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THE ARMENIAN STATE STATISTICS SYSTEM

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What is statistics? This question worries society in any country. Actually, the issue has become similar to the complicated knot of Hamlet's question, to which no complete answer has been found to the present. This is our reality, and it has its objective reasons.

The extent to which each of us is physically different from another is equal to the number of existing divergences. They can be pleasant or unpleasant, clear or incomprehensible, and this list can be continued. In this complicated situation, statistics must manage to weed out the logic of causal-consequential relationships that are recognised by public opinion. Statisticians should be able to gather information and present it to the general public in context. This would enable the public to use it, understand its functional capabilities, practical significance, and potential usefulness. Humanity always insists that statistics cannot be worthy of note.

This issue is quite problematic; it troubles everyone, and there is no clear answer to it. Just like any other category, reliability is strictly relative in itself. The current situation is also relative, as each of us perceives it in his/her own way. Definitions of statistics vary. There are people, who accept that statistics is the mirror of life. Others insist that after looking in this mirror, each of us wishes to break it into pieces. Some are more optimistic. This is our reality, which is also relative, as it originates from a definite subject, and, therefore, I would ask you not to



accept it as the final truth as these ideas cannot aspire to the category of the final truth. However, we have no other way out, reality forces us to act so.

The term statistics is used in two principal ways. The first one expresses the scientific-methodological notion of the word. Mathematical statistics constitutes the essential part of statistics as a science. It is a branch of mathematics and refers to stochastic mathematics, which studies the conformity of accidental phenomena to natural laws. The kernel of mathematical statistics is the theory of probability, which was founded and developed to find solutions to vital problems of humanity. This scientific trend studies the conformity of accidental mass phenomena of a certain class to natural laws. Thus, for instance, damage to an insured object, for example a car, is the result of an accident, caused by natural or other calamities. However, being aware of the general state of numerous similar objects, we can draw rather reliable conclusions, which, in fact, result in the existence of insurance agencies. I brought a

small example of the practical importance statistics can have. Thus, statistics can fix certain quantitative phenomena. They can demonstrate, within a definite interval of time and space, how quantity can change to quality. It can also show how this quality can be used, as well as the way one can even derive benefit from this or that quantity. This allows us to progress by making use of those quantitative phenomena that can ensure quality within their areas.

The absolute reliability problem becomes rather controversial in this context. Suppose that research, conducted in households, reveals that there exist various social groups with clearly different lines of conduct. Or, let us assume that twenty per cent of the population's most affluent socio-economic group (according to the latest research of households, published by the National Statistics Service), from 1998 to 1999, had incomes that were 32.2 times higher than the poorest group. The given relationship has an extremely high reliability and testifies to the fact that there exists a polarity of incomes in Armenia. However, if the task were to find out the absolute value of household incomes, this value would be less reliable: any household may conceal its true income. The level of hiding incomes is almost equal in all groups. Within the context of qualitative indicators, therefore, statistics show rather reliable indices or indicators with a high level of confidence. Statistics as a science, like it or not, must take these circumstances into account.

Moreover, as much as we perceive statistics to be a science; we may as well accept the approach of abstraction. We cannot take into consideration all the factors concerning any phenomenon: the investigation must deal with the available resources. Science is forced to consider certain abstractions, and therefore, has to set aside some factors. Otherwise, there can be neither information service nor statistics. The simple truth in the everyday context is the following: "no" is "no", even today. "yes"

"Yes" however, requires definite steps. In order to take certain steps we need time to apply a scientific method with the aim of selecting out, from existing and well-known factors, those that are of little importance at the given moment. At the same time, we must try to apply those factors that may be significant.

What is statistics? The Armenian and English copies of our work is published and placed both on the Internet site of the National Statistics Service and in the open library of the Service that is available to any citizen. Let me comment on the essence and contents of the Armenian National Statistics Service, and present a sketch of the Armenian Statistics System.

The Armenian National Statistics Service is based on the law on "State Statistics", which took effect on 2000 05 10. The law was worked out on the basis of the model law of the European Union's State Statistics Services. After the law had gone through the required stages, it took a long time before it could be finally passed by the National Assembly (NA), presented to the attention of the general public, and implemented as law by statisticians in Armenia.

