

Pamela Jawad

# Democratic Consolidation in Georgia after the “Rose Revolution”?

PRIF Reports No. 73



Peace  
Research  
Institute  
Frankfurt

© **Peace Research Institute Frankfurt (PRIF) 2005**

Correspondence to:  
PRIF · Leimenrode 29 · D-60322 Frankfurt am Main  
Telephone: +49 (0)69 95 91 04-0 · Fax: +49 (0)69 55 84 81  
E-Mail: [jawad@hsfk.de](mailto:jawad@hsfk.de) · Internet: <http://www.prif.org>

**ISBN: 3-937829-26-1**

**Euro 10,-**

## Summary

Following the end of the *Cold War*, hopes for the spread of democracy were high and, since then at the latest, its promotion has been a part of the standard foreign policy repertoire of 'Western' states. Nevertheless, the transition from an authoritarian or totalitarian regime to a consolidated plural democracy proved to be difficult in many post-Soviet countries – especially where concurrent processes of state- and nation-building took place, as was the case for Georgia. Therefore, the so-called *Rose Revolution* of November 2003 gave cause to high expectations inherent in the new government of Mikheil Saakashvili and a young generation of politicians which succeeded President Eduard Shevardnadze after he resigned following mass demonstrations against extensive election fraud.

This report analyzes the conditions relevant to democratic consolidation in Georgia. Does the *Rose Revolution* really represent a “decisive twist” in the country’s development? Is the Saakashvili administration capable of living up to the hopes for democratic reform inherent in it? What are the chances and challenges of the political dynamic that unfolded after the change of government? And what kind of entry points can be identified for external players to intervene so as to influence the situation positively?

The report shows that the conditions for Georgia’s democratization process have been very difficult and still are with regard to democratic consolidation. The assessment of the five factors - ‘stateness’ and nation-building, political stability, socioeconomic development, civic culture and political traditions, as well as the international context - paints a ‘depressing’ picture: The existence of two ‘frozen’ secession conflicts and the activities of violent transnational non-state actors undermine the territorial integrity of the state. Endemic corruption and systemic clientelism and the lack of legitimate institutions representing all levels and groups of society create an instable political system. Concerning socioeconomic development, Georgia exhibits the characteristics of a classic developing country. Civil society is ambivalent because the high number of non-governmental organizations does not necessarily hint at their autonomous and active role as mediators between society and state. Georgia does not possess any democratic traditions and the ‘Soviet heritage’ still characterizes today’s civic culture. Due to her geo-strategic relevance, Georgia has been dominated in her history by different powers and at present, located in an instable region, she has to find a balance between Russia, the United States of America, and Europe.

Although some progress has been made by the Saakashvili administration with regard to the restoration of the state’s control over its territory and its borders, to the fight against corruption, to elections, to political legitimacy, to the efficiency and effectiveness of the public administration as well as to the collection of taxes and duties, there have also been setbacks adding to the already existing structural problems of the South Caucasus state. In trying to repeat his success of re-integrating Ajara by using a double-tracked strategy of deploying 400 troops in a large-scale anti-smuggling campaign and of massive humanitarian aid in the breakaway region of South Ossetia, Saakashvili almost triggered the re-escalation of the ‘frozen conflict’ into open warfare. His sometimes nationalist

rhetoric and gestures of demonstrating executive strength have also worsened relations with the de-facto independent republic of Abkhazia. As a result of the young reformers' hard-line anti-corruption approach, civil liberties and the independence of the judiciary have been negatively affected. Instead of investing in the creation of stable, legitimate and coherent political institutions capable of reaching the periphery and mediating conflicts, Saakashvili has so far concentrated on strengthening his presidential powers and relying on his charismatic rule based on a rather fragile popular support.

The report thus comes to the conclusion that the *Rose Revolution* does not represent a "decisive twist" in Georgia's process of democratic consolidation that started with the introduction of the formal requisites of democratic statehood in the 1995 Constitution. Nevertheless, in controlling both the executive and the legislative bodies, the Saakashvili administration still enjoys a comfortable position with regard to the implementation of an ambitious reform agenda, and should take the chance of a political recommencement. After all, the non-violent change in regime of November 2003 has put an end to a long period of stagnation and resignation, removed the ailing Shevardnadze system, and given new impetus to civil society. These positive aspects contrast with the challenge of a potential destabilization of the country after the dissolution of the old structures of the Shevardnadze era. But while international donors had become increasingly annoyed by the constant reform failures of the Shevardnadze regime and some of them had suspended their aid programs, Saakashvili has successfully convinced the international community to grant him a leap of faith in the form of 850 million euros. This support coupled with external efforts at the promotion of democracy could be essential to Georgia's further development since, in the light of the geopolitical complexity of the situation together with the lack of political and economic resources for mastering old and new challenges, it is unlikely that Georgia will be able to achieve her national goals without the strong support of the international community. Nevertheless, the respective external players will consequently have to condition their aid more strongly, linking co-operation and support to the compliance with democratic standards. Additional aid should only be granted if reform programs are implemented in a reasonable way, especially with regard to institution-building.

It is still early to draw a conclusion from the *Rose Revolution*. Consolidation processes take their time. Georgia will only be a fully consolidated democracy once she is an internally and externally sovereign territorial state. This does not mean that democratization cannot take place prior to the conclusion of the processes of state- and nation-building. Therefore, the existence of the secession conflicts does not apply as a justification for the restriction of civil liberties and political rights. Demonstrating executive strength does not provide stability, anyway. On the contrary, aggressive rhetoric on the part of the central government has worsened relations with the breakaway regions. In order to make any progress in conflict resolution, it is necessary to build up mutual confidence before status questions can be addressed. Conflict resolution and confidence-building represent entry points for external players. The issue of displaced persons represents a major obstacle and has, therefore, to be addressed more seriously. Besides urging the Georgian government to encourage their return and remove obstacles to property restitution and reintegration, the international community should provide multi-agency assistance, as experience from

other post-conflict situations, where large-scale return was achieved, has demonstrated that such a co-operative engagement is necessary for return to succeed. In addition to the substantial assistance that has already been offered by the *UN High Commissioner for Refugees*, the *Council of Europe* and the *Organization for Security and Co-operation in Europe* should also increase their efforts and co-ordinate their engagements with other relevant internal and external players.

However, any approach to the secession conflicts must also take Russia into account. As long as Russia supports Abkhazia and South Ossetia, neither of the two will agree to give up their de facto independences, making negotiations on status futile. Notwithstanding the fact that it is important for Georgia as a sovereign state to become emancipated from her former 'colonial power', the international community should help improve bilateral Georgian-Russian relations by providing incentives for a co-operation. Russia's mediation in the Ajara crisis has shown how fruitful a rapprochement between Moscow and Tbilisi can be. With the USA applying a rather provocative strategy in the region as far as Russia is concerned, the *EU* appears a more suitable candidate for taking a mediating position, of providing incentives, and of conditioning assistance. It can build on its engagement for a strategic partnership with Russia and include co-operation in the South Caucasus. It has also extended its *European Neighborhood Policy* to Georgia, which has a strong interest in closer co-operation with and even accession to the *EU*.

Without the combined efforts and political will of the international community, Russia, the new ruling elites in Georgia, and the de-facto governments in Sokhumi and Tskhinvali, conditions in Georgia will remain as obstructive to democratic consolidation as they presently are from an academic perspective.



## Contents

<b>1.</b>	<b>Introduction</b>	1
<b>2.</b>	<b>Assessment of Conditions in Georgia</b>	3
2.1	Processes of State- and Nation-building	5
2.2	Political Stability	15
2.3	Socioeconomic Development	21
2.4	Experiences With Democracy and Traditions of Civil Society	25
2.5	International Context	28
<b>3</b>	<b>Democratic Consolidation in Georgia?</b>	32



## 1. Introduction<sup>1</sup>

The events of November 2003 that took place against the backdrop of extensive election fraud and mass demonstrations in Georgia resulted in the non-violent change of government known as the *Rose Revolution*. Once again, just like in the euphoric atmosphere following the fall of the Soviet Empire, hopes for an advance of democracy were high.<sup>2</sup> After more than ten years of independence, international aid, and external democracy promotion efforts, the resignation of President Eduard Shevardnadze put an end to a period of stagnation and resignation, unfolding a political dynamic of unexpected chances and challenges. The international community is keeping its eye on the further development of the Southern Caucasus state, which, with the construction of the Baku-Tbilisi-Ceyhan oil pipeline which will pump Caspian Sea oil to Turkey's Mediterranean port, is an economically important transit country. Its geographical closeness to the conflict region of the Middle East as well as its links with the crises in the Northern Caucasus make it a geo-strategically relevant country for security reasons, too. Therefore, Georgia has its place in the 'grand game' of world politics and must find a balance between Russia, the United States of America and Europe.

Georgia's transition towards a democratic regime started even before independence when the national opposition headed by Zviad Gamsakhurdia came to power following the parliamentary elections of October 1990. Further development in the process of democratization has been marked by several interruptions. The first president of independent Georgia, Gamsakhurdia, was driven from office in a violent coup d'état in January 1992. While his successor, Shevardnadze, succeeded in establishing a certain degree of public order, physical security, and stability in the diverse Georgian society<sup>3</sup> by taking

- 1 Many thanks to Claudia Baumgart, Valerie Bunce, Julia Leininger, Tinatin Ninua, Peter Schlotter, Bruno Schoch, the members of PRIF's research group 'International Organization, Democratic Peace and the Rule of Law', and the participants of PRIF's Annual Conference 'Democracy, Diversity, and Conflict' that was held in co-operation with the Peace Studies Program of the Cornell University on 10-11 October 2005 in Frankfurt, Germany for their very useful remarks.
- 2 On the occasion of Mikheil Saakashvili's inauguration as President of Georgia, who was elected with an overwhelming majority of votes in the extraordinary presidential elections on 4 January 2004, US Secretary of State, Colin Powell, declared that Georgia will "serve as an example to the rest of the region and the rest of the world as to what can be accomplished under democratic reform of government" (see [www.state.gov/secretary/former/powell/remarks/28478.htm](http://www.state.gov/secretary/former/powell/remarks/28478.htm), accessed 10/2005). German Foreign Minister, Joseph Fischer, too, considered the change of leadership to offer a decisive chance for a political recommencement that should be taken (see [www.auswaertiges-amt.de/www/de/infoservice/presse/presse\\_archiv?archiv\\_id=5226](http://www.auswaertiges-amt.de/www/de/infoservice/presse/presse_archiv?archiv_id=5226), accessed 10/2005).
- 3 Approximately 100 ethnic groups inhabit the country that has an officially estimated population of 5.4 million people and – keeping in mind emigration – a realistically estimated population of about four million. In the context of potential conflicts, not only the numerical strength of the ethnic groups is relevant, but also the compactness of their settlement areas and the fact that they, in many cases, speak their own languages. The main ethnic groups are Georgians (70%), Armenians (8%), Azeri (6%), Russians (4%), Ossetians (3%), and Abkhaz (2%), cf. Frank Evers, Mission Information Package: South Caucasus, Hamburg (Institute for Peace Research and Security Policy at the University of Hamburg), 2003, p. 95.

action against competing violent non-state actors, his administration failed to halt a progressive political and cultural fragmentation of the country. Although, with the adoption of the 1995 Constitution, the formal requisites of democratic statehood were introduced under his presidency, he manipulated and transgressed these norms and his rule came to be based on the accommodation of fluid clientelistic networks. Corruption and economic stagnation have undermined political, economic and legal reforms that are essential steps for a democratic consolidation.<sup>4</sup> Facing a decline in its authority due to internal splits and the emergence of an opposition, the Shevardnadze administration was compelled to adopt authoritarian measures in order to remain in power. The deterioration of performance in nearly all policy areas not only caused a deepening of internal splits within the ruling party but also an alienation of the international donor community that eventually evoked financial support in 2003. The *Rose Revolution* brought a new government under Mikheil Saakashvili into power and gave rise to hopes for an advance in democratic consolidation that has been stalled since 2001.<sup>5</sup>

This report aims at analyzing the chances and challenges for Georgia's further development after the *Rose Revolution*.<sup>6</sup> Although aid by foreign donors has increasingly been seen by the Georgian population as a measure to stabilize an ailing system during the 1990s, the openness of the new government under Saakashvili to accept and even invite support for good (or at least better) governance provides opportunities for external players. On the other hand, a dissolving of the old structures of informal networks could trigger a destabilization of the country. Does the *Rose Revolution* really represent a "decisive twist" in Georgia's consolidation process? Can Saakashvili live up to the hopes set in his administration? Is it possible to identify specific entry points for external democracy promoters?

An assessment of the conditions in Georgia (chapter 2) will result in the presentation of chances and challenges for the country's democratic consolidation including some preliminary recommendations (chapter 3).

4 The term 'consolidation' refers to the stabilization and rootage of a democratic regime. A democracy is considered to be consolidated once the democratic rules are accepted as the only valid rules by all important groups, once the governing political elites abstain from manipulating them, once the democracy is based on a political culture that represents a civic culture, and once the anti-regime opposition has been weakened.

5 One might argue that it is too early to speak of democratic consolidation with regard to Georgia, but since democratic rules have already been formally introduced, we can say that the process of consolidation started with the adoption of the 1995 constitution.

6 This report represents the first publication in the context of a research project on external democracy promotion through international organizations in the Southern Caucasus headed by Peter Schlotter at PRIF. For a description see [www.hsfk.de/downloads/Kernprojekt%20II-2.pdf](http://www.hsfk.de/downloads/Kernprojekt%20II-2.pdf) (accessed 10/2005).

