of the former Soviet Union's organs in the CIS, territories were stopped.

As mentioned in Chapter 1, by the USSR President Order no. YP-927 citizens' savings at "Savings banks institutions" were guaranteed. In this spirit, the member parties of the CIS signed the agreement on "Principles and Mechanisms of Servicing the Internal Debt of the Former Soviet Union" (hereinafter also referred to as PMSID) of March 13.1992. By Article 2 parties to the agreement in their respective territories were obliged to pay to the population the proportional amounts of remaining debt that were in the USSR Savings Banks' balance sheets as of January 1, 1991.⁴² By Article 3 of the PMSID all expenses related to servicing these debts, for the period starting from January 1, 1991, should be performed by the Parties at the cost of their state budgets. By Article 4 of the Agreement in the respective territories of the member parties, it was desirable to recognize the conversion of the internal State loan of the 1982 and the obligations of the treasury bonds of former USSR by registering appropriate deposits in banks, exchanging them with governmental bonds and using other means to engage the savings of the population. By Article 5 the Ministries of Finance of the parties were to be instructed to adopt the corresponding amounts of the former USSR state debt towards the population in their respective balance sheets reorganizing it as a debt owned by them. They had to do it with the cooperation of Central (national) banks of the states.

To put it short, Armenia in the expense of its state budget could choose any option mentioned thereto and beyond within its appreciation when providing compensation for or redemption [*unless provided*] of deposits, bonds and certificates that were opened at the ASSR Republican bank of the former USSR since it does not oblige any specific measure.

Whether PMSID is an absolute commitment of Armenia

According to international law

Because Armenia under the creation of CIS guaranteed the former Soviet Union treaties and international obligations and the USSR as early as from 29 April 1986 is a party to the Vienna Convention on the Law of Treaties (VCLT) then by that it is bound to follow VCLT.⁴³ By Article 2 of the VCLT every treaty in force is binding upon the parties to it and must be

⁴² <http://www.arlis.am/DocumentView.aspx?DocID=77827>

⁴³ https://treaties.un.org/Pages/ViewDetailsIII.aspx?src=TREATY&mtmsg_no=XXIII-1&chapter=23&Temp=mtmsg3&clang=en#EndDec

performed by them in good faith. Apart from VCLT, principles of free consent and of good faith and the *pacta sunt servanda* rule are universally recognized.⁴⁴ So as far as good faith is concerned then Armenia should be bound to Article 2 of the PMSID.

According to domestic law

Article 116 (1) of 1995 Constitution of RA states that from the moment [this] Constitution enters into force the Constitution of 1978 with subsequent amendments and additions as well as the operation of constitutional laws shall terminate. So by the time of March 13, 1992, when PMSID was in force the ASSR Constitution of 1978 was an acting constitution. Though the law N-0217-I of December 25, 1990 states that before RA Constitution was adopted (*1995 Constitution was adopted afterward*) the provisions of [*the 1978 Constitution*] contradicting the laws adopted by the Supreme Council of the RA based on the “Declaration on the Independence of Armenia” was terminated.⁴⁵ Either by the “Declaration on the Independence of Armenia” (*see the preamble*) or the “1977 Constitution of the USSR” (*Article 27*) which was the integral part of 1978 ASSR Constitution (*by preamble of ASSR Constitution was declared in compliance with the USSR Constitution*) the international treaties of the USSR stemming from the principles and norms of international law should be implemented in a good manner.⁴⁶ So, both from the point of International law and Constitutional law Armenia should be bound to its obligations under PMSID.

The worldwide journey of Savings bank⁴⁷

The Armenian Republican Bank of the former USSR Savings Bank has been reorganized into Armenian State Specialized Savings Bank (*hereinafter also referred to as “Armsavingsbank”*) as the former’s successor (*point 1*). By point 1 of the Government Decree no. N 29 of March 10, 1997, Armsavingsbank was reorganized into State Joint Company.⁴⁸ By point 2 the management was put on the Ministry of Finance. The RA Government could give instructions and did two times to raise the bank’s equity capital and alienated properties belonging to it.⁴⁹

⁴⁴ *see as above the preamble*

⁴⁵ <http://www.arlis.am/DocumentView.aspx?DocID=71>

⁴⁶ <http://www.arlis.am/DocumentView.aspx?DocID=1895>

⁴⁷ **(for the begging of the journey see Saving Cashes in Chapter 1)**

⁴⁸ <http://www.arlis.am/DocumentView.aspx?DocID=6007>

⁴⁹ (See the Government decisions no. N 797 of December 31, 1999 and no. 192 of March 20, 1998 *available at* <http://www.arlis.am/DocumentView.aspx?DocID=7686>, <http://www.arlis.am/DocumentView.aspx?DocID=6589>).