The primary principles of state statistics, adopted by the UN Statistical Committee on 1994 04 04, constitute the basis of the elaboration of the law. There are ten primary principles, namely, topical interest, impartiality, equal access rights, professional work and methods, explanation concerning the essence of figures, effectiveness, secure confidentiality, normative regulation, co-ordination, and international co-operation.

In the application area, the problem of impartiality is essential for countries that evolve from a centralised, planned system to a liberal economic system. As a rule, these countries have a rather polarised population. In this case, the absence of a middle class is approximately similar to the lack of the so-called political support for any political force.



Stepan Mnatsakanyan was born in Yerevan on 1957 07 01. In 1987, he graduated from the Yerevan Institute of National Economy. In 1987, he defended his Candidate thesis and received the degree of Candidate of Economics. In 1991, he was awarded the rank of Assistant Professor. Mr. Mnatsakanyan has worked in the same Institute since 1979. He has been Deputy Chairman of the Armenian Supervisory Board since August 1996. In April 1998, he was appointed Minister of Armenia's State Register and Statistical Analysis. Mr. Mnatsakanyan has been working as Chairman of the Armenian National Statistics Service since 2000 05 12. He is the author of nearly sixty scholarly publications. Mr. Mnatsakanyan has no party affiliation. He is married and has two sons.

The ability of statistics to strictly ensure impartiality and a number of other related principles are of paramount significance under the circumstances. There are four such principles: scientific rigor, political independence, objectivity, and neutrality. Introducing the adherence to these principles was a result of the law on state statistics.

Article 6 of the law defines the body that conducts state statistics, as an instance that works for the common good, pursues the interests of society, and realises its goals independently of national and local government bodies. Thus, the law fixes principles of independence. It is well known, however, that independence is nothing else but the freedom to choose dependence.

Article 10 of the law defines the sphere of state statistics. The elaboration and regulation of policy, the projection of long-term arrangements, the supervision of the implementation of the program on statistical activity, as well as the Council's execution of administrative statistical systematisation as stipulated by the program on Armenia's statistical activity (the matter refers to the State Statistics Council).

Article 10 of the law required the establishment of the State Statistics Council, which consists of seven members. The President appoints the members of the Council for a term of six years. Thus, an attempt is made to settle the problem of the personnel's independence. However, the independence alone of personnel is not enough, the problem is the settlement of methodological issues. The State Statistics Council is authorised to adopt normative bills. The State Statistics Council confirms all statistics issues, including the charter and structure of the National Statistics Service.

Decisions, adopted by the State Statistics Council, are binding and applicable on the whole territory of the state.

The Chairman of the State Statistics Council is also the Head of the National Statistics Service. The other six members have an appropriate specialisation. The six members of the State Statistics Council are presented according to their specialisation, and the list of Council members include individuals from the spheres of demography, sociology, and social activity. Council members are required to have experience in creative and practical scholarly work in the given sphere. Each member represents one field, namely, the spheres of territorial administration and local government, finance and banking, environmental protection, management of entrepreneurial activity, and information technologies. The latter sphere is gaining significance, as

information systems are facing the problem of rapid development under circumstances of general globalisation and internationalisation of markets. A statistical system is also an information system.

I tried to present the problem of methodological independence by means of this small factor and also to clarify that the State Statistics Council has some authority transferred, by law, from the government to this sphere.

Naturally, a question may arise. Is personal and methodological independence enough to apply the wide concept of independence? For that very reason there exists a problem of transforming financial independence to reality. This is rather

difficult, not only for Armenia, but for any other country as well. In all countries, taxpayers half-heartedly provide funds for statistics. It is quite clear that social, health, and other problems are closer to a person than statistics. Statistical problems have a chain of certain causal-consequential relationships, and the common taxpayer, beneficiary, or

employer does not treat these problems easily, in all good conscience and pleasure. Certainly, we still have much to do here. From this point of view, in all countries with a liberal economic system, the two main branches of power, namely, the legislative and executive, present the problem of financial dependence.