7 Bertelsmann Transformation Index (BTI), Country Report Georgia, 2006, p. 1, in: [www.bertelsmann-transformation-index.de/fileadmin/pdf/en/2006/CISAndMongolia/Georgia.pdf](http://www.bertelsmann-transformation-index.de/fileadmin/pdf/en/2006/CISAndMongolia/Georgia.pdf) (accessed 11/2005).

## 2. Assessment of Conditions in Georgia

In democracy research, there neither exists a unitary concept of the term ‘democracy’<sup>8</sup> nor a blueprint for processes of democratization. On the contrary, depth and patterns of progression vary considerably. In general, the term ‘democratization’ refers to the process of the evolvement, the sustainment, the expansion/deepening, or political-cultural rootage of a democracy. It is used here in the sense of the development of a democratic regime and the transition from an authoritarian or totalitarian state to a democracy.<sup>9</sup> However, this kind of transition proved to be quite difficult in many transformation countries of the 1990s – especially if concurrent processes of state- and nation-building took place.<sup>10</sup> Transition literature names further factors as being relevant (conducive/obstructive) for the success or failure of democratization.<sup>11</sup> These refer to political institutions, socioeconomic development, and cultural/societal characteristics. While the traditional academic consen-

8 A variety of definitions exists ranging from rather minimal criteria of ‘free and fair elections’ to more demanding concepts including the provision of a certain degree of welfare to the citizens. In general, modern democracy research asks for a vertical control of power by means of elections and participatory rights, a horizontal control of rule by means of power separation, and a transversal control by means of binding the governing power to the legitimate agents of rule. Cf. i.a. Robert A. Dahl, *On Democracy*. New Haven (Yale University Press), 1999, pp. 37-40; Theo Schiller, *Prinzipien und Qualifizierungskriterien von Demokratie*, in: Dirk Berg-Schlosser and Hans-Joachim Giegel (eds.), *Perspektiven der Demokratie. Probleme und Chancen im Zeitalter der Globalisierung*, Frankfurt am Main, 1999, pp. 28-56, here: 31-33.

9 Cf. i.a. Samuel P. Huntington, *The Third Wave. Democratization in the late Twentieth Century*, Norman (Oklahoma University Press), 1991. The term ‘transition’ defines processes of regime or political system change covering the period between the decay of the old regime or system, through the introduction of new rules (‘first transition’), until the conclusion of the consolidation of the new regime or system (‘second transition’). Transition literature uses the term as a synonym for the entire sequence of liberalization (of an authoritarian regime), democratization, and consolidation (of a democracy), cf. i.a. Guillermo O’Donnell, Philippe C. Schmitter, and Laurence Whitehead (eds.), *Transitions from Authoritarian Rule*, Baltimore (Johns Hopkins University Press), 1986.

10 These countries often suffered from destabilizing effects that could even result in violent conflict. Such processes of destabilization are intensified by the weakness of democratic institutions and the resistance of social groups for whom a complete democratization would be unfavorable during the early phases of increasing political participation, cf. Edward D. Mansfield and Jack Snyder, *Democratization and the Danger of War*, in: *International Security* 20, no. 1 (1995), pp. 5-38, here: 22. Unfinished processes of state-building represent a structural condition that makes democracy an unlikely outcome of the political transition. Some authors therefore even suggest that under such circumstances, semi-authoritarianism could be considered to be quite a positive result because a consolidation of the state and a stabilization of the situation could thus be achieved, cf. Marina Ottaway, *Democracy Challenged. The Rise of Semi-Authoritarianism*, Washington DC (Carnegie Endowment for International Peace), 2003.

11 Cf. i.a. Juan Jose Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe*, Baltimore, MD (Johns Hopkins University Press), 1996; Wolfgang Merkel et al., *Defekte Demokratie - Band 1: Theorie*, Opladen (Leske + Budrich), 2003; Peter J. Schraeder, *The State of the Art in International Democracy Promotion: Results of a Joint European-North American Research Network*, in: *Democratization* 10, no. 2 (2003), pp. 21-44, here: 23; Dirk Berg-Schlosser (ed.), *Democratization - the State of the Art*, Wiesbaden (VS Verlag für Sozialwissenschaften), 2004; Hans Peter Schmitz, *Domestic and Transnational Perspectives on Democratization*, in: *International Studies Review* 6, no. 3 (2004), pp. 403-26.

sus considers such domestic factors as being decisive in promoting democracy's spread, against the backdrop of insights from post-Cold War transitions, scholars have recently argued in favor of a re-examination of the international dimension.<sup>12</sup> Therefore, the international context, with regard to relevant factors for democratization processes, will also be accounted for here. The report will proceed by applying the mentioned variables as an analytic frame for the assessment of the situation in Georgia. On their own, these factors neither represent a necessary nor a sufficient condition. It is their interaction that is crucial. The following table sketches the conducive/obstructive values of five categories of factors as well as indicators put forward by literature as a way of assessing them:

**Table 1: Conducive/Obstructive Factors for Democratic Consolidation**

Factor Category <sup>13</sup>	Polarized Factor Value (conducive/obstructive)	Indicators <sup>14</sup>
'Stateness' and nation-building	Stabilized/Weak 'stateness' and concluded nation-building/persisting political identity crisis	(1a) high/low degree of control over the state's entire territory; (1b) high/low degree of control over the external borders; (1c) absence/existence of ongoing or recurring violent conflicts; (1d) low/high number and relevance of violent non-state actors; (1e) good/bad state of the national security forces; (1f) low/high level and development of crime rates; (1g) low/high degree of threat executed by state authorities
Political stability	Institutional order sufficing/not sufficing legitimacy and functional imperatives of institutional inclusion, efficiency and effectiveness	(2a) low/high extent of corruption and clientelism (legal legitimacy); (2b) low/high extent of election fraud (legal legitimacy); (2c) high/low support for the regime (political legitimacy); (2d) grant/restriction of civil liberties; (2e) grant/restriction of political rights; (2f) high/low degree of political inclusion of certain groups; (2g) high/low degree of independence of the judiciary; (2h) state of public administration (efficient/inefficient)

12 "Perhaps, it is time to reconsider the impact of the international context upon regime change [...] Without seeking to elevate it to the status of prime mover, could it not be more significant than was originally thought?" Philippe C. Schmitter, *The Influence of the International Context Upon the Choice of National Institutions and Policies in Neo-Democracies*, in: Laurence Whitehead (ed.), *The International Dimensions of Democratization: Europe and the Americas*, Oxford (Oxford University Press), 1996, pp. 27-28.

13 Factor categories adapted from a research project on 'Embedded and Defective Democracies' headed by Wolfgang Merkel at the University of Heidelberg, cf. Wolfgang Merkel, *Embedded and Defective Democracies*, in: *Democratization* 11, no. 5 (2004), pp. 33-58. Merkel identified these factors in relation to defective democracies, but the proposed systematization can also be applied to democratization processes as a whole.

14 Some of the indicators are derived from those developed by the 'States at Risk' working group of the Stiftung Wissenschaft und Politik (SWP), cf. Ulrich Schneekener, *States at Risk - Fragile Staatlichkeit als Sicherheits- und Entwicklungsproblem*, Berlin (Stiftung Wissenschaft und Politik), 2004.

Factor Category <sup>13</sup>	Polarized Factor Value (conductive/obstructive)	Indicators <sup>14</sup>
Socioeconomic development	High/Low level of modernization; wide/small distribution of social power resources	(3a) wide/small distribution of social power resources (3b) absence/existence of prolonged economic and/or monetary crises (3c) high/low level of tax and toll revenues (3d) reasonable/inadequate level and distribution of state expenditures (3e) low/high level of external debts (3f) equality/inequality in income or consumption (3g) low/high rate of unemployment/labor-force participation rate (3h) high/low state of human development (3i) good/bad state of infrastructure, education system and health care
Civic culture and political traditions	Existence/Absence or strong/weak traditions of civil society, democracy and the rule of law	(4a) existence/absence of experiences with democracy (4b) character of regime prior to initiation of democratization process (4c) high/low number of autonomous and active civil society organizations
International context	Pro-democratic/anti-democratic regional climate; existence/absence of external security threat	(5a) international integration/interdependence with democratic/non-democratic environment (5b) pro-/anti-democratic regional political climate (“Zeitgeist”) and absence/existence of perceived security threats/regional stability/instability (5c) transnational interactions

Source: own compilation

## 2.1 Processes of State- and Nation-building

A precondition for a functioning democracy is an internally and externally sovereign territorial state because without its existence, a state cannot be democratized.<sup>15</sup> Therefore, in order to democratize a country successfully, at least a minimum of ‘stateness’ is required. According to classical (German) constitutional law tracing back to Georg Jellinek (1895), a state ought to consist of three elements: a people, a territory, and a government executing the monopoly of power<sup>16</sup> or, as Max Weber put it, the “monopoly of legitimate physical coercion”<sup>17</sup>. A nation state represents the political organization of a (cultural) nation within a state.

The three key components of statehood imply that the problem of ‘stateness’ or state-building is closely related to, but not identical with that of nation-building. The elements of a state are only complete when a common identity evolves among the inhabitants of a certain territory, thereby constituting a people. While state-building aims at the sustainable strengthening of state structures, institutions and governance capacities concentrat-

15 Cf. Linz and Stepan 1996, see above (footnote 11), p. 17.

16 Cf. Kay Hailbronner, *Der Staat und der Einzelne als Völkerrechtssubjekte*, in: Wolfgang Graf Vitzthum (ed.), *Völkerrecht*, Berlin (De Gruyter), 2004, pp. 149-243, here: 175 f.

17 Max Weber, *Wirtschaft und Gesellschaft*, Tübingen, 1980, p. 29.

ing on the state level and political players<sup>18</sup>, nation-building contains societal development as a whole, especially concerning the evolvment of a national identity<sup>19</sup>. Both processes complement one another: A political community on the one hand is endangered if parts of society do not identify with it and thereafter claim their own state or consider the distribution of power and resources to be unfair. On the other hand, without the frame of a state one can hardly imagine societal development taking place.<sup>20</sup>

The present literature considers the three elements to represent only minimal criteria in defining 'stateness'. They are represented in a state's security function. A narrower concept, approximating the ideal of a democratic welfare state, also postulates legitimacy, the rule of law, or welfare as further dimensions besides security.<sup>21</sup> Due to the fact that these other dimensions are more or less covered by several of the factors influencing the success or failure of democratization processes shown in table 1, this section concentrates on the minimal criteria or the security dimension of 'stateness'. Legitimacy and the rule of law in Georgia will be analyzed in chapter 2.2, the welfare dimension in chapter 2.3.

Security is a primary function of the state. In order to guarantee the physical security of the citizens internally and externally, the core of this function is to control the territory through the state's monopoly of power. Indicators for the analysis of this dimension are: (1a) the degree of control over the state's entire territory; (1b) the degree of control over the external borders; (1c) the existence of ongoing or recurring violent conflicts; (1d) the number and political relevance of violent non-state actors; (1e) the state of the national security forces; (1f) the level and development of crime rates; (1g) the degree of threat executed by state institutions towards its citizens (e.g. torture, deportations etc.).<sup>22</sup>

The following paragraphs will show how difficult the conditions for democratic consolidation have been and still are with regard to the unfinished processes of state- and nation-building in Georgia. Although the Saakashvili administration has regained control over the southwestern republic of Ajara and, thereby, over the border to Turkey, the existence of the two secession conflicts in the breakaway regions of Abkhazia and South Os-

- 18 Cf. i.a. Julia Leininger, State-building, in: Dieter Nohlen and Rainer-Olaf Schultze, *Lexikon der Politikwissenschaft - Theorien, Methoden, Begriffe*, München (C.H. Beck), 2005, pp. 966-967.
- 19 Cf. i.a. Amitai Etzioni, A Self-restrained Approach to Nation-building by Foreign Powers, in: *International Affairs* 80, no. 1 (2004), pp. 1-17; Jochen Hippler (ed.): *Nation-Building - Ein Schlüsselkonzept für friedliche Konfliktbearbeitung?* Bonn (Dietz).
- 20 Cf. Schneckener 2004, see above (footnote 14), pp. 20 f. Nevertheless, that societal development *can* take place without the frame of a state is not refuted here.
- 21 cf. Dieter Grimm (ed.), *Staatsaufgaben*, Frankfurt am Main (Suhrkamp), 1996; Jennifer Milliken and Keith Krause, *State Failure, State Collapse and State Reconstruction: Concepts, Lessons and Strategies*, in: Jennifer Milliken (ed.), *State Failure, Collapse and Reconstruction*, Oxford et al. (Blackwell), 2003; Francis Fukuyama, *State building*, Ithaca, NY (Cornell University Press), 2004; Martina Huber, *State-building in Georgia. Unfinished and at Risk?* Den Haag (Netherlands Institute of International Relations "Clingendael"), 2004; Schneckener 2004, see above (footnote 14); Thomas Risse, *Governance in Räumen begrenzter Staatlichkeit – "Failed States" werden zum zentralen Problem der Weltpolitik*, in: *Internationale Politik*, no. 9 (2005), pp. 6-22.
- 22 These indicators for the security function of the state were developed by the "States at Risk" working group of SWP, see Schneckener 2004, see above (footnote 14), p. 13.

setia with corresponding armed non-state actors still represent profitable pockets of illegal trade and – with the danger of the confrontations re-igniting – not only a major obstacle but also a threat to ‘stateness’.