In March 2004 Armsavingsbank was alienated to the Vneshtorgbank (currently known as “VTB-Armenia” CJSC) 100% shareholder of which is VTB PJSC (operating in Russian Federation).⁵⁰ From 1997 to 2002 the major shareholder of the bank with 96,8% was the Central bank of Russia after that time the Government of the Russian Federation.⁵¹ Currently its capital and assets surmounts to tens of billions of dollars.

Indexation of savings

In two occasions Armenia in the domestic provisions guaranteed its earlier commitment under PMSID. First the Supreme Council decision no. HN-0852-I of June 10, 1993, the Republic of Armenia guaranteed the preservation and reimbursement of deposits and other valuables of the State Specialized Savings Bank of the Republic of Armenia.⁵² Second time it happened By the Government decree no. N 345 of July 5, 1993, the RA was guaranteeing the maintenance and return of cash and other valuables in the accounts of natural and legal persons in the “Armsavingsbank” as defined by the RA law "On Banks and Banking Activities".⁵³

In relation to deposits and interest-free bonds by decree no. N 345 the savings in “Armsavingsbank” were indexed as follow.⁵⁴

- a) The deposit accounts as of January 1, 1993, by 100 percent.
- b) The special deposit accounts as of January 1, 1993; (40 percent compensation calculated in April 1991) by 100 percent.
- c) The nominal value of the former Soviet Union's special-purpose State interest-free bonds from 1990 by 300 percent.

The 40 percent calculation made in point (b) is due to President Decree of the USSR no. YP-1708 of March 22, 1991.⁵⁵ The aim was to compensate the public for losses from the depreciation of savings caused by the growth of the retail prices. By point 5 The Ministry of

⁵⁰ (<https://www.azatutyun.am/a/1573352.html> , <https://www.vtb.am/about/> also see the Charter of the Bank <https://www.vtb.ru/akcionery-i-investory/raskrytie-informacii/ustav-i-vnutrennie-dokumenty/>)

⁵¹ (See the history of the bank <https://www.vtb.ru/o-banke/gruppa-vtb/istoriya/>)

⁵² <http://www.arlis.am/DocumentView.aspx?DocID=3324>, point 2

⁵³ <http://www.arlis.am/DocumentView.aspx?DocID=5296> point 2

⁵⁴ <http://www.arlis.am/DocumentView.aspx?DocID=5296> point 4

⁵⁵ <http://legalacts.ru/doc/ukaz-prezidenta-sssr-ot-220391-n-up-1708/>

Finance of the USSR, the State Bank of the USSR and the Savings Bank of the USSR were to determine the sales and purchases of “1982 State internal premium bonds” taking into account the increase in their face value by 40 percent. In 1993 compensation should be given to the holders of “The Special-purpose State Interest-free Bonds of 1990”, in the event the owner of the bond refuses to receive the goods.

By the decision of the State Commission for Regulation of the Monetary Circulation dated November 19.1993, Armenian dram (AMD) was introduced as a legal tender in the territory of the Republic of Armenia at the rate of AMD 1 to SUR 200.⁵⁶ This decision of the Commission was extended to all deposit accounts of all branches of the “Armsavingsbank” CJSC. To this extent the deposit accounts and interest-free bonds, in the event the owner of the bond refuses to receive the goods were being depreciated by 200 times.

To note, Indexation is the core component of redemption presupposing its effectiveness, but in international law, at least within ECHR, there is no such obligation on states as points many of its case laws. In (*BOYAJYAN v. ARMENIA*) the Court noted that the applicant's savings lost their purchasing power due to the drastic depreciation of the Soviet ruble and inflation, reiterating however, that Article 1 of Protocol No. 1 does not impose any general obligation on States to maintain the purchasing power of sums deposited with financial institutions through the systematic indexation of savings (*ibid.*, §55).⁵⁷ Any positive outcome in this sense would enquire the state’s other international obligations which are not observed here.