In accordance with Armenia's legislation, the government submits an annual state budget for the approval of the NA. Article 11 of the law stipulates that state statistics surveys are conducted in Armenia on the basis of programs. The law also defines the types of programs, namely, a three-month program. This is worked out by the State Statistics Council and submitted to the NA for approval. It is noteworthy that this program contains numerous components. It includes not only directions and the conduct of activity, but also the framework, which is to "hold" the service.

The State Statistics Council approves its annual program after the state budget is passed. The program grants an opportunity to carry out (proportionally) activity over a one-month term at the expense of resources provided for statistics. However, directions, stipulated by the three-month program, which is adopted by the NA as law, forces executive bodies to implement the program in three years. The executive powers bear the responsibility for any failure to do so. This means that the responsibility for settling the problem of financial independence rests with the NA and the government. Thus, an attempt was made to settle the issue of financial independence by way of balancing.

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Moreover, seven principles, which are presented in three groups, are worked out and approved by the law for the two programs of statistical activity. In particular, it is noted that the three-month program comprises statistical information necessary for the consideration of the state's economic, demographic, social, and environmental protection situation. This is done while taking into consideration the limited nature of available resources, the extent of obligations and effectiveness of expenditures, and the imposition on subjects to provide statistical data.

The directions and arrangements of statistical activity, planned by the annual program, consider the comparable ability of the indicators in relation to international statistics. Primary significance is also attached to the extent of obligations: such as the imposition on citizens to provide statistical data. Unless this is done, the reliability, as well as the link to available resources, annually provided for state statistics, may be threatened. Besides, in compliance with Principle 7, the program is worked out based on the study of the demand, demonstrated by the consumers of statistical information.

These programs are presented to state bodies, judicial authorities, local government, mass media, research and educational institutions, (including the American University of Armenia) with the aim of learning opinions and taking into consideration the comments offered in the process of working out the final version. This is the problem of marketing in the sphere of statistics. The other problem is that of impartiality. In order to finally secure independence of statistics and enable it to settle reliability problems, the primary statistical information must be confidential.

This means that when organisations or citizens provide us with information, it is not published. It is confidential. Moreover, a step forward has been made. Even the law on population census stipulates that judicial bodies have no right to use initial raw information as evidence. This has one goal: to simplify obtaining any information concerning the field closed for analysis. It is long-term work. After our daily work with consumers, it will be possible to receive information concerning the shadow economy: an activity, which is permissible, though it was not registered in accordance with the order defined by

Independence is nothing else but the freedom to choose dependence.

law. Unfortunately, illegal activity is problematic. Statistics is not a profession, it is something like a disease; walking down the street and looking at buildings, the statistician wonders if it is a new construction, if it is registered or not, and how much it would approximately cost. A statistician is happy, when s/he enjoys reliability and when s/he is understood.

In the past, the Armenian Statistics System consisted of numerous levels, which were reduced to approximate the philosophy of any liberal economic system. Computer software, implemented with the assistance of international organisations, afforded us an opportunity to establish a two-level system with provincial subdivisions and a central apparatus.

We have serious work to do with administrative registers, such as state bodies, local government, and their affiliated bodies. In this case, the term is given in the context of branch statistics, because, actually, all of them are executors of operational functions. Though they may not be absolutely alike, nonetheless, they are condemned to becoming such in the nearest future. It will be necessary to carry out administrative statistics particularly in such a context, which is applied in Scandinavian countries where nearly 70% to 80% of statistical information deals with administrative statistics.

Unfortunately, Armenia being in a transitional period, faced the problem of adjusting its relationships, of realizing the redistribution of values - both material and spiritual - created in the past. This process is not yet finished, and it is unknown what part of it is being concurrently completed. That is why the members that circulate the statistics of Armenia have not overcome the "crisis of payment and calculation" -- namely, the crisis of confidence. This is the reason why our state and administrative institutions face the problem of adjusting their administrative practices and where the statistical service must render methodological and organizational assistance. The work is mostly done according to this plan. We deal with two kinds of trends: with administrative data and with statistical trends. There are also other problems, but I will try to limit myself to this.