### *Territorial Integrity (1a)*

The collapse of the Soviet Union triggered a geopolitical rearrangement of the Caucasus region. While the Northern Caucasus is composed of different regions and autonomous republics which are part of the Russian Federation, the Southern Caucasus comprises the three republics of Armenia, Azerbaijan and Georgia, each of which declared independence in 1991. But even after 15 years, Georgia has not succeeded in expanding the sovereignty of the central government over the entire territory. From the very start, the country has been confronted with severe internal conflicts (see below). Under Soviet rule, more autonomous units were built up in Georgia than in any other Soviet republic (with the exception of Russia).<sup>23</sup> Thus, no other state in the post-Soviet area has as many difficulties in securing or restoring territorial integrity or in controlling its territory as Georgia.<sup>24</sup> Apart from the two breakaway regions of Abkhazia in the northwest and South Ossetia in the north, there are parts of the country which do not strive for secession but which nevertheless are or were out of Tbilisi’s control. Concerned here are isolated parts of the country such as the northern valleys of Svaneti and Pankisi, the inhabitants of which are of Chechen descent, or regions in the south predominantly inhabited by Armenian and Azeri minorities which reject the notion of being part of Georgia, e.g. the Armenian enclave of Javakheti. The southwestern republic of Ajara was governed under the authoritarian rule of Aslan Abashidze until May 2004. Abashidze, who followed his personal economic and power interests by taking advantage of the weak central state and refusing to pay taxes and duties, had maintained strong ties to Russia. Tensions in Ajara ran high after Saakashvili was denied entry to Ajara on 15 March 2004. As a reaction, the Georgian government imposed an economic blockade against Ajara, put its forces on alert, and issued an ultimatum for Abashidze to disarm his paramilitary forces and submit to Tbilisi’s rule. While many people in Ajara switched loyalty and demonstrated against Abashidze, the latter imposed a state of emergency and, on 2 May, blew up three main bridges linking Ajara to central Georgia.<sup>25</sup> However, against the backdrop of the temporary rapprochement between Tbilisi and Moscow after the *Rose Revolution*, Russia’s mediation

23 For the general role of Soviet nationality policy in the recurrence of national movements in the late 1980s or its effect on the relationships between different communities see particularly Rexane Dehdashti, *Internationale Organisationen als Vermittler in innerstaatlichen Konflikten. Die OSZE und der Berg Karabach-Konflikt*, Frankfurt am Main (Campus), 2000, pp. 26-36.

24 Cf. Darrell Slider, *Democratization in Georgia*, in: Karen Dawish and Bruce Parrott (eds.), *Democratization and Authoritarianism in Postcommunist Societies*, Cambridge (Cambridge University Press), 1997, p. 169.

25 Cf. Martina Bielawski and Uwe Halbach, *Der georgische Knoten - Die Südossetien-Krise im Kontext georgisch-russischer Beziehungen*, Berlin (SWP), 2004, p. 3; Heidelberg Institute on International Conflict Research, *Conflict Barometer 2004*, Heidelberg (HIIK), 2004, p. 11; International Crisis Group, *Saakashvili’s Ajara Success: Repeatable Elsewhere in Georgia? Tbilisi/Brussels (ICG)*, 18 August 2004, p. 8.

resulted in the non-violent resolution of the crisis in Ajara and in Abashidze's and his clan's emigration to Moscow. Ajara's re-integration into the Georgian central state was considered a successful result of Saakashvili's attempts to restore the territorial integrity of the country. But by trying to repeat this success in the breakaway regions, he almost triggered an escalation to war in South Ossetia (see section on violent conflicts). In contrast to Abkhazia or South Ossetia, the conflict with Ajara did not have an ethnic dimension due to the fact that, although predominantly Muslim, the Ajarans consider themselves to be ethnic Georgians and therefore, did not strive for independence.

### *Control of External Borders (1b)*

In close relation to the two secession conflicts in Abkhazia and South Ossetia, the central government lacks adequate control of Georgia's external borders. So-called 'no-go areas' in the Pankisi gorge, the Kodori valley or the Gali district are considered to be safe havens for international terrorists and Chechen rebels, stimulating Russia to launch military operations repeatedly on Georgian territory, thereby undermining the latter's sovereignty. Russia's activities resulted in an intensified US-Georgian security co-operation (see section 1e).

Due to the fact that Tbilisi's customs organization has no control over the areas next to the borders with Russia and (until the re-integration of Ajara) with Turkey, the countries that dominate Georgia's foreign trade, the weak 'stateness' also has severe economic consequences (see sections on crime and socioeconomic development).

### *Violent Conflicts (1c)*

As already mentioned above, Georgia was confronted with several severe internal conflicts immediately after regaining independence in 1991. Georgia derives its legitimacy as a state from a short period of independence during the three years between the collapse of tsarist Russia in 1918 and its annexation by the Soviet Union in 1921.

Against the backdrop of the *Glasnost* policy of the last Soviet President Mikhail Gorbachev (1985-1991), Abkhaz and Ossetian nationalists began striving for more autonomy in the late 1980s. These tensions were increased by the Georgian-nationalist orientation of Gamsakhurdia's rule. Heavy fighting broke out in the autonomous region of South Ossetia even before the country's declaration of independence. Autonomous regions (*oblast*) possessed the smallest degree of autonomy in the Soviet system – especially compared to autonomous republics.<sup>26</sup> Tbilisi had de facto lost control over this area in Northern Georgia by the end of 1990. On 20 September 1990, South Ossetia declared its independence, but strived for a federation with North Ossetia as part of Russia after the dissolution of the Soviet Union. In a referendum held in January 1992, a large majority voted in favor of integration into the Russian Federation. The South Ossetian Supreme Council, too,

26 Cf. Dehdashti 2000, see above (footnote 23), pp. 26-36.

pledged for this option on 19 November.<sup>27</sup> The fighting that continued until June 1992 resulted in thousands of casualties and displaced around 120,000 people. On 14 July 1992, joint Russian-Georgian-Ossetian peacekeeping forces were established. In order to promote negotiations between the conflicting parties, a long-term mission of the *Organization for Security and Co-operation in Europe (OSCE)* was established in November 1992.<sup>28</sup> After declaring independence in July 1992, the strife for secession in the northwestern autonomous republic of Abkhazia also heavily escalated. Between 1917 and 1931, Abkhazia had represented a Soviet republic of its own, before it was integrated into the Georgian Soviet Socialist republic. The war that displaced around 250,000 people, most of them ethnic Georgians, continued until the ceasefire agreement of 14 May 1994. The ceasefire has since then been monitored by around 1,500 peacekeeping troops from the *Commonwealth of Independent States (CIS)* and the *United Nations Observer Mission to Georgia (UNOMIG)*.

These two secession conflicts occurred against the background of intense political instability. Prior to the declaration of independence, the change of power from Soviet rule had already been formally introduced by the parliamentary elections of 28 October 1990. A heterogeneous party alliance forged around the national dissident Gamsakhurdia, who had excelled at human rights activities having belonged to the founders of the Tbilisi wing of the *Helsinki Group* that called for the implementation of the CSCE principles in the 1970s, and who had been arrested for anti-Soviet activities several times, achieved an overwhelming victory. Such a victory has to be put into perspective, however, because many of the political parties boycotted the elections. Thus, Gamsakhurdia could not consolidate his position as President and his followers subsequently split into rivalling factions. He was overthrown in January 1992 in a civil-war-like coup by armed forces that took advantage of the growing dissatisfaction among the population at the regime's corruption, human rights violations and abuse of power. Shevardnadze, former Secretary General of the Georgian Communist Party and former Foreign Minister of the Soviet Union, returned to Georgia in March 1992 and became chairman of the hastily set-up Interim Council. Gamsakhurdia's followers tried to regain power by attacking military and police forces in Western Georgia in 1992 and 1993. This struggle resulted in their final military defeat in October 1993 and Gamsakhurdia's alleged suicide in January 1994.

Shevardnadze tried to counteract the imminent state collapse by deploying troops in the separatist regions. In this context, around 250,000 Georgians from Abkhazia and 10,000 Georgians from South Ossetia became refugees, and 80,000 Ossetians took refuge in the Russian north.<sup>29</sup> Initially, Shevardnadze continued Gamsakhurdia's strategy of lim-

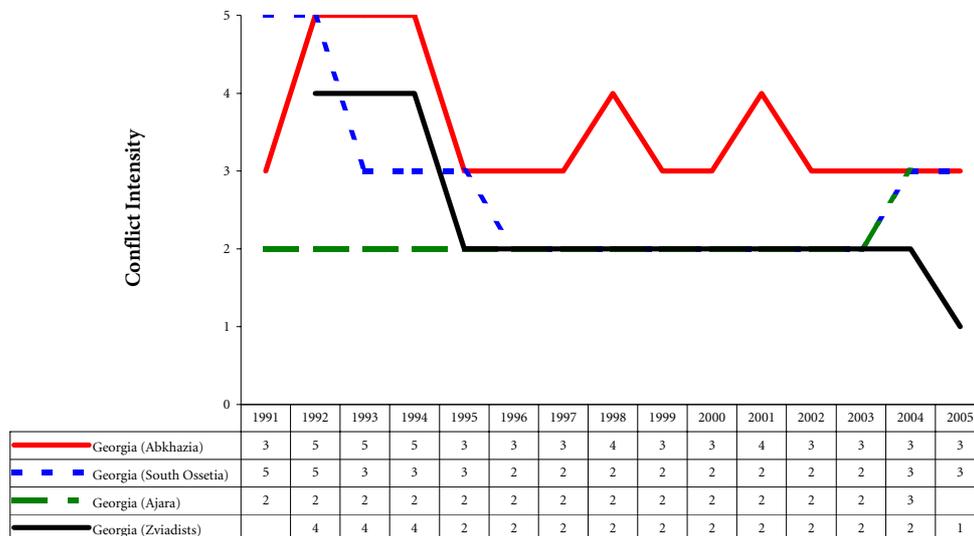
27 Cf. International Crisis Group, *Georgia: Avoiding War in South Ossetia*, Tbilisi/Brussels (ICG), 26 November 2004, p. 3.

28 For OSCE long-term missions see Pamela Jawad, *Krisenprävention – Zehn Jahre Langzeitmissionen der Organisation für Sicherheit und Zusammenarbeit in Europa (OSZE) 1992 bis 2001*, Magisterarbeit, University of Heidelberg, 2003.

29 Cf. Norwegian Refugee Council, *Profile of Internal Displacement: Georgia*. Compilation of the Information available in the Global IDP Database (as of 18 March, 2004), 18 March 2004, p. 31.

iting Russian influence in the country as much as possible. But, faced with rising violence, he accepted Russia's peacekeeping role in Abkhazia in October 1993. Georgia also became a member of the CIS. In return, Russia promised to secure Georgia's territorial integrity and to defend its borders.<sup>30</sup> Since then, besides having its own interests in the region, Russia has maintained military bases in Georgia, deployed peacekeepers in Abkhazia, and acted as a mediator in South Ossetia. The existence of the two remaining Russian military bases in Akhalkalaki (Javakheti) and Batumi (Ajara) has developed into a dispute between the two countries. However, Russia has announced the withdrawal of her troops by 2008, but, with problems in the North Caucasus deepening, sensitivities in the region remain great nevertheless.

**Graph 1: Georgia's Internal Conflicts Since Independence, 1991 to 2005**



Source: own assessment<sup>31</sup>

30 Cf. Slider 1997, see above (footnote 24), p. 157.

31 The assessment is based on the methodology of COSIMO 2 (Conflict Simulation Model), a relational database system containing structural and processual data on political conflicts between 1945 and today. It represents a reconsideration, update, and extension of the HIIK dataset COSIMO 1 and was developed during two research projects conducted at the Department of Political Science (University of Heidelberg) in co-operation with the Heidelberg Institute on International Conflict Research (HIIK). In this context, conflicts are defined as the clashing of interests (positional differences) on national values (territory, secession, decolonization, autonomy, system/ideology, national power, regional predominance, international power, resources) of some duration and magnitude between at least two parties (organized groups, states, groups of states, organizations) that are determined to pursue their interests and win their cases. Depending on the applied measures of conflict conduct, the conflicts are categorized into different intensity levels ranging from the two non-violent low intensity levels of (1) 'latent conflict' and (2)

After the high intensity of violence in the early 1990s, the two secession conflicts in Abkhazia and South Ossetia are now considered to be ‘frozen’<sup>32</sup>. The development of the intensity of independent Georgia’s internal conflicts is shown in graph 1.

Nevertheless, the country teetered on the verge of war in July and August 2004 when the new Georgian government tried to repeat its successful resolution of the Ajara crisis of May 2004 in South Ossetia. Saakashvili’s administration ignored the fact that the secession conflicts fundamentally differed from the conditions in Ajara. Not only did the secession conflicts in Abkhazia and South Ossetia have an ethnic component in their quest for self-determination, Russia also pursued its perceived security interests there on a much higher scale.<sup>33</sup> In order to re-integrate South Ossetia into the central state, Tbilisi applied a double-track strategy. On the one hand, a large-scale, anti-smuggling campaign was supposed to deprive the South Ossetian authorities under the rule of de facto President Eduard Kokoity of their economic basis. On the other, massive humanitarian aid aimed at gaining the South Ossetians’ support.<sup>34</sup> However, the opposite was the case: The central government’s approach, that included the deployment of 400 troops near the border with South Ossetia, resulted in a severe escalation of the tensions. According to the conflict parties, 17 Georgians and five Ossetians were killed during repeated violent incidents between the opposing armed forces in July and August 2004.<sup>35</sup> If any kind of confidence could have been built up in the conflict region since 1992, it was now undermined once more. Moreover, Georgian-Russian relations worsened anew. In June and July 2004, Tbilisi accused Moscow of supplying weapons to South Ossetia and confiscated trucks of Russian security forces. This resulted in a ‘war of words’ between the neighboring states. There were also reports of around 1,000 Russian mercenaries entering the conflict region in mid-June 2004.<sup>36</sup> Moscow’s sensitivities were also affected by Abkhazia’s ‘presidential elections’ of October 2004, revealing internal frictions between Russia-backed Prime Minister Raul Khajimba and opposition candidate Sergei Bagapsh, who ultimately won the election. There were even reports of heavy Russian artillery relocating from the Georgian-Abkhaz border to Sokhumi.