So every state is free to adopt whatever method it feels. That means in one state the same amount in SUR could cost real value and no value in another. Sadly enough that’s also could be decided by courts, at least in Russian. On 30 June 2003 Novoaltaysk Town Court of the Altay Region unlawfully redresses the applicant in an amount equaling to EUR 194,817 for the liquidation of her bonds issued in 1982, the decision becomes final, and ECHR upholds it.

⁵⁶ *Abraham Malachyan v. “VTB-Armenia” CJSC* (case no. EKD/2828/02/08), available at http://www.datalex.am/?app=AppCaseSearch&case_id=14355223812255018, (*Boyajyan ibid.* 7).

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<https://hudoc.echr.coe.int/eng#%7B%22fulltext%22:%5B%22Bovaiyan%20v.%20Armenia%22%5D%22%22%22documentcollectionid%22:%5B%22GRANDCHAMBER%22%22%22CHAMBER%22%22itemid%22:%5B%22001-104064%22%5D%7D>

⁵⁸ So never know how someday indexation may resolve but for the current matter the case has been closed.

CHAPTER 3: HOW DID ARMENIA EXPROPRIATE

Whether the bonds and certificates were lawfully stopped

Point 1 of the Government decision no. 377 of 29 June 1992 references to its decision no. 181 of March 26, 1992, according to which it liquidates 1982 State internal premium bonds, USSR Savings Bank certificates and special-purpose State interest-free bonds of 1990, reasoning that for the lack of goods it is infeasible to redeem them.⁵⁹ In decree no. 377 itself it decided to convert special purpose interest-free bonds of 1990 bought from population till January 1, 1993 into deposits at their nominal value accruing 40% compensation. Compensation from these accounts should be made starting from March 1, 1994. By point 2 of the decision no. 377, it is understood that decrees no. 1119 and no 30 "On issuance of state special purpose interest-free bonds", decree no. 653 "On Amending the Terms of Issue of State Treasury Obligations" and no. 373, only in connection with the state special purpose interest-free bonds were stopped but no more. By point 4 of the Supreme Council decision no. HN-0852-I all operations with "1982 State internal premium bonds" as well as certificates of the USSR Savings Bank was terminated until a final decision on them by CIS member states has been enacted.⁶⁰

To this extent from March 26, 1992, the "USSR Savings Bank certificates" and "special-purpose State interest-free bonds of 1990" in its initial form was stopped, the latter was converted into new deposits in their nominal value.

Should CIS resolve the issue instead of Armenia

As mentioned above the Premium Bonds as well as certificates of the USSR Savings Bank was terminated until final decision on them by CIS member states has been enacted to which ECHR has also conceded to (*Boyajyan, Ibid., §15*). On this note, by June 10 1993 the restructuring and servicing of USSR domestic debt have gone twofold: 1) *inter alia* the remaining deposits of population in savings banks, state bonds issued in 1982 and 1990, other

⁵⁸ (*CASE OF ALEKSEYEVA v. RUSSIA*) (*Application no. 36153/03*) (*ibid.*, §§ 5,6,7).

⁵⁹ (decision no. 181 could not be accessed), <http://www.arlis.am/DocumentView.aspx?DocID=5137>

⁶⁰ <http://www.arlis.am/DocumentView.aspx?DocID=3324>

funds of the USSR State bank, Savings bank and others, used to finance the costs of the Union budget (*Article 1 of the PMSID*) 2) citizens' assets in foreign currency.⁶¹ The Court hereby reiterated that to the competency of the "Interstate Commission of the CIS" had been reserved the questions concerning assets in foreign currency, which though on March 20, 1992, by the decision of the Council of Heads of States Parties of CIS was suspended and Issues in relation of "succession of debts and assets of the former USSR" should be decided bilaterally. So on May 23, 1996, the Government of Armenia acknowledged that there is no consensus even about assets in Vneshtorgbank's accounts (*pp. 5-7*). Therefore there was no ground for referring to the pending decision of the CIS for not implementing its obligations though in terms of PMSID it would not matter.⁶² As for the question of foreign currency it has been decided as referred below.