Questions and Answers

-According to the annual data cited by the service that you head, there is an annual growth in several directions. These, however, are quite different from the data recorded in the annual report of the

United Nations Organization concerning human development. How can you explain this?

- I will give a direct answer: it's all in the reading. The report concerning human development, introduced by

UNO, has taken all its indices from the National Statistics Service. All the indices that are reflected there in the form of tables are the official statistical indices. In some places, it notes that this or that index is shown according to 2000 01 01. It means that the index concerns the year 1999.

Unfortunately many consumers regard them as indices of 2000. As to the commentaries in the development report, they belong to independent experts. This is very good in the sense of ensuring the airing of different opinions by independent experts. It is not obligatory that these opinions should coincide with those of state institutions including the opinions of those who represent the specialist circles of the statistics service. This fact is welcome. In the matter of estimates, therefore, the existence of different opinions is very good.

As regards the absolute indices, there is no difference; they are the same indices that are introduced by the National Statistics Service. There could not be an index for 2000 in the Human Development Report, because the monthly report of December 2000 – January 2001 was published on 2001 02 15 and the Human Development Report was published at the end of January.

-Do you agree with the opinions of experts?

-I have not read them, so I cannot agree or disagree with them: besides, I must state that we have finished the factual account of the year 2000 only. We have published an analytical report entitled "The Social Picture and Poverty in the Republic of Armenia" which includes the analysis of our economy according to the indices from 1990 to 1999 based on eleven specific factors.

-In your annual report, the population of Armenia is reported to be more than 3.5 million. Does the number correspond to reality?

The number of the population is not 3.5 million but 3802400 million. The population figure is mentioned in the final report. While reading this number, most of the readers do not pay attention to the footnote that says: "the present population is considerably less because of emigration. There are no reliable data concerning the current population because of errors in the figures for the number of emigrants. There are more reliable data concerning the difference between the number that leave or arrive only by air transport. This reflects only one aspect of emigration. According to the registration data carried out by the Main Department of Civil Aviation of Armenia, passengers who left Armenia between 1992 and 2000 outnumbered those who arrived by 644 000. Since May-June, 2000 we have information about the transportation of passengers by rail and by other means of motor transport including buses, minibuses, and automobiles." The number of the latter is 52 000 persons. Besides, we have often said that demography in Armenia is in a very poor state. We have repeatedly emphasized the necessity for a census of the population -- but there is no financing. The latest census of the population was held in 1989 after the disastrous earthquake of Speetak when there were great changes caused directly by the emerging conflict in Artsakh. That is why the indices of the census of 1989 are not regarded as definitive. The basic indices of the 1989 census are the

basis for today's statistical indices. The statistics based on these indices are not quite accurate. Right after the collapse of the USSR there was a visa-free system, there was unhindered movement with no surveillance of borders. The transition from the Soviet system of statistical calculations still has many unanswered questions even today. However, even under these conditions we will try to have a census. When the state budget appeared to be unable to finance the census, we turned to the World Bank for help and are grateful for their assistance. Thanks to it, many donors now try to grant the finances to carry out a census in Armenia. I hope that God will not let their great mission go unnoticed.

- The emigration process continues very actively now. Is the census to be carried out going to be a proper one under such conditions, especially when there are the financial difficulties you mentioned?

-Put what I have just said on one scale and what you say on the other. Even more, I will add to what I said more cogent arguments. One of them is the following. There is always a hot discussion about this or that part of the state budget and, as a rule, the ministries get into an argument to snatch a great part for them. In their justification, they proceed from the great number of population that exists according to previous indices. If the health system expresses a wish to be financed by the budget, it should correspond to the number of permanent residents which is 3802400 million, while in reality, the number appears to be smaller. Now comes the question of the rationalization of expenses, which is quite important. I have brought the example of the health system; the same could be said for any field. Isn't it worth carrying out a census in such conditions? There does not exist any other way. Armenia endures a crisis of the calculation of payments. In the 1990s, only the banking system of Armenia could overcome the crisis, though with a heavy burden on its shoulders: that of many deceived depositors and worthless credits. The energy system overcame the crisis a little, having many normative losses. The other systems were not able to do it. The great contradiction between the guarantees of the many social interests and reality has become the most serious problem for Armenia. The problem cannot be solved. That is why the tax administration is wholly polarized. The relative importance of indirect taxes has increased, because consumption is more easily subordinate to the administration than the real economic process. That is why the banking system, the real estate section, and many other fields face the problem of clarifying their communications. For this reason, corporations are not developed in Armenia. The art of gaining income from capital is not developed; income is received from work, through commercial-mediatory operations. This cannot lead to the accumulation of assets in the form of capital. There was a 6% growth of Gross Domestic Product in 2000, more than 38% of the capital in banks has increased, while financial deposits have increased by 52.3%. Of course, the latter has the problem of rate and has increased up to 46 billion