‘manifest conflict’, across the medium intensity level of (3) ‘crisis’ containing violent use of force only in sporadic incidents, to the two highly violent intensity levels of (4) ‘severe crisis’ and (5) ‘war’.

32 Kalevi Holsti used the term of ‘frozen conflicts’ in order to describe the result of a philosophical dilemma: “[...] you cannot force communities to live together – particularly communities that believe their physical survival is at stake – but you cannot separate them either. The conflict becomes frozen rather than settled. This is not conflict resolution; it is conflict perpetuation.” Kalevi Holsti, *The State, War, and the State of War*. Cambridge (Cambridge University Press), 1996, p. 196.

33 Cf. ICG 2004, see above (footnote 25).

34 Cf. ICG 2004, see above (footnote 25), p. 2.

35 Cf. Heidelberg Institute on International Conflict Research, *Conflict Barometer 2004*, Heidelberg (HIIC), 2004, p. 13; ICG 2004, see above (footnote 26), p. 14.

36 Cf. ICG 2004, see above (footnote 25), p. 14.

*Privatization of Violence (1d) and National Security Structures (1e)*

As the re-ignition of the ‘frozen conflict’ with South Ossetia demonstrates, violent non-state actors are still a relevant factor in the country’s development. This is true not only for secessionist forces in Abkhazia and South Ossetia but also for Georgian partisan formations, e.g. the ‘Forest Brothers’, the ‘White Legion’ and the ‘Hunters’ who fought and still fight local violent actors in Abkhazia, and who have maintained questionable relations with the official security forces of the central government.<sup>37</sup> Militia dominated the criminalized state structures in the early years of Georgia’s independence between 1991 and 1994, which were characterized by an anarchy of national security structures. The putsch against Gamsakhurdia in January 1992 had resulted in a dissolution of public law and order. In contrast to Gamsakhurdia, his successor, Shevardnadze, eventually consolidated his power by founding his political party, the *Citizens Union of Georgia (CUG)*, in 1993. This proved to be a success, although the *CUG* was virtually heterogeneous, notwithstanding the fact that Shevardnadze’s followers all emanated from the former communist nomenclature. The adoption of the new constitution in August 1995 marked a relatively successful milestone in stabilizing the country after “three more years during which competing forces within the government were played off against each other”<sup>38</sup>. Due to the opposing positions within the constituent assembly, the help given by international organizations and experts represented a decisive catalyst in the process of drafting and passing the new constitution.<sup>39</sup> Despite Shevardnadze’s failure to prevent the de facto independence of Abkhazia and South Ossetia, he succeeded in disbanding several paramilitary groups and destroying the most important ‘Zviadist formations’<sup>40, 41</sup>.

The armed structures in Ajara were dissolved after the capitulation of Abashidze’s regime in May 2004, and earlier that year, there had also been massive police operations aimed at dissolving Georgian guerilla forces along the line of demarcation with Abkhazia. Although these were important steps concerning state-building in Georgia, the nationalization of a physical force remains incomplete coupled with the fact that national security structures were considered to have been infiltrated with informal networks and widespread corruption during the Shevardnadze era. Despite efforts to arm the forces along *NATO* standards, they are still pauperized. Overall, the state of the national security forces is poor, which was reflected by a revolt of around 200 troops in 1998 and an uprising of the national guard in Mukhravani in May 2001. In terms of figures, military expenditure amounted to 1.1 per cent of gross domestic product (GDP) in 2003. In contrast, *NATO*

37 Cf. Uwe Halbach, Georgien: Staatsversagen als Folge von Korruption und territorialer Desintegration, in: Schneckener 2004, see above (footnote 14), p. 108.

38 BTI, Country Report Georgia, 2003, p. 4, in: [www.bertelsmann-transformation-index.de/fileadmin/pdf/en/2003/CISAndMongolia/Georgia.pdf](http://www.bertelsmann-transformation-index.de/fileadmin/pdf/en/2003/CISAndMongolia/Georgia.pdf) (accessed 11/2005).

39 Cf. Lincoln Allison et al., Problems of Democratization in the Republic of Georgia, in: *Democratization* 3, no. 4 (1996), pp. 523 ff.

40 The term ‘Zviadists’ refers to the followers of former Georgian President Zviad Gamzakhurdia.

41 Cf. Charles King, Potemkin Democracy: Four Myths about Post-Soviet Georgia, in: *The National Interest* 64 (2001), p. 96.

requirements are closer to two per cent.<sup>42</sup> It remains to be seen whether this will change in the context of increased US military aid.<sup>43</sup> The intensified US-Georgian security co-operation took shape in the deployment of around 200 US military advisors and trainers in the context of the *Georgian Train and Equip Program (GTEP)* which started in fall 2001 and continued until April 2004. The US engagement in the region not only alienated Russia as the ‘traditional domestic great power’, Georgia’s armament efforts also increased apprehension among the breakaway regions. *GTEP* was succeeded by the *Sustainment and Stability Operations Program (SSOP)* that aimed at increasing the capability of the Georgian military to support *Operation Iraqi Freedom* stability missions. By 1 March 2005, Georgia had already deployed the first full infantry battalion in support of US-led operations in Iraq (see also the section on the international context).

### *Crime (1f)*

The regions where the two secession conflicts are taking place have become profitable pockets of illegal trade with severe economic consequences for the state budget. Georgia lost almost 200 million US dollars in 2003 from non-declared oil products alone, and around 30 million US dollars due to tobacco smuggling.<sup>44</sup> Besides smuggling, human and drug trafficking has flourished in the breakaway regions, the latter taking the *new silk road* from Afghanistan. But the country as a whole is characterized by social distrust and a disposition to violence. In Tbilisi alone, 23.6 per cent of citizens were victims of crime in 1999; 16.6 per cent of bribery.<sup>45</sup> These figures belie the frustration among Georgians that has been increasing since the end of the 1990s. A major source of the frustration is poverty and the pervasive corruption affecting all areas of life, causing permanent uncertainty.<sup>46</sup> According to the *Global Corruption Report 2005*, Georgia is still considered to be one of the most corrupt countries in the world, ranking 133 out of 146 countries.<sup>47</sup>

Immediately after gaining power, the Saakashvili administration launched a major anti-corruption campaign and has so far made “tremendous efforts”<sup>48</sup> to dismantle systemic corruption. Although it has the potential to actually reduce incentives for corrup-

42 Cf. United Nations Development Program, Human Development Report 2005 – International Cooperation at a Crossroads. Aid, Trade and Security in an Unequal World, New York (UNDP), 2005, p. 285.

43 Cf. Halbach 2004, see above (footnote 37), pp. 105-121.

44 Cf. Shorena Ratiani, Georgia: Corruption Crackdown Makes Waves, Institute for War and Peace Reporting (IWPR), 4 March 2004, in: [www.iwpr.net/index.pl?archive/cau/cau\\_200403\\_221\\_1\\_eng.txt](http://www.iwpr.net/index.pl?archive/cau/cau_200403_221_1_eng.txt) (accessed 11/2005).

45 Cf. UNDP 2005, see above (footnote 42), p. 297. Data concerning ‘crime’ refers to people victimized by one or more of eleven crimes recorded in the survey: robbery, burglary, attempted burglary, car theft, car vandalism, bicycle theft, sexual assault, theft from car, theft of personal property, assault and threats, and theft of motorcycle or moped. Data concerning ‘bribery’ refers to people who have been asked or are expected to pay a bribe by a government official.

46 Cf. Huber 2004, see above (footnote 21), p. 31.

47 Cf. Transparency International, Global Corruption Report 2005, pp. 147 ff., in: [www.globalcorruptionreport.org/gcr2005/download/english/country\\_reports\\_a\\_j.pdf](http://www.globalcorruptionreport.org/gcr2005/download/english/country_reports_a_j.pdf) (accessed 11/2005).

48 Cf. BTI 2006, see above (footnote 7), p. 1.

tion, and some progress has already been made, the new government's hard-line approach endangers civil liberties. There have been reports of torture and violations of due process in politically sensitive cases (see following section).

### *Abuse of State Power (1g)*

The 1995 Constitution provides for the protection of all fundamental human rights and freedoms that are mentioned in the *European Convention on Human Rights*.<sup>49</sup> But while, in the run-up to the accession to the *Council of Europe (CoE)* in 1999, Georgia passed several reforms in order to align with European standards, these reforms were subsequently diluted or revoked.<sup>50</sup> Thus, on the human and civil rights level, the trend was negative by the end of the 1990s. Reports by international observers repeatedly spoke of assaults by the police, death threats by state officials against journalists as well as the use of electric shocks on convicts. This situation has been worsened by the failure to apply the rule of law. Against the backdrop of more active attempts to fight organized crime under the new government after the *Rose Revolution*, reports of torture in preliminary detention facilities and of violations of due process in politically sensitive cases even increased.<sup>51</sup> Nevertheless, we cannot speak about systematic torture or a general abuse of state power here.

### *Summary*

As shown, conditions in Georgia with regard to 'stateness' and a common political identity have not been and are still not conducive to democratic consolidation. At his presidential inauguration on 25 January 2004, Saakashvili declared the re-establishment of Georgia's territorial integrity to be a top priority of his government. Nevertheless, it was not until 24 December 2004 that representatives of several non-governmental organizations were invited to discuss possible strategies of conflict resolution. The resolution of the conflicts with the two breakaway regions of Abkhazia and South Ossetia is still not in reach, although the new administration has succeeded in re-integrating Ajara into the central state. In fact, after almost escalating to open warfare, the situation in South Ossetia has worsened, as have relations with Russia. The latter plays a decisive, but highly ambivalent role with regard to the secession conflicts. On the one hand, the great regional power has her own interests of exercising as much influence as possible on her 'near abroad' in the 'post-Soviet space'. She has, therefore, maintained close contact with the de-facto governments in Sokhumi and Tskhinvali in order to keep the pressure on their metropolitan state. On the other hand, Russia plays the role of peacekeeper and mediator in Abkhazia and South Ossetia. Besides South Ossetia, tensions in Abkhazia have increased, too. While internal frictions between Russia-backed Prime Minister Raul Khajimba and opposition

49 The Constitution of Georgia can be viewed at [www.parliament.ge/LEGAL\\_ACTS/CONSTITUTION/consten.html](http://www.parliament.ge/LEGAL_ACTS/CONSTITUTION/consten.html) (accessed 10/2005).

50 Cf. King 2001, see above (footnote 41), pp. 97 f.

51 Cf. Ghia Nodia, *Nations in Transit 2005: Georgia*, Freedom House, 2005, p. 3, in: [www.freedomhouse.org/research/nattransit.htm](http://www.freedomhouse.org/research/nattransit.htm) (accessed 11/2005).

candidate Sergei Bagapsh, the victor of the 'presidential elections' of October 2004, have affected Russia's sensitivities, Bagapsh's victory might open a window of opportunity for direct dialogue between Sokhumi and Tbilisi. But Saakashvili's sometimes aggressive rhetoric and Georgia's armament efforts, justified by her quest to reach NATO standards, have resulted in increased apprehension, especially on the part of Abkhazia. Besides representing obstacles to the full democratization of the whole country, the secession conflicts still have the potential to escalate and therefore require extremely cautious handling. Before status questions can be addressed, a strategy of confidence-building needs to be applied aimed at dealing with the displaced persons issue and security guarantees ruling out military solutions.

But the physical security of Georgia's citizens is not only threatened by a possible re-ignition of the 'frozen conflicts'. A combination of high crime rates coupled with permanent uncertainty caused by endemic corruption and the lack of a rule of law as well as the growing number of reports of incidents of state power abuse calls the security function of the Georgian state into question. The next section of this report, which focuses on political stability, will show that corruption and state power abuse undermine the people's trust in government institutions and thereby undermine the latter's legitimacy.

## 2.2 Political Stability

There is no institutional blueprint for creating the ideal conditions needed for successful democratization independent of time and space in any society. Nevertheless, the social contract idea is based on representation and accountability. Therefore, government institutions are expected to be representative, effective, respected and supported by the public, who demand the regime to be legitimate, in other words, that its institutions act within the scope of the constitution and the laws. As a rule, a regime is said to be more stable the bigger and deeper-rooted its legitimacy is because it indicates loyalty by the citizens to the state. Constitutional literature presents four legitimacy and functional imperatives: legitimacy, institutional inclusion providing relevant political groups with adequate access to political decision-making, efficiency, and effectiveness.<sup>52</sup> Only when these four preconditions exist to a sufficient degree (depending on the individual case), can the democratic institutional order generate stable acceptance among its citizens and political elites.<sup>53</sup> The following indicators are used to assess institutional stability or the state function of legitimacy and the rule of law respectively: (2a) the extent of corruption and clientelism (legal legitimacy); (2b) the extent of election fraud (legal legitimacy); (2c) the support for the

52 Cf. Jon Elster, *Die Schaffung von Verfassungen: Analyse der allgemeinen Grundlagen*, in: Ulrich K. Preuß (ed.), *Zum Begriff der Verfassung - die Ordnung des Politischen*, Frankfurt am Main (Fischer), 1994, pp. 37-57; Andrew Arato, *Forms of Constitution Making and the Theories of Democracy*, in: *Cardozo Law Review* 17, no. 2 (1995), pp. 191-233; Bruce Ackerman, *The New Separation of Powers*, in: *Harvard Law Review* 113, no. 3 (2000), pp. 663-730.