Compensation of deposits in "Vneshtorgbank"

By RA Supreme Council decision no. HN-1069-1, the residents' deposits of the Republic of Armenia in "Vneshtorgbank" has been modified into the domestic foreign currency debt.⁶³ By paragraph 2(a) the obligations should be met using the funds from the State budget of Republic of Armenia and funds from the State budget of Russian Federation as well as funds from the sale of assets of the former USSR in case of physical persons (*see Paragraph 1 of the RF President Decree no. 1565 from December 7, 1992*) and reissuing the obligations into RF governmental bonds in foreign currency in case of legal persons (Paragraph 3).⁶⁴

Though as seen in paragraph 3, Russian Federation undertook such obligations before Russian enterprises. By Paragraph 2(a) (decision no. HN-1069-1) the assets of physical persons of RA should be refunded by December 31, 1994. By paragraphs 4 and 5 of the RA Government decision no. 339 from July 26, 1994 (corresponds to the RF President Decree no. 1565) SUR 5 converted to USD 1 (*Paragraph 5 (c)*).⁶⁵ Those far the question of deposits in Vneshtorgbank has been settled bilaterally.

⁶¹ (See Advisory Opinion No. 10/95 / C-1 / 3-96 of the Economic Court of CIA) available at http://www.sudsng.org/download_files/rh/1996/zk_10_95_c-1_3-96_230596.pdf

⁶² <http://www.arlis.am/DocumentView.aspx?DocID=77827>

⁶³ [http://www.arlis.am/DocumentView.aspx?DocID=3442_paragraph 1](http://www.arlis.am/DocumentView.aspx?DocID=3442_paragraph%201)

⁶⁴ <http://legalacts.ru/doc/ukaz-prezidenta-rf-ot-07121992-n-1565/>

⁶⁵ <http://www.arlis.am/DocumentView.aspx?DocID=24684>

The lawfulness of stopping the Premium Bond

The Court in *Boyajyan v. Armenia*, when examining the question concerning the Premium Bond and certificates noted that though these schemes were *ratione temporis incompatible* with the provisions of the Convention within the meaning of Article 35 § 3 they can indeed be considered as assets giving rise to a right of ownership (*ibid.*, §§57-60).

It is crucially important to note that the Court while finding this referred to the Supreme Council decision no. HN-0852-I of June 10, 1993. It did not consider PMSID in its entirety which to the outer eye if had would necessarily engender the principle of lawfulness. In (*VOLOKITIN AND OTHERS v. RUSSIA*, §§ 27-28) the Court decided that by imposing successive limitations on the implementation of the legislative and regulatory framework establishing the basis for the applicants' right to redemption of their 1982 premium bonds and by failing for years to put into practice the procedure for implementation of that entitlement, kept the applicants in a state of uncertainty which was incompatible in itself with the obligation arising under Article 1 of Protocol No. 1: to secure the peaceful enjoyment of possessions, notably with the duty to act in good time and in an appropriate and consistent manner where an issue of general interest is at stake. But most precisely the lawfulness of situation as regards the bonds characterizes RF Constitutional Court decision N 7-P of June 9, 1992. In determining the constitutionality of later amendments in the order of "Special-purpose deposits for purchasing Cars" it found incompatibility with the Constitution.⁶⁶ Notably, it reasoned that the postponement of redeeming special purpose checks, in essence, is a unilateral change by the state of the conditions for the fulfillment of obligations (*moratorium*). This postponement was not dictated by any emergency situation, force majeure or other exceptional circumstances that could serve as a basis for the declaration of a moratorium and which could be used for unilateral postponement of the terms of performance of contractual obligations. Thus, the constitutional rights and freedoms of citizens, including property rights were restrained. The reasoning was that [*As in 1991 the retail prices were liberated*], citizens who had the right to buy cars for special purpose deposits and special checks [*after that time*] and who, due to postponement of fulfillment of obligations for 1992, could not exercise [*it*], suffered significant damage caused by a sharp increase in retail prices for cars. Thus, the Government of Russia did not provide the purchasing power of deposits of

⁶⁶ <http://legalacts.ru/doc/postanovlenie-konstitutsionnogo-suda-uf-ot-09061992-n/>

citizens, intended under the terms of the contract for specific purposes - the purchase of cars. In this sense, again if the Premium Bonds in its initial form have been converted into new deposits in the domestic banks like others in “VTB-Armenia” (see chapter 4) it would be fine but stopping the Premium Bonds because of inexistent remedy is in direct contradiction of PMSID and thus the ECHR because no one has ever stopped PMSID. If a claim is brought in ECHR it may not to award any material damage, limit to finding a violation.