Statistical problems have a chain of certain causal-consequential relationships, and the common taxpayer, beneficiary, or employer does not treat these problems easily, in all good conscience and pleasure.

-How is the number of participants in small business taken? In addition, if such a figure is known, was there growth in 2000?

A selected investigation of small and medium industrial enterprises was carried out. Naturally, it would be impossible to have a full survey in Armenia. It is commensurate with our resources. I repeat that our taxpayers do not grant enough finances to statistics. It is natural and is characteristic of even western developed countries. For that reason, we have arranged to create a business register according to our three-year plan and we carry out intensive work in that direction. One of our principles is that we do not make too many demands on those who provide us with raw data. According to the new monitoring, we are going to put the owners of large businesses under a monthly account. The latter are able to afford bookkeeping and in the relationships among the owner, executive, the manager and hired staff the owner must keep control over the others, the business manager over the hired staff. They will have permanent bookkeeping and will be in the field of bookkeeping like it or not. We are going to hold a selected investigation among small businesses. We are going to collect full information once a year, to practice registering businesses, which will enable us to reflect basic tendencies. Foreign countries use this practice. At our request, international organizations sent their experts to help our work. I did nothing but described the advice given to us by the experts and the steps taken by us in that direction. The steps we took were published and made public in Armenian and English.

-Considering percentages, how exact are the data of the National Statistics Service?

-For example, if the matter concerns the correlation between the incomes of better-off families that make up 20% of the population and the 20% that are poor, the exactitude is 100%, bearing in mind that there can never be such a high percentage. As regards specifically the rate of incomes, it is less probable. This is the reality that simply cannot be ignored.

-Statistics have many strata, how deep are the statistics of Armenia. Do the statistics satisfy today's requirements of society?

-Now I will bring several characterizing factors, which will make not only the depth, but also the breadth of the statistics quite clear to you. Statistics must develop in both directions. The subject must simultaneously move both right and left at the crossroads. Unfortunately, this is reality. It is mentioned that the changes in the economic structure in Armenia in the 1990s led to the appearance of several socio-economic characteristics. The economy of Armenia is characterized:

a) By a small-scale market that is regulated by the low degree of values. The market was reduced several times over. In 1999, the gross market corresponded to the levels of 1977. Industry was at the 1973 level and construction corresponded to the level of 1947. The incomes of the population were nine times less. The consumers market, the potential and actual consumption declined nine times over ten years.

b) By a three-month unevenness and pronounced seasonal effects. For example, it is stated that in 1996-1999 the Gross Domestic Product of the first quarter at the average prices of 1996 made up 39% of

the Gross Domestic Product of the fourth quarter of the previous year. The difference between the second and the first quarters is 160.5%, the difference between the third and the second 167.7%, between the fourth and third 99.4%. Nothing else is left but to state that our economy has the behavior of a bear. From May to October, it collects fat and consumes it during the other months of the year.

c) By the inclination to high imports. The volume of imports in our economy is 50% compared to the Gross Domestic Product. It is the evidence of the fact that any change in the line of conduct of foreign markets will directly have a 50% influence on the economy of Armenia.

d) By the superiority of consumption over the produced new value. Our consumption still exceeds the new produced value: Armenia has not overcome the line of conduct of a worn out economy.