53 Cf. Aurel Croissant, *Die UN als externer Demokratisierer in Asien: Kambodscha und Ost-Timor*, paper presented at the 22. Wissenschaftlicher Kongress der Deutschen Gesellschaft für Politische Wissenschaft, Mainz, 22-25 September 2003, p. 5.

regime (political legitimacy); (2d) the granting of civil liberties; (2e) the granting of political rights; (2f) the degree of political inclusion of certain groups (e.g. ethnic minorities); (2g) the degree of independence of the judiciary; (2h) the state of the public administration.

The following paragraphs will show that endemic corruption is among Georgia's most deep-seated structural problems, undermining the legitimacy of political institutions and giving way to permanent uncertainty among the citizens. The Saakashvili administration declared the fight against corruption to be one of its top priorities, and although pertinent corruption ratings reached a negative peak in 2004<sup>54</sup>, the campaign has made some progress in reducing corruption incentives. Nevertheless, the new government's hard-line approach undermines civil liberties and the independence of the judiciary, thereby aggravating the notion of increased authoritarian measures. But demonstrating strength by applying authoritarian measures does not imply the stability of political institutions. On the contrary. After the *Rose Revolution*, institutions are still unstable and Saakashvili has so far failed to consolidate his charismatic rule by creating a stable power base.

*Legitimacy: Extent of Corruption and Clientelism (2a), Extent of Election Fraud (2b), and Support for the Regime (2c)*

Legitimacy can be measured by the extent the regime complies with the law (legal legitimacy) and by the extent the population supports the regime (political legitimacy).

Throughout her 15 years of independence, Georgia has experienced a deepening crisis of governance. The state is weak (see above), and power structures have had an informal nature cloaked by a constitutional 'democracy façade'. Widespread corruption and clientelism have eroded the people's trust in the lawfulness of the political rulers. Laws have been passed, but only implemented if their essence coincides with the interests of their mostly corrupt implementers.<sup>55</sup> A general lawlessness, pervasive organization of crime, erratic law enforcement and contested sovereignty can be observed in Georgia, which clearly testify against the legal legitimacy of the Shevardnadze regime. Notwithstanding Shevardnadze's positive reputation in 'Western' states, that could be ascribed to his role in the German reunification process as well as the pro-'Western' orientation of his foreign policy<sup>56</sup>, Georgia has become one of the most corrupt countries in the world during his presidency. Indeed, a large anti-corruption campaign was launched in 2000, but it only produced rhetoric publicity without having any actual impact. Uncovered incidences of corruption received very little effective punishment.<sup>57</sup> Nevertheless, *Transparency International* argues that the mobilization of civil society and the creation of coalitions of civil

54 Cf. Nodia 2005, see above (footnote 51), p. 1.

55 Cf. Huber 2004, see above (footnote 21), p. 47.

56 On the orientation of Georgia's foreign policy see *Georgia and the World: A Vision and Strategy for the Future*, Tbilisi, 10 October 2000, [www.nato.int/pfp/ge/d001010.htm](http://www.nato.int/pfp/ge/d001010.htm) (accessed 10/2005).

57 Cf. Aili Piano, *Georgia - Countries at the Crossroads 2004*, Freedom House, 2004, in: [www.freedomhouse.org/research/crossroads/2004/cac2004.htm](http://www.freedomhouse.org/research/crossroads/2004/cac2004.htm) (accessed 1/2005).

society organizations can press governments into addressing corruption as a matter of priority. Georgia's *Rose Revolution* is, to this extent, a striking example since it resulted in the formation of a new government with a strong anti-corruption program, committed to transforming a previously corrupt system.<sup>58</sup> The current hard-line approach under Saakashvili may be reason for both optimism and concern, however. On the one hand, it has the potential to reduce corruption incentives but, on the other, it endangers Georgian civil liberties (see the sections on the abuse of state power and independence of the judiciary).

Shevardnadze's rule was based on flexible alliances and the manipulation of instable patron-client networks.<sup>59</sup> These strategies proved to be integrative in order to overcome chaos and violence, but were not conducive to the consolidation of democracy and the rule of law. A presidential system with an unusually strong executive evolved due to the absence of an effective parliamentary opposition. The dominance of informal decision-making circumvented procedural legitimacy. The horizontal separation of powers was guaranteed in principle, but, in fact, the government which focused on the president was barely accountable to parliament. In some cases, this led to “an institutionalized attitude of ‘it's not my responsibility’”<sup>60</sup>.

Despite sufficient formal regulations concerning the principles of democratic elections, none of the polls conducted during Shevardnadze's presidency were in compliance with international standards. On the contrary, throughout the late 1990s, election manipulations have become even worse, causing a rapid loss of legitimacy. Such intensifying election fraud can be explained by a strengthening of the opposition in parallel to Shevardnadze's abating popularity. In 1999, the division of the *CUG* into the so-called reformist wing and presidential loyalists as well as the success of a heterogeneous alliance of oppositional parties in gaining a considerable amount of votes for the first time marked, on the one hand, an advance in the evolving Georgian political party system, but, on the other, also reflected a decline in Shevardnadze's authority. Furthermore, with growing transparency of the election process due to improved laws and more effective monitoring, the election fraud became more evident.<sup>61</sup> The rigging of parliamentary elections in November 2003 eventually resulted in massive popular protests that brought the so-called ‘young reformers’ around Saakashvili<sup>62</sup>, Zurab Zhvania<sup>63</sup> and Nino Burjanadze, into power.

58 Cf. Transparency International 2005, see above (footnote 47), p. 95.

59 Patron-client relationships are informal and consist of a “patron” who offers his “client” incentives and demands personal loyalty and resources in return, cf. James C. Scott, *Patron-Client Politics and Political Change in Southeast Asia*, in: *American Political Science Review* 66, no. 1 (1972), pp. 91-113, here: 92.

60 BTI 2003, see above (footnote 38), p. 5.

61 Cf. Ghia Nodia, *Nations in Transit 2004: Georgia*, Freedom House, 2004, p. 2, in: [www.freedomhouse.org/research/nitransit/2004/index.htm](http://www.freedomhouse.org/research/nitransit/2004/index.htm) (accessed 1/2005).

62 In 2002, Saakashvili resigned from his position as Minister of Justice because the administration refused to approve an anti-corruption law. During the turbulent meeting of the cabinet, he accused the apparatus of being corrupt.

63 After the foundation of the *CUG* in August 1993, Zhvania became its first Secretary General and later on Chairman of Parliament. In November 2001, he resigned from this position in protest against the attempt to crack down on the independent TV station Rustawi2. In the new government he was appointed

With regard to the extraordinary presidential elections of January 2004, international observers reported “notable progress over previous elections”<sup>64</sup> although there were still some shortcomings, especially concerning the election commission that was still dominated by the old authorities and voter lists that were still imprecise. However, the Saakashvili administration has so far failed to work on the development of a democratic system of checks and balances. On the contrary, constitutional changes in February 2004 further strengthened presidential powers and weakened parliament which was already lacking credible opposition forces.

As far as political legitimacy is concerned, a clear majority of the population believed that the existing state institutions were not functioning properly. The Ministry of Internal Affairs, the police and parliament were perceived as the worst performing agencies.<sup>65</sup> According to data collected by the *United Nations Development Program (UNDP)*, the citizens’ trust in government institutions decreased in the late 1990s. While 42 per cent had a high to medium level of trust in government institutions in 1996, this figure had dropped to 25 per cent by 1998.<sup>66</sup>

Although the new government under Saakashvili has contributed to “the re-emergence of a rudimentary trust in official institutions [...], more efforts are needed to overcome the heritage of a deeply entrenched clientelistic culture”<sup>67</sup> in order to contribute to a stabilization of the political system.

#### *Granting of Civil Liberties (2d)/Political Rights (2e) and Political Inclusion (2f)*

The responsibility of the state in terms of institutional inclusion involves providing respective structures for participation, representation and accountability, e.g. civil liberties and political rights, which ensure adequate access for politically relevant groups to political decision-making. This is a fundamental prerequisite for democratic consolidation, especially in pluralistic societies (such as Georgia).

Georgia’s political system is characterized by a paradox. The constitution prescribes a unitary state with maximum centralization of powers, while, in reality, the breakaway

Prime Minister. His mysterious death in January 2005 was accompanied by rumors about rising tensions inside the pro-presidential camp.

64 International Election Observation Mission (IEOM), Presidential Election, Georgia – 4 January 2004: Statement of Preliminary Findings and Conclusions, Tbilisi, 5 January 2004, p. 1, in: [www.osce.org/documents/odihr/2004/01/1765\\_en.pdf](http://www.osce.org/documents/odihr/2004/01/1765_en.pdf) (accessed 8/2004).

65 Cf. United States Agency for International Development, Georgia Rule of Law Survey Report 2002, Washington D.C. (USAID), May 2003, p. 62, in: [www.dec.org/pdf\\_docs/PNACS839.pdf](http://www.dec.org/pdf_docs/PNACS839.pdf) (accessed 10/2005). Furthermore, according to a worldwide “Voice of the People” survey conducted in conjunction with GALLUP International in 2002, Georgia was one of the top five countries where citizens most distrusted their leaderships; see [www.voice-of-the-people.net](http://www.voice-of-the-people.net) (accessed 9/2005).

66 Cf. UNDP, Human Development Report Georgia, 1999, p. 56, in: [www.undp.org/ge/nhdr99/NHDRGEO1999.pdf](http://www.undp.org/ge/nhdr99/NHDRGEO1999.pdf) (accessed 1/2005).

67 BTI 2006, see above (footnote 7), p. 1.

republics which do not participate in national political life at all, and, in most cases, the regions have little if any connections to the center. The 1995 Constitution fails to divide responsibilities and define interaction between local, regional and state levels.<sup>68</sup> Apart from this, important political forces have been barred from parliament. While in the 1992 parliamentary elections this fact could be explained with boycotts and bans, in 1995, it resulted from a fragmentation of the evolving Georgian party system as well as from changes in the electoral system and the introduction of a five per cent threshold. In the 1995 parliamentary elections, only three out of 53 campaigning political parties won seats in parliament having barely gained 39 per cent of the votes – the *CUG* won almost 24 per cent. Shevardnadze won 74 per cent of the votes in the presidential elections that took place at the same time and which had a voter turnout of 69 per cent.<sup>69</sup>

Despite the founding of several new political parties in the 1990s, parties in Georgia remain weak, unstable and focused on individuals rather than on political ideas and programs. They are not rooted in society. Therefore, the political system lacks institutional inclusion and representation on all societal levels. Minorities are hardly represented at all, and the candidacy of their representatives is often blocked.

As far as political rights and civil liberties are concerned, Georgia has consistently been considered ‘partly free’ in pertinent indices.<sup>70</sup> This does not reflect the fact that there have been some anxious developments. In the latter years of the Shevardnadze administration, the harassment of politically active NGOs and independent media outlets became part of everyday life (also see chapter 2.4).<sup>71</sup> After the *Rose Revolution*, independent media became less critical and pluralistic and reports on due process violations indicated that civil liberties were being endangered by the new government’s hard-line approach against corruption (see above sections on the abuse of state power and the independence of the judiciary).

### *Independence of the Judiciary (2g)*

Although the 1995 Georgian Constitution provides important safeguards for the independence of the judiciary, courts have been even less capable of withstanding political pressure by the executive after the *Rose Revolution* and have hardly ever disagreed with the prosecution’s demands. The prosecution has often violated due process in politically sen-

68 Cf. Huber 2004, see above (footnote 21), p. 50.

69 Cf. Slider 1997, see above (footnote 24), pp. 181 f.

70 Data derived from Freedom House 2004 at [www.freedomhouse.org/research/freeworld/2004/countryratings/georgia.htm](http://www.freedomhouse.org/research/freeworld/2004/countryratings/georgia.htm) (accessed 9/2005) and 2005 at [www.freedomhouse.org/research/freeworld/2005/table2005.pdf](http://www.freedomhouse.org/research/freeworld/2005/table2005.pdf) (accessed 9/2005). ‘Freedom in the World’ ratings are based on a scale of 1 to 7, with 1 representing the highest level and 7 representing the lowest level of political rights and civil liberties. The freedom status is derived from an average of each pair of political rights and civil liberties ratings. Countries whose ratings average 1.0 to 2.5 are considered ‘free’ (F), 3.0 to 5.0 ‘partly free’ (PF), and 5.5 to 7.0 ‘not free’ (NF); see [www.freedomhouse.org/research/freeworld/2005/methodology.htm](http://www.freedomhouse.org/research/freeworld/2005/methodology.htm) (accessed 10/2005).

71 Cf. BTI 2006, see above (footnote 7), p. 1.

sitive cases related to allegations of corruption.<sup>72</sup> Government representatives have informally justified this pressure by alleging that the judiciary was corrupt. Indeed, the payment of bribes to judges, whose salaries remain inadequate, is reportedly common.<sup>73</sup>

Although a reform in 1998 led to an increase in professional qualification by introducing a system of common-law courts which required judges to pass exams organized by the Council of Justice (a consulting body whose members are appointed or elected by the president, parliament, and the Supreme Court), a rising pass rate indirectly indicates that exam standards have declined lately.<sup>74</sup>

All in all, the level of independence of the judiciary is still not high and the rate of executed court decisions – the traditional problem of the Georgian judicial system – remains low. Nevertheless, a recent development might lead to the strengthening of the judiciary's independence. In February 2004, an amendment to the Constitution provided for the institution of the jury trial in Georgia. However, subsequent legislation still to be adopted (also see the following section on the efficiency and effectiveness of the public administration).