CHAPTER 4: HOW DOES ARMENIA CONCILIATE

The social impact of the issue

Considering that making deposits in the USSR banks was a risky business given regard to the previous expropriations people should have become mindful about making a new deposit. Nevertheless, its extensive experience of involving them in billions is petrifying.

Population’s deposits in Savings bank by republic at the end of 1990.⁶⁷

	Number of institutions (Thousand)	Number of deposits (Million)	Deposits’ value (SUR Billion)
USSR	75,0	220	381,4
RSFSR	42,6	124,9	216,4
Ukraine	14,8	48,8	84,9
Belorussia	3,2	10,8	16,7
Uzbekistan	1,8	5,3	8,4
Kazakhstan	4,2	9,7	14,2
Georgia	1,2	3,3	8,1
Azerbaijan	1,3	2,4	3,7

⁶⁷ Государственный комитет ссср по статистике, Информационно-издательский центр, Народное хозяйство СССР в 1990 г.

(Статистический ежегодник) Москва "Финансы и Статистика" 1991 г., с. 48, available at <https://www.twirpx.com/file/364207/>

Lithuania	0,9	2,8	6,8
Moldova	1,2	2,9	4,6
Latvia	1,0	2,0	3,6
Kyrgyzistan	0,6	1,6	2,2
Tajikistan	0,5	1,3	1,9
Armenia	0,7	2,1	5,9
Turkmenistan	0,5	0,9	1,8
Estonia	0,5	1,2	2,2

In 1990 comparing to other republics Armenian depositors had a middle position, but their numbers increased dramatically afterward. According to the statistical data, till 1994 around 3,384,000 Armenian citizens possessed deposits in Armenian branches of former USSR Savings bank while the overall number of the population amounted to 3,753,500.⁶⁸

As expected not handling it as once done in the USSR was not real given the fundamental changes of situation, compensating it especially all at once would be tough, but repaying it in the rate of SUR 200 to AMD 1 would be raging the population even further.

For the sake of aid according to the Supreme Council decision no. “H.N -1104-I” of September 28, 1994, the Government should come up with proposal on indexation of the savings of the citizens of RA at the former USSR Savings Bank by no later than December 1, 1994, considering the losses that the citizens suffered from the depreciation of their savings.⁶⁹

From the 2007 report of the Ministry of Labor and Social Affairs (hereinafter also referred to as MLSA), it is understood that the compensation process in Armenia started earlier as it says *[ongoing]* but there is no record of earlier procedure for compensation whatsoever.⁷⁰ In fact by point 1 of the Government decision no. N-015-3 of September 10, 2003, it was decided to create an interim committee of the National Assembly who should explore possibilities for

⁶⁸ <https://www.armstat.am/file/doc/99507013.pdf>, <https://www.armstat.am/file/doc/99509143.pdf>

⁶⁹ <http://www.arlis.am/DocumentView.aspx?DocID=3451>

⁷⁰ http://www.mlsa.am/?page_id=4405

recovering or redeeming those deposits.⁷¹The aid scheme emerged with the Government decree no. 352-N of March 16, 2006, which prescribed it only to some category of people based on age and social status.⁷²

According to Articles 10(9) and 13 of the law HO-212-N “On the State budget” of RA for the year of 2006, compensation should be given by the “program” as defined in its Annex 8.⁷³ According to the official press release of the MLSA, Paragraph 4 of the “program” approved in Appendix 8 establishes the scale for determining the amount of deposit repayment as shown in the chart below.⁷⁴

Deposit amount in SUR	Compensation amount in AMD
No more than 1000	Compensation amount X 84
From 1001 to 3000 (inclusive)	84000+(deposit amount exceeding SUR 1000 X29,4
From 3001 to 5000 (inclusive)	142,800+(deposit amount exceeding SUR 3000 X16,8
From 5001 to 10,000 (inclusive)	176,400+(deposit amount exceeding SUR 5000 X8
More than 10,000	216,400+(deposit amount exceeding SUR 10,000 X4

By this the amount of compensation is reduced in numbers and in percentage in relation to the corresponding proportion of deposits that increase. This mode is substantially better than 200 times reduction in decree no. N 345. So despite that it is too restrictive as observed below the depreciation of people’s savings at least formally has been taken into consideration per decision no. “H.N -1104-I”.