e) By the strong polarization of population according to incomes and expenses. Such a polarization of the population is the evidence of the absence of a middle class. It has not only socio-economic but also political importance because the absence of a middle class means the absence of widespread political support for any political force in civil society. In other words, any policy – even if it is more realistic -- is more likely to be condemned from the beginning rather than implemented. Such a situation cannot provide conditions for systematic management but will always favor the development of administration based on temporary whims.

f) By the strong polarization of regional markets. In fact, Yerevan is gradually becoming the predominant part of our economy, the concentration within the capital is very high and there is a tendency that the predominance of Yerevan will increase.

g) By the high standards of governance of the banking market aggregates and by the change of structure and standards of business practices in financial markets.

h) By the absence of an integral system of payments and calculation. I have already mentioned that there exists a payment crisis and calculations, which is similar to the crisis of confidence among the participants of real estate transactions. There is no system of confidence.

i) By the variable line of conduct of the tax component in the Gross Domestic Product.

j) By the weight of direct and indirect taxes.

k) By the difficulties in the respect for laws and in the formation of a culture, through the existence of a non-discount economy. The legislation has had a development of a different nature. We have borrowed from many systems, which still create problems -- including the problems among the participants of the real estate market.

l) By the emigration of the population and by the absence of stability of workplaces in the field of employment.

-Please, enumerate the main differences between Soviet and independent kinds of statistics.

-There was no fiscal body in Soviet times. The state divided the value of the primary production among the others. There was no tax body. Statistics had a fiscal function. Nominal information was published openly; a general calculation was made. The Soviet system had privileges, but its further development would lead to a situation when every other citizen would become a statistician. Every organization, every institution, was preoccupied with statistics. I cannot say it was bad, it was just a different system. There are fiscal bodies in liberal economic structures. They carry out a fiscal mission, because the newly created values are not made at a state level. There are different kinds of property. In a liberal economy, everyone creates a new value and must share it with the state. The latter faces the problem of satisfying social requirements. The state must solve problems connected with domestic and foreign security, and social problems, amongst others. It is natural that distributive relations have changed. Under such circumstances, statistics cannot perform a fiscal function, because it is all the same: you will be deceived. Under such conditions, the deception exists too, because the inclination for concealing incomes is very natural -- no one wants to show actual incomes. People are guided by economic interest.

In this sense, I have probably shown the fundamental aspect between present and Soviet statistical systems. The mission has changed considerably. Under such circumstances, the scholarly nature has increased; the information is very expensive. We live in conditions of total globalization, which is dictated by our reality. There are two reasons as every member of society has a great opportunity of using and associating with the system of information and can have ready access to anything new. It is a necessary, though unsatisfactory, condition. It is satisfactory, however, that the level of public life has been raised: people need to share information with other members of society and find out the opinions of others. The level of public life has been raised: people get into contact to find out everything that is for or against their information and only after that they make changes in the list of their necessities. Subsequently, it was noticed, beginning from as far back as the 1970s, that the list of necessities of people, and their circulation, has broadened and changed very rapidly. Today anything new gains the status of a social necessity before the earth can complete one revolution. That is why no one today can say, with certainty, what is current. There is no fashion, we change very quickly, time changes very quickly, and it has become very short.

-Is there any collaboration with international statistical organizations? Are the statistics exported?

-We are in very close collaboration. We receive good assistance. We have stepped on a stage where the international community turns to us for assistance. In the forum of European statisticians, which was held in June, 2000 in Paris, the general statistician of the United States Catry Bulman requested from Eurostat that our law -- as an exemplary one -- should be translated into English and spread all over the world. Eurostat has a project to organize an event in 2000 to introduce some of our achievements. We have received a telegram of congratulations from the president of the statistical department of the US, where it was said that the

international investment position of Armenia is on a quite high level compared to Russia.

Armenia is the second country in the Commonwealth of Independent States that has worked out and made public its international investment position. The experts of the non-discount economy of the World Bank and Latin America are interested in the Armenian experience of a non-discount economy, in the working out of Gross Domestic Product, which will be investigated first of all in Argentina and then in other Latin American countries.

-What is the reason for the poor work of the Internet site of the National Statistics Service?

-It is due to the shortage of finances. We do not have sufficient means to have a good page. The page we have was opened on our initiative in a very cheap way.