### *State of Public Administration (2h)*

Political institutions need to enable prompt decision-making and implementation (efficiency) as well as the resolution of societal problems (effectiveness). The dominance of informal decision-making processes, the parallel existence of decision-makers with overlapping competences, and the repeated regrouping in parliament and government in reaction to economic and political crises in Georgia resulted in a lack of programmatic and conceptual consistency, a further weakening of the political capacity to act and increasing inefficiency.<sup>75</sup> Although parliament has managed to promote and push through a number of democratic reforms, there have been delays and shortcomings in the implementation of the laws passed due to the fact that parliament has only limited leverage over and coordination with the executive.<sup>76</sup>

The executive has been ineffective and qualified personnel have been hard to find since remuneration has remained well below living standards. But after the *Rose Revolution*, some efforts were made to improve the situation. The effectiveness of the executive has actually been increased, especially in attracting public revenues. In January 2004, the salaries of about 10,000 public servants were raised and the number of ministries was decreased.<sup>77</sup>

72 Cf. Nodia 2005, see above (footnote 51), p. 3.

73 Cf. Freedom House, *Freedom in the World 2004: Georgia*, p. 4, in: [www.freedomhouse.org/research/freeworld/2004/countryratings/georgia.htm](http://www.freedomhouse.org/research/freeworld/2004/countryratings/georgia.htm) (accessed 9/2005).

74 Cf. Nodia 2005, see above (footnote 51), p. 15.

75 Cf. BTI 2003, see above (footnote 38), p. 6.

76 Cf. Huber 2004, see above (footnote 21), p. 49.

77 Cf. Nodia 2005, see above (footnote 51), p. 6.

### *Summary*

Even after the *Rose Revolution* that was brought about by public protest, the political system of Georgia is still not stable and therefore not conducive to further democratization and consolidation. The political instability is demonstrated through the internal divisions that have already evolved within the present central government. Saakashvili has reorganized his cabinet several times in order to re-adjust the balance of forces in his favor. Despite the efforts to fight corruption and the initial successes of the new government, they have failed to contribute to the stabilization of the democratic institutions of checks and balances aimed at providing deeper rooted support from the people through the political inclusion of all societal levels. Instead, Saakashvili has focused on further strengthening his presidential powers and trying to take advantage of the dynamics triggered by the ‘revolutionary’ change in order to achieve fast results. In this context, the new government has not always respected existing laws and procedures, e.g. the violation of due process provisions and the creation of the post of prime minister for Zhvania in February 2004 without complying with the required one-month-term for public debate. Strength in the sense of authoritarian measures does not equal stability – on the contrary, it destabilizes the political system in the long run. By relying on his charismatic rule, Saakashvili is subordinated to volatile public opinion, bearing in mind that his two predecessors were driven from office in coups d’état.

### **2.3 Socioeconomic Development**

Modernization theory suggests that there is a relationship between socioeconomic development and the chances for democratic consolidation. Economic and social development positively correlates with the survivability of democracies<sup>78</sup> as well as with the guarantee of political rights and civil liberties<sup>79</sup>. Early representatives of modernization theory argued that economic growth above a certain threshold stimulates social change in the shape of urbanization, alphabetization and easier access to the media.<sup>80</sup> Later on, these factors became less prominent and education was seen as an important link between economic and political development.<sup>81</sup> In contrast to this, it was also argued that socioeconomic devel-

78 Cf. i.a. Adam Przeworski, Michael E. Alvarez, Jose Antonio Cheibub, and Fernando Limongi, *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990*. Cambridge Studies in the Theory of Democracy edited by Adam Przeworski, Cambridge (Cambridge University Press), 2000.

79 Cf. i.a. Christopher Clague, Suzanne Gleason, and Stephen Knack, *Determinants of Lasting Democracy in Poor Countries: Culture, Development, and Institutions*, in: *The Annals* 573, no. 1 (2001), pp. 16-41.

80 Cf. Daniel Lerner, *The Passing of Traditional Society: Modernizing the Middle East*, New York (Free Press), 1958; Seymour Martin Lipset, *Political Man: The Social Bases of Politics*, New York (Anchor Books), 1960; Karl W. Deutsch, *Social Mobilization and Political Development*, in: *American Political Science Review* 55 (1961), pp. 493-04.

81 Cf. Axel Hadenius, *Democracy and Development*, Cambridge (Cambridge University Press), 1992; John F. Helliwell, *Empirical Linkages between Democracy and Economic Growth*, in: *British Journal of Political Science* 24 (1994), pp. 225-48.

opment was only an intervening variable which positively correlates with democratization because several power resources are usually distributed more diversely on a higher level of socioeconomic development than on a lower level.<sup>82</sup> The chances of successful democratization are higher if social power resources are distributed so diversely that no social group is able to repress another group to maintain its political hegemony.<sup>83</sup> Socioeconomic development and the welfare function of the state can be measured by the following indicators: (3a) distribution of social power resources; (3b) prolonged economic and/or monetary crises; (3c) level of tax and duty revenues; (3d) level and distribution of state expenditures; (3e) level of external debts; (3f) (in)equality in income or consumption; (3g) rate of unemployment/labor-force participation rate; (3h) state of human development; (3i) state of infrastructure, education system and health care.<sup>84</sup> These indicators as they occur in Georgia are summarized in Table 2.

In the aftermath of the Soviet Union's dissolution and the highly violent conflicts in Georgia in the early 1990s, the Georgian economy experienced a dramatic breakdown. As part of the USSR, Georgia along with Estonia and Latvia had belonged to the richest Soviet republics as measured by per capita consumption and real income. After regaining independence, Georgia had to face an almost complete collapse of its productive sector. For long periods of time the main transport links and communication channels to Russia were interrupted due to the secession disputes. In addition, the war between the neighboring states Armenia and Azerbaijan was accompanied by acts of sabotage damaging the pipelines carrying Azeri oil to Georgia. In addition to these circumstances, an unwillingness to push through economic reforms prevailed in Tbilisi although there was general agreement over their necessity.<sup>85</sup> Lawmaking concerning tax and duties was predominantly influenced by narrow, specific interests resulting in several extensive exceptional regulations for certain subgroups. Despite a general increase in the collection of taxes in the mid-1990s, the state lacked the resources necessary for financing a growth-promoting

82 Cf. Tatu Vanhanen, *Democratization: A Comparative Analysis of 170 Countries*, London/New York (Routledge), 2003. In this context, also see Vanhanen's *Index of Power Resources* that consists of three indices (1) occupational diversification, (2) knowledge distribution and (3) distribution of economic power resources. These indices are derived from six variables: (a) urban population as a percentage of total population, (b) non-agricultural population (derived by subtracting the percentage of the agricultural population from 100 per cent), (c) number of students (universities and other institutions of higher education) per 100,000 inhabitants of the country, (d) literates as a percentage of the adult population, (e) family farms as a percentage of total cultivated area or of total area of holdings; (f) degree of decentralization of non-agricultural economic resources ("Democratization and Power Resources 1850-2000" data for 172 countries can be downloaded at [www.fsd.uta.fi/english/data/catalogue/FSD1216/](http://www.fsd.uta.fi/english/data/catalogue/FSD1216/) (accessed 9/2005)).

83 See also Carlos Boix and Susan Stokes, *Endogenous Democratization*, in: *World Politics* 55 (2003), pp. 517-49. In reaction to the present debate that, though economic prosperity sustains and stabilizes democracies, it does not create the conditions for its emergence, Boix and Stokes argue that prosperous democracies are indeed more likely to survive, but that in fact economic growth also causes democratization. Their most decisive explanatory variable is not prosperity per se but the degree of the equality of income distribution.

84 Following Schneckener 2004, see above (footnote 14), p. 13.

85 Cf. Slider 1997, see above (footnote 24), pp. 190 f.

infrastructure. The proportion of taxes in relation to gross national product (GNP) hovered on a very low level at around 15 per cent. A flourishing black market, money counterfeiting and smuggling are commonplace in Georgia and not conducive to healthy tax revenues. The poor infrastructure is demonstrated by frequent collapses of the energy supply.

The persistent weakness of the market, resulting from the corrupt administration, has created a climate of permanent uncertainty as regards government behavior and expectations. Economic success was highly dependent on the ability to mobilize political connections. This is especially pertinent since their integration into informal networks is the most distinct factor with regard to life chances. Poverty neither correlates reliably with gender characteristics nor with ethnic ancestry nor the level of education.<sup>86</sup> With regard to the distribution of social power resources, Georgia is identified on a medium level in Vanhanen’s *Index of Power Distribution* ranking 78 out of 171 countries (see Table 2). The social inequality is expressed in the *Gini Index* surveyed by the UNDP. With 36.9 Georgia ranks on a similar level as Moldova, Laos, Nepal and Vietnam.<sup>87</sup> Although this figure represents a medium rather than high level of inequality, the high level of poverty is unequally distributed throughout the country, and is concentrated in geographically isolated areas and areas with a low density of arable land.

With regard to inflation and currency policy, Georgia has made some progress. The Georgian Lari was introduced in September 1995. With the support of the *International Monetary Fund (IMF)* and the *World Bank* this stimulated an economic recovery: Inflation was subdued<sup>88</sup> and GDP started to grow – at least until the negative effects of the Russian financial crisis in August 1998 (see Table 2). Macroeconomic stabilization was achieved through the sustainable strengthening of the central bank and a reduction in new state indebtedness which was accomplished in particular through international pressure.<sup>89</sup> Nevertheless, all in all Georgia still exhibits the characteristics of a classic developing country.<sup>90</sup> The 2005 *Human Development Index* ranks Georgia’s development at 100 out of

86 Cf. BTI 2003, see above (footnote 38), p. 7.

87 Cf. UNDP 2005, see above (footnote 42), pp. 270 ff. A value of 0 represents perfect equality, and a value of 100 perfect inequality. In contrast to Georgia, Germany has a Gini Index value of 28.3.

88 Georgia’s rate of inflation ranged above 13,000 per cent in the early 1990s, but sank to 7.3 per cent in 1997, cf. UNDP 1999, see above (footnote 66), p. 18.

89 The nominal per capita gross domestic product (GDP) increased from 814 Georgian Lari in 1996 to 1,217 Lari in 1999, cf. *Ibid.*, p. 76.

90 Taking the debate on the ‘end of the Third World’ into account, the term ‘Third World’ country is intentionally avoided here. The discussion refers to the argument that the term cannot reflect the enormous heterogeneity of socio-economic development processes and configurations of interests; see i.a. Joachim Betz and Stefan Brüne, *Die Dritte Welt – Zum Herbst eines Begriffes*, in: idem (eds.), *Jahrbuch Dritte Welt 2000. Daten – Übersichten – Analysen*, München (C.H. Beck), 1999, pp. 7-19; Andreas Boekh, *Was ist von der Dritten Welt übrig geblieben?* In: Volker Rittberger, Andreas Boekh, and Christoph Bertram (eds.), *Weltpolitik heute: Grundlagen und Perspektiven*, Baden-Baden (Nomos), 2004, pp. 145-163.

177 on a level between Iran and Azerbaijan.<sup>91</sup> While, in 2004, Georgia was still considered to belong to the group of low-income countries with average wages ranging at only 74 per cent of the official subsistence minimum<sup>92</sup>, it is now ranked as a medium-income country<sup>93</sup>. In the countries of the former Soviet Union including Georgia, transition brought about one of the deepest recessions since the Great Depression of the 1930s – and in many cases, despite positive growth over the last few years, income is still lower than it was 16 years ago. Since 1990, real per capita incomes have fallen by more than 40 per cent in Georgia.<sup>94</sup> More than 54 per cent of the population live below the poverty line.

According to a unified index of the *World Health Organization (WHO)*<sup>95</sup>, Georgia is not among the worst offenders but, out of the former Soviet republics, the performance of the Georgian health care system ranks not only behind those of the Eastern European countries but also behind that of Kazakhstan, the Ukraine, and Belarus.<sup>96</sup> With regard to combined primary, secondary and tertiary education, Georgia has gained “world-class levels”<sup>97</sup> and the country’s education index (0.90) is comparable to ‘high development countries’. However, the Georgian education system needs to improve in order to sustain these figures in the long run. According to the *World Bank*, it is unable to respond to demands imposed by the new market economy. Besides, the continued absence of investment in infrastructure has caused major damage to schools throughout the country. Table 2 gives an overview of the ‘welfare indicators’ for the period between 1997 and 2003.

**Table 2: Selected Socioeconomic Indicators for Georgia, 1992 to 2003**

Indicator	1997	1998	1999	2000	2001	2002	2003
Distribution of Social Power Resources [Vanhanen Index]	---	6.6 <sup>98</sup>	---	---	---	---	---
Real GDP [change, %]	10.5	3.1	2.9	1.8	4.8	5.5	11.1
Overall Tax Revenue [% of GDP]	15.4	14.8	14.6	15.0	15.6	15.1	14.8
Overall Public Expenditure [% of GDP]	20.5	20.3	21.0	18.7	18.6	18.8	17.6
- on Education	2.0	2.1	2.1	2.1	2.0	1.8	1.6
- on Health Care	1.1	0.7	0.6	0.9	0.8	0.8	0.7

91 Cf. UNDP 2005, see above (footnote 42), p. 220. In contrast, Germany ranks 20 out of 177 after New Zealand and before Spain.

92 Cf. UNDP, Human Development Report 2004 – Cultural liberty in today’s diverse world, New York (UNDP), 2004, p. 280, [www.undp.org.in/hdr2004/HDR2004\\_complt.pdf](http://www.undp.org.in/hdr2004/HDR2004_complt.pdf) (accessed 2/2005).

