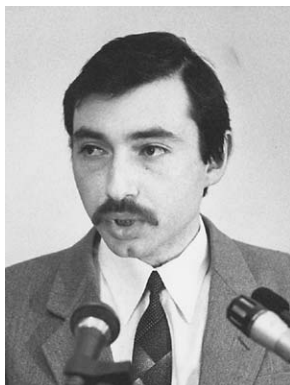

Interview: Haik Babookhanian

'We must get Armenia's economy on its feet'

Haik Babookhanian was elected to the Armenian Parliament on May 30. He is Vice President of the Union of Constitutional Rights, the leading party within the electoral alliance "Irvunk ev Miabautiun" (Justice and Unity). He is also a longtime associate of Lyndon LaRouche, who has participated in Schiller Institute conferences. The interview was conducted on Aug. 10, in Wiesbaden, Germany, by Gabriele Liebig.



EIR: How is life in Armenia now, nine years after the Soviet Union dissolved, and Armenia became an independent nation?

Babookhanian: After the collapse of the Soviet Union, we had the war over Karabakh. During the three years of this war, it was very difficult. Many people died in this war, and many villages and towns were destroyed, and needed to be rebuilt. Even during Soviet times, green [environmentalist] organizations succeeded in closing down our nuclear power station. Armenia has no other energy sources of its own, and when, during the war, pipelines and roads were blocked or shut down, a huge energy crisis ensued. There was an acute lack of electricity. People had no heat, and they cut down the trees in the streets for firewood. These were hard times. Three years ago, we reconstructed our nuclear power station but now, the IMF [International Monetary Fund] is pressuring our government to close down the nuclear plant again.

Also, our industry is in very bad shape. It was all oriented toward the Soviet market, and after the disintegration of the Soviet Union, we have had great problems finding a market for our products. During those years, privatization was carried out. Privatization is a great method to destroy — after this privatization process, all our industry was destroyed.

EIR: You mean, not only that somebody took the companies over, but that nothing is produced?

Babookhanian: Yes. For the new owners of the formerly public-sector plants, it is much easier to invest in trade or the financial sector, in some speculative paper, than to produce

or to sell machines. Our productive sector was basically shut down, while the financial sector is expanding. But, people are very poor, because they have no work. Before privatization, a half-million people were working in industry. Now, they are all unemployed; they have no income to live on.

EIR: Can you give a percentage: How much of the productive sector is left, compared to before 1991?

Babookhanian: Maybe 10-15%. Also, the agricultural sector is suffering great difficulties. People have land, but no agricultural technology. The firms that produced tractors and other agricultural machines were destroyed in the process of privatization. The same goes for food-processing companies. There were many little plants that produced wine, juice, and many other things. They have all disappeared.

I will give you an example that I saw last year: A company that had grown very good grapes didn't know what to do with those grapes, because the plant that used to process these grapes had closed down. Finally, they dumped all these grapes — many, many tons — into the river. And then, they cut down the vines and uprooted the whole vineyard. Basically, farmers today produce only for the needs of their own family, because they can't sell their produce. And, 25% of all agricultural land is now lying idle. It is a catastrophic situation.

The government doesn't care about the productive sector. Year after year for nine years, people would hear about this reform, that reform. "The IMF will help," the government said. "IMF representatives are coming, and they will help us to reform our life, our industry, our country." And now, the IMF representatives say: "You have a free market economy, what more do you want?"

But, people know very well that the cause of their misery is this so-called IMF reform. This is mainstream public opinion. Now, Armenia has \$1 billion in foreign debt. This is much more than our annual budget. I don't understand how we can ever pay these debts. Because in order to pay, we must have functioning industry, we must produce physical goods, and then it will be possible to pay back debts. But the money did not go to the industrial sector. Rather, it was spent for the reform of the customs system, the reform of the tax system, the reform of the banking system, and so on — that is, paying for the services of advisers to the government. The IMF gave credit, and then it paid its people, as advisers, who advise the Armenian government about how to destroy our own industry. And then, Armenia is left with the debts.

EIR: You are faced with the geopolitical crisis — the war danger is moving from the Balkans to the Caucasus.

Babookhanian: It is very dangerous. The Balkan war showed that it is possible for some countries, whose aim is to control a country, to destroy that country, to enter that country with tanks and arms and troops, and to occupy it. This is a bad example. We think that the next step will occur in our region, because on April 24 in Washington, a declaration about the

Silk Road was signed, which contains a special clause that the Silk Road construction should take place under U.S. control. I think rebuilding the Silk Road is very good, but why under U.S. control?