⁷¹ <http://www.arlis.am/DocumentView.aspx?DocID=4096>

⁷² <http://www.arlis.am/DocumentView.aspx?DocID=90102>

⁷³ <http://www.arlis.am/DocumentView.aspx?DocID=21671>

⁷⁴ <http://www.mlsa.am/?p=19789> “As the Annexes were not brought in the law the current reference is used instead”

For the implementation of this scheme by chart 11.19 Annex 11 of the law HO-212-N the government buys services from the “VTB-Armenia” CJSC by servicing contract according to which the later manages the deposit accounts of USSR depositors by providing the card data therein to “Norq” CJSC as a part of the compensation process under points 4(e) and 16 of the Government decree no. N 352-N. To that extent, “VTB-Armenia” CJSC took responsibility to compensate the deposits in the rate of SUR 200 to 1 AMD and contracted with the Government to manage the accounts of applicants for the aid that would be provided by the RA Government. To this end both the bank and the state have mutually been engaged in this aid process; thus there was quite some confusion about it. Comes fewer regulations more clarity but quite on the contrary. So many demonstrated an active attitude and applied for redress.

In *Nelli Hambarzumyan v. Ministry of labor and social Affairs* (case no. VD/2043/05/09) the Court held it well reasoned that when the applicant was not included in the list of persons enjoying the right to receive compensation for some reason, then he is lawfully deprived of that right.⁷⁵

By point 1, Annex 1 of the Government decree no. 352-N the right to receive compensation was granted to the depositors who were included in “the list of families continuously from July 1, 2005 till April 1, 2006 receiving family aid” and who invested in SUR on the ASSR Republican Bank of the USSR Savings Bank till June 10, 1993 inclusive.

In *Sargis Khachatryan v. the Ministry of labor and Social Affairs*, the Court rejected the applicant’s claim on the ground that his family has not been receiving family aide from July 1, 2005 to April 1, 2006 inclusive.⁷⁶

The list has evolved over time covering the veterans of The Great Patriotic War (point 1, Annex 1 of the Government Decree N 510-N from May 6, 2010), persons who by 1st of August 2014 were registered in the borderline communities of the RA (point 1 of the Government Decree no. N 930-N from August 7, 2014), persons who inherited the deposit on behalf of servicemen or volunteers or missing persons who died at participating in the defense operations of the RA, carried out combat duty or a special task.⁷⁷

⁷⁵ http://www.datalex.am/?app=AppCaseSearch&case_id=38562071809411773

⁷⁶ case no. VD/2954/05/11, available at http://www.datalex.am/?app=AppCaseSearch&case_id=38562071809517138

⁷⁷ <http://www.arlis.am/DocumentView.aspx?DocID=58136>, <http://www.arlis.am/DocumentView.aspx?DocID=96064>

Nevertheless, this aid process generally remains disappointing, especially for elderly people. By point 32 of the Annex, the aid shall encompass the first group of "pensioners aged 70 years and over" and those included in the list of other groups, for which payment is provided by the state budget of the RA. By the Government decree no. N 1103-N of September 28, 2013, compensation provided to the families registered in the family insecurity assessment system with "0" insecurity score, born including 31 of December 1924 or to persons who have become disabled while defending RA or while carrying out their official duties.⁷⁸

So in 2013 people aged 89 years and over could receive aid comparing to 70 years and over that was in 2006. According to the statistical committee of RA life expectancy of the Armenian population from 1958 to 2017 raised by 6.4 points reaching to 75.4 years.⁷⁹ It means almost no compensation unless underground applications were accepted. By point 1, Annex 1 of the Government decree no. N 460-N from April 23, 2014, a new category of people has been added to the list, including persons born before December 31, 1932. They could also receive deposits invested by a dead husband during a married life.⁸⁰ So the age limit of persons entitled to the aid reduced to 82 but still “there would be more dead applicants than alive”. For the real numbers see the chart below:

Years	Persons With “0” insecurity rate	Participants of defense operations	Registered in borderline Communitie s	In all groups
2007	—			10,500
2008		—		7800
2009			—	9312
2010		—		6806
2011	—			10,509
2012		—		10,709
2013			—	-
2014	5125	1527	582	7234

⁷⁸ <http://www.arlis.am/DocumentView.aspx?DocID=88700>, Article 1 point 1

⁷⁹

http://armstatbank.am/pxweb/hy/ArmStatBank/ArmStatBank_2%20Population%20and%20social%20processes_28%20Population/PS-pp-1-2016-2017_px/chart/chartViewBar/?rxid=602c2fcf-531f-4ed9-b9ad-42a1c546a1b6