93 Cf. UNDP 2005, see above (footnote 42), p. 364.

94 Cf. *Ibid.*, pp. 24 f.

95 This WHO index is based on a combined evaluation of a number of factors, including goal attainment and performance, disability-adjusted life expectancy, child survival, responsiveness level, responsiveness distribution, and fairness of financial contribution.

96 Cf. World Health Organization, World Health Report 2005 - Make Every Mother and Child Count, Geneva (WHO), pp. 176 ff., [www.who.int/entity/whr/2005/whr2005\\_en.pdf](http://www.who.int/entity/whr/2005/whr2005_en.pdf) (accessed 10/2005).

97 UNDP, Millennium Development Goals in Georgia, Tbilisi, 2004, p. 57, [www.undp.org.ge/news/Georgiamdg.pdf](http://www.undp.org.ge/news/Georgiamdg.pdf) (accessed 12/2004).

98 Georgia ranks 78 out of 171. In contrast to this, Germany ranks 157 out of 171 with a power resources value of 42.4; see [www.fsd.uta.fi/english/data/catalogue/FSD1216/daf1216e.xls](http://www.fsd.uta.fi/english/data/catalogue/FSD1216/daf1216e.xls) (accessed 9/2005).

Indicator	1997	1998	1999	2000	2001	2002	2003
Overall Budget Deficit [% of GDP]	4.6	4.9	5.5	3.4	2.3	3.4	2.3
External Debt [Mio. US-\$]	1,412	1,627	1,635	1,556	1,602	1,753	1,853
Distribution of Income or Consumption [Gini Index] <sup>99</sup>	---	---	---	---	37.1 (30.0)	37.1 (30.0)	38.9 (28.3)
Unemployment Rate (official)	7.5	12.3	12.7	10.3	11.1	12.3	11.5
Poverty Line/Official Subsistence Minimum [% of population below]	46.2	50.2	51.8	51.8	51.1	52.1	54.5
Alternative Poverty Line (Extreme Poverty) [% of population below]	9.9	13.8	15.2	14.3	13.8	15.1	16.6
Human Development [HDI] <sup>100</sup>	---	---	0.729 (0.906)	0.762 (0.911)	0.742 (0.921)	0.748 (0.925)	0.746 (0.921)
HDI rank [rank/number of surveyed countries]	---	---	85/174	70/174	76/162	81/173	88/175

Source: UNDP, Millennium Development Goals in Georgia, Tbilisi, 2004, p. 19

The level of socioeconomic development in Georgia remains remarkably low and is therefore obstructive to the consolidation process. The high level of poverty is unequally distributed throughout the country and is concentrated in geographically isolated areas and areas with a low density of arable land.<sup>101</sup> An agricultural reform is needed in order to promote growth in this sector which employs more than 50 per cent of the employable population.

## 2.4 Experiences With Democracy and Traditions of Civil Society

Not only (4a) are earlier experiences with democracy conducive to the durable stability of a democratic order, but (4b) the character of the regime prior to the initiation of the democratization process is also relevant. Also, a high degree of positive attitudes towards the democratic system and (4c) an autonomous civil society capable of articulating and pushing its interests are of fundamental importance in this respect.<sup>102</sup> Thus, civil society organizations represent (temporary) alternatives when it comes to social and political participation, especially in post-authoritative societies with deficient party systems. But unfortunately these societies often show a low degree of social self-organization, they do not pos-

99 Data derived from annual issues of the Human Development Reports issued by the UNDP. For a comparison, the data for Germany is found in round brackets.

100 For a comparison, the data for Germany is found in round brackets.

101 Cf. BTI 2006, see above (footnote 7), p. 8.

102 Cf. i.a. Linz and Stepan 1996, see above (footnote 12); Philippe C. Schmitter, *Civil Society East and West*, in: Larry Diamond, Marc F. Plattner, Yun-han Chu and Hung-mao Tien (eds.), *Consolidating the Third Wave Democracies*, Baltimore/London (John Hopkins University Press), 1997, pp. 239-63; Larry Diamond, *Developing Democracy. Toward Consolidation*, Baltimore/London (John Hopkins University Press), 1999; Wolfgang Merkel and Hans-Jürgen Puhle, *Von der Diktatur zur Demokratie: Transformationen, Erfolgsbedingungen, Entwicklungspfade*, Opladen (Westdeutscher Verlag), 1999.

sess liberal traditions, and are characterized by social mistrust, low social co-operation, an affinity to violence and organized crime.<sup>103</sup>

The following sections will show that this, at least in parts, is the case in Georgia which also has to deal with its 'Soviet heritage'. Although the country's civil society has long been seen as a model for the post-Soviet region due to a large number of non-governmental organizations (NGOs), most of them only exist on paper or are closely linked to government institutions. Therefore, the civil society sector cannot mediate between society and the state and contribute to democratic consolidation.

#### *Experiences With Democracy (4a) and Regime Character Prior to Initiation of the Democratization Process (4b)*

Georgia's history of alternating influences of different powers in the Southern Caucasus without any earlier experiences with democracy left its mark in society, especially concerning the traditional legal system and social relations. 70 years of Soviet impact as well as the experience and practice of authoritarian rule characterize today's civic culture. During the Soviet years, clans and mafias with good connections to the political elites played an important role in Georgia. After the end of the Cold War, these groups were frightened of losing their status.<sup>104</sup> Therefore, bribery, intimidation and political violence became part of everyday life. Citizens were used to avoiding state interference as much as possible. Given the state's weakness, inefficiency and susceptibility to corruption, this did not change – especially since citizens still had little trust in government institutions (see section on legitimacy). Because Shevardnadze and most of his administration had been part of the Soviet nomenclature, the post-Soviet period did not start, in a way, until the *Rose Revolution* which brought a young generation of politicians into power that had not been influenced by the Soviet experience. Nevertheless, despite the strong 'Western' orientation of the new elites, the 'Soviet heritage' will probably continue to play a significant role in Georgia's mentality and political culture. This is reflected in the charismatic rule of Saakashvili, his populist mien, and the impulsive behavior of the new administration, e.g. with regard to South Ossetia.

#### *Existence of Autonomous and Active Civil Society (4c)*

But still, despite corruption and human rights violations, compared to other post-Soviet republics, a relatively high degree of political freedom prevails in Georgia.<sup>105</sup> Throughout the 1990s, there were hardly any legislative limitations on civil society organizations. However, in the latter years of the Shevardnadze era, harassment of politically active

103 Cf. Claus Offe, *Designing Institutions for East European Transitions*, in: Jerzy Hausner et al. (eds.), *Strategic Choice and Path-Dependency in Post-Socialism: Institutional Dynamics in the Transformation Process*, Aldershot/Brookfield (Elgar), 1995, pp. 47-66.

104 Cf. Slider 1997, see above (footnote 24), pp. 165 f.

105 Cf. Lincoln Mitchell, *Georgia's Rose Revolution*, in: *Current History* 103, no. 675 (2004), pp. 342-48, here: 345.

NGOs became a new norm. Beginning with a statement by Shevardnadze in April 2002, there have been some anxious developments. The former Georgian President compared NGO activities with those of terrorists and pleaded for greater financial control of these groups which, in most cases, are funded by foreign donors. In February 2003, the Ministry of Security circulated a draft law “On the Suspension of Activities, Liquidation, and Banning of Extremist Organizations under Foreign Control”, but toned it down in response to protests by human rights groups. The Ministry of Finance issued an order imposing state control over all grants to NGOs in March 2003. Three months later, a Tbilisi district court suspended this order.<sup>106</sup>

With a large number of NGOs<sup>107</sup>, Georgia’s civil society has long been seen as a model for the post-Soviet region. But due to the economic destitution of the country, existing civil society organizations are, in many cases, only creative façades created in order to encash international funds and/or function primarily as service providers to donors. Although the number of about 200 NGOs is relatively stable and some 30 groups have permanent staff and boards, numerous organizations only exist on paper or have been created for implementing one or two projects.<sup>108</sup> Because NGOs are suspected of being linked to political parties or government agencies, citizens often fail to even differentiate between the two.<sup>109</sup> This is substantiated by the fact that most NGOs refuse to make their budget public.

Although several Georgian NGOs have actually made active contributions to the legal system and the Constitution, the lack of reliable public information has, up to now, prevented them from developing as a counterweight to the government. Thus, the NGOs’ impact in terms of checks and balances remains relatively limited.<sup>110</sup> All in all, the civil society sector has so far not been able to compensate for the weaknesses of the instable Georgian party system, especially since pressure groups are hardly capable of playing a significant role in a society that mainly functions through clientelism.<sup>111</sup> Just as Georgian political parties, civil society organizations, too, lack social rooting and therefore the ability to act as mediators between society and the state. Nevertheless, the peaceful protests in the context of the parliamentary elections in November 2003, which resulted in a change of government may give new impetus to civil society. On the other hand, however, civil society may be faced with an image crisis as the population becomes increasingly “tired”<sup>112</sup>

106 Cf. Piano 2004, see above (footnote 57), p. 5f.

107 According to research conducted by the Georgian Business Law Center, there were at least 3,948 public associations in Georgia by January 2002 and as many as 1,000 foundations, cited in: Nodia 2005, see above (footnote 51), p. 9.

108 Cf. Nodia 2005, see above (footnote 51), p. 9.

109 Cf. USAID 2003, see above (footnote 70), p. 45.

110 Cf. Huber 2004, see above (footnote 21), p. 51.

111 Cf. BTI 2003, see above (footnote 38), p. 6.

112 Huber 2004, see above (footnote 21), p. 51.

and the fact that NGOs have experienced a kind of “brain drain”<sup>113</sup> since many of their most active members have been appointed to government positions.

### Summary

Despite the *Rose Revolution*, the start of which was significantly influenced by Georgia’s civil society and the fact that it has long been seen as a model for the post-Soviet region, the high number of NGOs does not necessarily point at an active and autonomous civil society. Indeed, since Georgian NGOs often do not possess social rooting, they are not capable of compensating for the weaknesses of the instable party system and of acting as mediators between society and the state. The “brain drain” of civil society following the *Rose Revolution* represents a specific problem for the ‘new era’. In combination with the ‘Soviet heritage’ which still influences the Georgian mentality and political culture, the factor of ‘experiences with democracy and traditions of civil society’ cannot be considered conducive to Georgia’s further development with regard to democratic consolidation.

## 2.5 International Context

The international context can be differentiated into the international environment and transnational interactions. It influences situations, preferences and options for the behavior of players within a political system.<sup>114</sup> The international environment refers to (5a) the structural dimension of international interdependence and (5b) the political climate or ‘Zeitgeist’ in a certain region with regard to democratic norms. Regional and international conflicts and crises are also relevant to democratization processes since perceived security threats can lead to the justification of limitations on civil rights and political liberties.<sup>115</sup> (5c) Transnational interactions constitute concrete interactions between intrastate actors, on the one hand, and external national, transnational, supranational, governmental and non-governmental players, on the other.<sup>116</sup>

The following section will show that, despite Georgia’s ‘Western’ orientation that has become even stronger under the new administration, all in all, the international context with the geopolitical complexity of the situation is not conducive to a democratic consolidation. Several violent or ‘frozen’ conflicts and the activities of transnational criminal

113 BTI 2006, see above (footnote 7), p. 7.

114 Cf. Marianne Kneuer, *Der Einfluss Externer Faktoren: Die Politische Strategie der EU bei Demokratischen Transformationen am Beispiel der Slowakei als Defekte Demokratie*, in: Petra Bendel, Aurel Croissant, and Friedbert Rüb (eds.), *Zwischen Diktatur und Demokratie*, Opladen (Leske + Budrich), 2002, pp. 237-61, here: 255; Merkel et al. 2003, see above (footnote 11), p. 234.

115 After the end of the Cold War the relevance of this interrelation temporarily decreased. But with the impact of ‘9-11’ it regained weight – not only with regard to the limitation of rights and freedoms but also to the justification of military interventions.

116 Cf. i.a. Thomas Risse, Stephen C. Ropp, and Kathryn Sikkink (eds.), *The Power of Human Rights: International Norms and Domestic Change*. Cambridge (Cambridge University Press), 1999.

networks can destabilize the region, added to which is the tug-of-war for political influence between the two great powers Russia and the USA.

*International Environment (5a) (5b) and Transnational Interactions (5c)*

The Caucasus has a long history of violence. At present, it, too, is characterized by instability. Georgia neighbors the Russian republics of war-torn Chechnya and of Ingushetia, which caught the public's attention in September 2004 when a hostage-taking in a school in Beslan left 335 dead<sup>117</sup>. There are also transnational interactions involving violent non-state actors including human trafficking between the former and so-called 'no-go areas' on Georgian territory. Apart from these conflicts in the Northern Caucasus, the territorial dispute over Nagorny-Karabakh between Armenia and Azerbaijan as well as the internal conflicts (see above) and external dependencies also threaten Georgia's stability and further development. As a strategic intersection between Europe and Asia, the Caucasus has been dominated by different powers throughout its history. With the breakdown of the Soviet Union, the Southern Caucasus has once more become an arena for rivaling geopolitical interests – especially those of Russia, Turkey, Iran, the United States, and in the meantime Europe to an increasing degree.

Turkey sees Georgia as an entrance to potential trade relations with the Caucasus and Central Asia, while Iran considers it to be a 'dangerous' gateway for 'hostile' US influence in the region.