The Georgian and Azerbaijan authorities appealed to NATO, they invited NATO into their countries. It means that NATO could intervene into the Abkhazian conflict [between Russia and Georgia], or into the Karabakh conflict [between Armenia and Azerbaijan], as peacekeeping forces. That will be the first step, and then there will be a very big struggle between Russia and NATO in this territory. You know, that whenever great countries fight each other, they manipulate small countries and destroy these countries by involving them in their war. This is a very difficult situation, because Russians now have influence in Armenia, as they used to have in Georgia. But, since July, they have moved their military bases out of Georgia. Now, of the three Transcaucasian countries [Armenia, Azerbaijan, and Georgia], one is still under Russian influence, while the other two want to join NATO. This is very dangerous. And, NATO wants to cut the road between Russia and Iran. If one of these countries does become a member of NATO, it is clear that it will cut off Russia from Iran. And the next point will be in Central Asia. There, NATO control will aim at isolating Russia from China and India. If NATO comes into our region, it will be a big disaster.

EIR: In the May election, your party, as part of the Iravunk alliance, won seven seats in Armenia's Parliament. What are you presently focussing on in your work?

Babookhanian: First, we must reconstruct our economy, our industry, the productive sector. With only the financial and trade sectors, it will be impossible to provide people with work, and to develop our economy. We think that we must tie the ownership of plants to certain obligations. We must say: If you own a plant, if you have machines, then you must use them to let people work there and produce something. If you cannot do that, you must sell it to someone else who will invest, or you must sell it to the government.

In the course of privatization, big industrial complexes and corporations were sold for only a few hundred dollars—not thousands, but hundreds. One machine has more real value than was paid for a whole company.

The next point of what we do in Parliament concerns the question of credit and debt. We think that no more credits should be taken from the IMF! If we take credits, it should be only credits that flow directly to the productive sector and into infrastructure.

There must be good cooperation among countries. Yesterday, during a conference [see Ramtanu Maitra, "India Shows a Keen Interest in Central Asian Affairs," *EIR*, Aug. 20, 1999], I told our Chinese, Indian, and Russian friends: Your countries, when you think about your foreign policy, must think about economic cooperation with Armenia. Military programs are nothing if they don't go together with economic

cooperation, and also the building of cultural bridges.

EIR: What about cultural and education policy?

Babookhanian: Armenia saved its good, Classical educational system. We traditionally had very good schools and curricula: Our children learn three foreign languages in secondary school, for example. But in the course of those nine years, there was a period of two or three years, when the Culture Minister also wanted to reform this sphere. But, now, this minister sits in prison. He said: "You don't need history, or difficult programs. The child must be free, he needs no more knowledge than absolutely necessary. The head of the child must not be stuffed with too much knowledge." He is in prison because of some illegal financial speculation. He is a criminal. If people have a criminal mind and talk about reforms, if people who should sit in prison come to reform the educational system, or the industrial sector, all they will do is destroy it. But, thank God, this minister was in office only two years, and then he was out, and now sits in prison. And, thus, we saved our education system.

EIR: Speaking about Classical ideas, how well known are the ideas and proposals of Lyndon LaRouche and the Schiller Institute in Armenia?

Babookhanian: These ideas seem normal to Armenian people. For normal people, it is clear that Classical music is better than "monkeys' music." They understand that education is very important and is necessary for human life. Without culture, without knowledge and education, we will be in the Stone Age. Public opinion has a clear understanding of the reason for the abysmal economic situation: the IMF, with its credits. And not only the politicians know this, everybody knows this. About cooperation, the Eurasian Land-Bridge, people want to see it built. Only alcoholics or drug addicts may not understand the ideas of the Schiller Institute, and criminals, speculators, and oligarchs are against them. For example, people from British Petroleum consider these ideas dangerous. But, for normal people, these ideas are obvious.

EIR: Do you want to say something on the 1,700th anniversary of Armenia as a Christian country?

Babookhanian: Yes, next year we will celebrate the fact, that in the year 301 Armenia became the first Christian country in the world. This will be a great cultural event. It marks the beginning of a new civilization on Earth, and we must investigate this process. It will also be a big event for Armenians all over the world. Many will come to their motherland from many other countries. Every Christian state will send delegations, and that will build cultural bridges among many nations and also among religions. I am sure that many Islamic denominations will also come to this event. It is not only a Christian event for Christians, it is an event for the whole world. I will work for having this event help build bridges of friendship between different religions.