⁸⁰ <http://www.arlis.am/DocumentView.aspx?DocID=121909>

2015	3516	294	4441	8251
2016	3472	396	4331	8199
2017	3597	393	4414	8404

Number of depositors who received aid in ten years: Ministry of labor and social affairs of RA.⁸¹

From 2013 report it says that the question of compensation has been closed, all 62,000 depositors with their 138,000 deposit booklets received compensations. Besides, 400 socially insecure people, born till December 31, 1924 and depositors who have become disabled when participating in the defense operations of RA. Overall by 2017 around 94,088 people received compensation. These numbers refer those who were entitled to the “state-sponsored aid” it does not include those who received redress from the bank.

Given the big number of depositors any state policy would not be ideal however a proper care should be had to preserve the feeling of fairness in the society on this policy. From the law point this aid seems to be insignificant but as ECHR in its many cases concerning systemic issues like this kept sympathizing both general interest of society and the interests of applicants as regards their unfavorable condition the fairness of the measures could become a separate matter of discussion. Having said this, the policy in the mentioned points more needs to be fair.

⁸¹ http://www.mlsa.am/?page_id=4405

CONCLUSION

By trying to say what is necessary and what is sufficient the discussions hereby has been extended onto historical dimensions to harvest as much factual information as possible. The regulatory provisions were specifically stressed for the readers' confidence and the guidance if need be. In the USSR the savings bank, State bank, State Treasury and Bank of Foreign Trade were the major contributors to the savings business. They together with the USSR were bearing the full responsibility for the preservation and repayment of peoples' savings. In contrary to this the USSR seemed had a policy of taking away the peoples' savings which it did once again as the USSR were dissolving. Armenia instead has taken up the commitments to service the debts before its citizens in proportional amounts yet failed in terms of legality and fairness. In that note, the RA Government has made indexation in the territory of the Republic of Armenia at the rate of AMD 1 to SUR 200 which diminished peoples' savings. As there is no such obligation on the states to make a systemic indexation with financial institutions as points many of ECHR case laws we found there is a limitation. And because the indexation has been done without evoking problems, at least formally there have not been an issue as regards the deposits, "Savings Bank Certificates" and "Special-Purpose State Interest-free Bonds of 1990" when they were converted into new deposits in their nominal value. In comparison when stopping the "1982 Internal Premium Bonds" we found that this was done in contrary to the agreement on Principles and Mechanisms for Servicing the Internal Debt of the Former Soviet Union. Besides, there we found no reason when the RA Government referred to the pending decision of the CIS for not implementing its obligations

before ECHR. In this sense if the Premium Bonds in its initial form have been converted into new deposits in the domestic banks like other schemes that were done with “VTB-Armenia” CJSC, it would be fine but stopping the Premium Bonds because of inexistent remedy is a violation. Moving forward we expressed a view that there nonetheless may be found a violation in case a claim is brought before ECHR. As the RA Government has relatively settled down the compensation process of savings it then has made up a state-sponsored aid which examination revealed that they in part do not serve its purpose, are not effective and fair, suggesting it as a model to be considered by ECHR when they dealing with systemic issues in the similar situations. At this point the curve shall be drawn that although the question of deposits inherited from the USSR better be left in the past especially as it seems that the question has forever been resolved to the detriment of depositors as regards the legality and fairness then they have not been solid.⁸²

⁸²**Web sources**

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- 56) *Abraham Malachyan v. "VTB-Armenia" CJSC* (case no. EKD/2828/02/08), available at
- 57) http://www.datalex.am/?app=AppCaseSearch&case_id=14355223812255018, (Boyajyan *ibid* 7).
- 58) <https://hudoc.echr.coe.int/eng#%7B%22fulltext%22:%5B%22Boyajyan%20v.%20Armenia%22%2C%22documentcollectionid%22:%5B%22GRANDCHAMBER%22%2C%22CHAMBER%22%22%5D%2C%22itemid%22:%5B%22001-104064%22%5D%7D>
- 59) (*CASE OF ALEKSEYEVA v. RUSSIA*) (*Application no. 36153/03*)
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- 62) Advisory Opinion No. 10/95 / C-1 / 3-96 of the Economic Court of CIA) available at
- 63) http://www.sudsng.org/download_files/rh/1996/zk_10_95_c-1_3-96_230596.pdf
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