-You spoke about indirect taxes. According to you, taking into consideration the present situation of the economy of Armenia, what taxes are preferable direct or indirect?

-Only one truth is obvious to me. Every person must fulfill his/her economic interests personally or as a business. Any business owner must practice resourcefulness in a liberal economic structure. Under the present conditions, that change rapidly, every owner of a business must show resourcefulness. Under conditions of rapid changes in demand, there is a need for resourcefulness. This means that indirect taxes are considered impediments. That is why direct taxes are more acceptable as they make the implementation of any economic interest more active. As far as I am concerned, the realization of any citizen's ownership rights in the regulations of the direct tax administration is preferable and more correct than the regulations of indirect taxes. The latter is closer to a feudal structure and an appropriate system of calculation must be introduced in practice. There must be technical protection, a retraining of specialists, and a tax culture. There exists the problem of a generation change. The generation that lived and studied during Soviet times protests, because everything is compared according to the Soviet type of government. The new generation that was born and brought up in these hard conditions is full of optimism. This generation will not accept the direct taxes as easily as during Soviet days, it will not easily agree to share what has been created together with the state. This is my subjective opinion.

-The periodical changes of Prime Ministers of the Republic of Armenia have their influence on the economy. Are there any analysis or computations on that matter?

-Unfortunately, the changes have a direct influence. After the events of 1999 10 27, we had an economic decline in January 2000. The Gross Domestic Product index was 99.6%. Economic growth in Armenia was not registered until the middle of the year. The effect of economic growth was noticed as of the second half of the year. It is very natural that every investor considers political stability. The fact that the Gross Domestic Product index of 2001 was 13.2% higher as compared to January 2000 was conditioned by the stability of the political scene. We have a 13.2% economic growth rate. The index for January was 38% compared to December. This is a seasonal effect. Why was there such a great economic growth? Because

there were several very serious business projects which were undertaken. Besides, we have started great construction projects, but one of the main reasons is the base. In January 2001, the Gross Domestic Product was 41 million drams based on volume. New products worth 41 million drams were created in a month. This is the effect of seasonal effects, while last year's annual income was one billion.

When we say that Armenia has a small market, it means that our indicators can change our business projects to such an extent that it will seem to be a miracle according to international indices. Any political change leaves its direct influence, but we do not have a special project and finances to investigate it. I brought the data that were felt in the aftermath of this assassinations.

-The statistics service is independent according to the law of the Armenian National Statistics Service. What is the probability of creating a voluntary statistics service so that our statistical information will be reliable and not bear the influence of policy?

-We already have a precedent for it in Armenia. It is the economic tendency of TACIS, which, in fact, is the alternative statistics. However, I must also mention that it is completely based on official statistics. There is no other body in Armenia that is able to gather statistics and that has the system of a statistical service. It is very expensive. Administrative bodies in all countries that have a liberal economy provide for the statistical field. The administrative bodies do not give information to the owners of business. However, in every country, any alternative sociological inquiry is considered. This is conditioned by the fact that such constructive structures are very expensive. Taxpayers support the state structure very unwillingly. That is why we have obtained the right of services requiring payment, which has not come into force yet. We have many vacant positions for development. Now I simply cannot imagine that it is possible to be carried out in Armenia.

I can bring examples from many other spheres. Let the minor markets and the exchange market develop. Let the medical system require payment for work. No matter how good the system of calculation, it is in the hands of the state and the state official will interfere -- appropriating the benefit s/he has from it.

We do not have a capital market yet, because in such a market, the seller is still the state -- it is the machinery for ownership. There is no price formation, which is a serious problem. When society develops and is able to have such a system, it will become necessary because independence must have its straitjacket.

WEDNESDAY, 2001 03 28

LECTURE SERIES PROGRAM

Director, Museum – Institute of the
Armenian Genocide

Lavrenti Barseghian

Will give lecture titled

**The International
Community accepts the
Armenian Genocide**

Wednesday, 2001 03 28 18:00
American University of Armenia
Small Auditorium, 5th Floor

The lecture will be given in Armenian,
with simultaneous translation into English

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