Russia is interested in maintaining as much influence as possible in the 'post-Soviet space'. With her borders with Ingushetia and Chechnya, this is especially true for Georgia. The claim that Chechen rebels take refuge in the so-called 'no-go areas' of Georgia caused Russia to launch military operations repeatedly on Georgian territory, thereby undermining the latter's sovereignty. This argument is also valid with regard to the two remaining Russian military bases in Javakheti and Ajara. Their presence has developed into a dispute between the two countries. Moscow also exploits the separatist entities in its 'near abroad' (i.e. Abkhazia and South Ossetia) as a lever in order to influence their metropolitan state, which is why Russia's objectives are often referred to as 'controlled instability'.<sup>118</sup> Proposals put forward by the Georgian government to withdraw or replace Russian-dominated CIS peacekeeping forces have so far been refused as unacceptable by the Kremlin. This is rather a precarious situation since Russia plays an ambivalent, simultaneous role as mediator, peacekeeper, and player with her own interests. In this context, it is an interesting fact that in contrast to Abkhazia and South Ossetia, no violent conflicts have occurred in the predominantly Armenian and Azeri non-autonomous regions in the South which do not border Russia.<sup>119</sup> Besides this, as well as the fact that Georgia acts as a security cushion

117 Cf. Uwe Halbach, *Gewalteskalation im Kaukasus, Verhärtung in Russland*, Berlin, SWP-Aktuell 45, September 2004, p. 1.

118 Cf. Bielawski and Halbach 2004, see above (footnote 25), p. 7. This was recently displayed by reports on Russia supplying weapons to South Ossetian separatists during the crises of July and August 2004 (see above).

119 Cf. Barbara Pietzonka, *Ethnisch-territoriale Konflikte in Kaukasien*, Baden-Baden (Nomos), 1994.

that – under Russian control – could prevent the advance of Turkish influence, a possible NATO expansion, and the establishment of an East-West energy corridor, Russian interests also include business investments. There have also been problems with regard to the latter, e.g. the sale of parts of Georgia's energy sector to Russia's *Gazprom* and *RAO EES* by the Shevardnadze government in 2003.<sup>120</sup> Talks held by Georgia's new Prime Minister Zurab Noghaideli with *Gazprom* in December 2005 about the possibility of selling the company the country's main gas pipeline supplying natural gas to customers in both Georgia and Armenia were also politically sensitive. Such a deal would collide with a compact signed with the US government in September 2005 (see below). This compact provides for i.a. the repair and restoration of the pipeline. Georgia has undertaken not to sell the pipeline before 2010, when the agreement expires.<sup>121</sup>

In her quest to create a counterbalance to the strong Russian influence that could negatively effect the freedom of self-development and therefore of democratic consolidation<sup>122</sup>, in particular, Georgia's foreign policy since independence, has been increasingly oriented towards 'the West'. In March 1994, Georgia became a member of NATO's *Partnership for Peace Program (PfP)* as well as of the *Euro-Atlantic Partnership Council (EAPC)* in 1997, and of the *CoE* in April 1999. She is also striving for NATO membership and EU accession. Such 'Western' orientation has become even stronger under the new Saakashvili administration whose members were not exposed to the socialization of the Soviet past.

Despite the fact that the transition literature of the 1990s took the predominant view that democratization is the result of internal processes while external influences at best play a subordinate role, democracy promotion nevertheless belongs to the standard foreign policy repertoire of 'Western' states.<sup>123</sup> Georgia is a good example of a state in transition that has so far received a considerable amount of financial aid from 'Western' donors. 50 per cent of the state budget consists of foreign aid. Georgia ranks as the second largest recipient of US foreign aid after Israel. With regard to 'official development assis-

120 Cf. BTI 2006, see above (footnote 7), p. 10.

121 Cf. Theresa Freese, Georgia still waiting for Millennium Challenge Funds, 18 January 2006, in: [www.eurasianet.org/departments/insight/articles/eav011806.shtml](http://www.eurasianet.org/departments/insight/articles/eav011806.shtml) (accessed 1/2006).

122 Cf. Ghia Nodia, A New Cycle of Instability in Georgia. New Troubles and Old Problems, in: Gary K. Bertsch, Cassady B. Craft, Scott A. Jones and Michael Beck (eds.), *Crossroads and Conflict: Security and Foreign Policy in the Caucasus and Central Asia*, New York/London (Routledge), 2000, pp. 188-206, here: 197-199; Edwin Czerwick and Gulbaat Rzchiladse, Demokratie und Autokratie - Kaukasische Teufelskreise in Georgien, in: *Osteuropa* 53, no. 8 (2003), pp. 1084-97, here: 1095.

123 Cf. i.a. Phillippe C. Schmitter, An Introduction to Southern European Transitions from Authoritarian Rule: Italy, Greece, Portugal, Spain, and Turkey, in: Guillermo O'Donnell, Phillippe Schmitter, and Laurence Whitehead (eds.), *Transitions from Authoritarian Rule: Southern Europe*, Baltimore, Md. (Johns Hopkins University Press), 1986, pp. 3-10; Geoffrey Pridham, Eric Herring, and George Sanford (eds.), *Building Democracy? The International Dimension of Democratization in Eastern Europe*. New York (St. Martin's Press), 1994; Laurence Whitehead, *The International Dimensions of Democratization: Europe and the Americas*. Oxford (Oxford University Press), 1996; Peter J. Schraeder, The State of the Art in International Democracy Promotion: Results of a Joint European-North American Research Network, in: *Democratization* 10, no. 2 (2003), pp. 21-44; Julia Leininger, Demokratieförderung, in: Nohlen and Schultze 2005, see above (footnote 18).

tance’ (ODA), which in contrast to ‘foreign aid’ does not include military assistance, the USA is Georgia’s top donor, followed by the *World Bank* and Germany.<sup>124</sup> Initially, US interests were predominantly focused on energy-related issues, especially in relation to the construction of the Baku-Tbilisi-Ceyhan oil pipeline. But with the proclamation of the ‘fight against international terrorism’ in 2001 and the development of the strategic concept of a *Greater Middle East*, they became increasingly security-oriented, too. Therefore, military co-operation with Georgia as a ‘bridgehead’ to Central Asia and the Middle East is a US priority. This is reflected by *GTEP* and *SSOP* (see the section above on national security structures). In March 2002, US President George W. Bush announced a new foreign assistance fund, the *Millennium Challenge Account (MCA)*, which aims to make over one billion US dollars available annually for developing countries that “make the right choices for their people”.<sup>125</sup> Country performance is measured by 16 policy indicators in the three broad categories of just governance, investment in education and health, and fostering economic freedom. Georgia is among the selected countries. In September 2005, she signed a five-year, 295 million US dollar *Millennium Challenge Compact* with the US government through the so-called *Millennium Challenge Corporation (MCC)* that was launched in 2004 as a US government agency.<sup>126</sup> The funds have yet to arrive in Georgia, however. With his visit on 9-10 May 2005, President Bush underlined the strategic relevance of a ‘Western’-oriented Georgia. Germany considers Georgia as the only country in the region of the Caucasus and Central Asia to be a ‘priority partner country’ in its development co-operation. Georgia, therefore, receives the full range of the *BMZ*’s (*Federal Ministry for Economic Co-operation and Development*) development policy instruments. Germany invested 26 million euros as financial co-operation and five million euros as technical co-operation in 2002 and 2003.<sup>127</sup>

Between 1992 and 2002, the *EU* supported Georgia with 387.79 million euros.<sup>128</sup> Until the *EU*’s eastern expansion, the Balkans crisis and ultimately the events of September 11, Europe’s priorities were concentrated on other regions. But lately, Europe’s focus has turned more and more to the Caucasus. Poverty, drug- and human-trafficking, human rights violations, and the potential escalation of secession conflicts on the *EU*’s external borders represent a threat to stability. The European re-orientation became apparent with the inclusion of Armenia, Azerbaijan, and Georgia into the *European Neighborhood Policy*

124 See [www.oecd.org/dataoecd/21/39/1881067.gif](http://www.oecd.org/dataoecd/21/39/1881067.gif)

125 Cf. Freedom House, Freedom House Annual Report 2004, Washington D.C., p. 14, in: [www.freedomhouse.org/research/specreports/ar2004.pdf](http://www.freedomhouse.org/research/specreports/ar2004.pdf) (accessed 12/2005).

126 By comparison, in fiscal year 2005, all US government agencies budgeted an estimated 139 million US dollars for assistance programs in Georgia; cf. Freese 2006, see above (footnote 121).

127 See [www.bmz.de/de/laender/partnerlaender/georgien/zusammenarbeit.html](http://www.bmz.de/de/laender/partnerlaender/georgien/zusammenarbeit.html).

128 Cf. European Commission, Country Strategy Paper 2003 - 2006, Tacis National Indicative Programme 2004 - 2006, Georgia, 23 September 2003, Brussels, pp. 40 ff., in: [http://europa.eu.int/comm/external\\_relations/georgia/csp/georgia\\_csp\\_6.pdf](http://europa.eu.int/comm/external_relations/georgia/csp/georgia_csp_6.pdf) (accessed 10/2005).

(ENP) in June 2004.<sup>129</sup> Furthermore, the OSCE and the UN i.a. have field presences in Georgia in order to mediate in the secession conflicts and promote democracy.

Nevertheless, during the Shevardnadze era, this international support was increasingly seen by the population as a measure to stabilize a corrupt and ailing system. International donors, too, became increasingly annoyed by the persistent reform failures of the regime. In 2003, the *International Monetary Fund (IMF)* and the *World Bank* suspended their aid programs as a result. Also, US aid agencies, in particular, have increasingly taken the side of the opposition. NGOs, such as the *Soros Foundation*, provided massive financial support, training and consultation to strengthen the mobilization and organizational capacities of the emerging protest movement, thereby taking part in and influencing the events of November 2003.<sup>130</sup> After the *Rose Revolution*, Saakashvili successfully convinced the international community to grant him a leap of faith. An international donor conference held in Brussels in June 2004 pledged 850 million euros, and the EU itself allocated 125 million euros in order to promote political and economic stabilization programs.<sup>131</sup>

### Summary

Nevertheless, Georgia is still in a difficult position and has to balance between Russia, the USA, and Europe. While seeking integration with European and transatlantic institutions, Georgia has had to pay considerable attention to Russia due to the latter's interests in maintaining influence in the region, her security-related sensitivities concerning the borders with Chechnya and Ingushetia as well as her decisive role with regard to the secession conflicts. Russia has been repeatedly provoked by Georgia's close co-operation with the USA. Therefore, despite considerable international support for the promotion of democratization, Georgia's international context cannot be considered completely conducive to democratic consolidation against the background of different external dependencies, rivaling external influences, instabilities and violent conflicts in the region as well as the activities of transnational violent and criminal networks. So far, external influences have prevented the creation of institutions of regional co-operation in the Southern Caucasus that could help strengthen the freedom of self-development.

## 3. Democratic Consolidation in Georgia?

As shown, the conditions surrounding Georgia's process of democratic consolidation have so far been very difficult. An analysis of the relevant factors provides a negative assessment of the situation – even after the *Rose Revolution*. This is reflected in Table 3

129 Cf. Archil Gegeschidse, Georgien: Auf Der Suche nach einer Nischenstrategie, in: Quarterly Journal des PFP Consortium of Defense Academies and Security Studies Institutes I, no. 3 (2002), pp. 5-16, here: 6.

130 Cf. BTI 2006, see above (footnote 7), p. 20.

131 Cf. Almut Rochowanski, EU extends cooperation with Georgia, but expresses caution on accession issue, 17 June 2004, in: [www.eurasianet.org/departments/insight/articles/eav061704.shtml](http://www.eurasianet.org/departments/insight/articles/eav061704.shtml) (accessed 10/2005).

which summarizes the occurrence of the indicators in Georgia as well as the trend of their development after the change of government in November 2003.

**Table 3: Factors Relevant to Democratic Consolidation in Georgia**

Factor Category	Factor Occurrence	Indicator Occurrence	Trend after ‘Rose Rev.’ <sup>132</sup>
‘Stateness’ and nation-building	Weak ‘state-ness’ and unfinished nation-building	(1a) partial control over the state’s territory;	+
		(1b) limited control over the external borders;	+
		(1c) existence of two “frozen conflicts”;	0
		(1d) existence of several militia especially relevant in the secession conflicts;	0
		(1e) pauperized army; corrupt internal security forces;	0
		(1f) high level of crime rates and corruption;	0
		(1g) non-systematic singular incidents of power abuse by state authorities	-
Political stability	Institutional instability	(2a) endemic corruption and systemic clientelism (low legal legitimacy);	0/+
		(2b) systemic election fraud under Shevardnadze (low legal legitimacy);	+
		(2c) low support for the regime (low political legitimacy);	+
		(2d) civil liberties not fully granted (partly free);	-
		(2e) political rights not fully granted (partly free);	0
		(2f) political exclusion of certain groups (breakaway regions; ethnic minorities);	0
		(2g) low degree of independence of the judiciary;	-
		(2h) inefficient and ineffective public administration	0/+
Socio-economic develop.	Low level of socio-economic development	(3a) medium distribution of social power resources	0
		(3b) prolonged economic and/or monetary crises	0
		(3c) low level of tax and duty revenues	+
		(3d) medium distribution of state expenditures	0
		(3e) high level of external debts	0/-
		(3f) medium level of equality in income or consumption; poverty concentrated in geographically isolated areas	0/+
		(3g) high rate of unemployment	0
		(3h) low level of human development	0
		(3i) bad state of infrastructure and health care system; good but weakened education system	0
Civic culture and political traditions	‘Ambivalent’ civil society and lack of democratic traditions	(4a) no earlier experiences with democracy	0
		(4b) Soviet regime prior to initiation of democratization process; new elite not socialized in the Soviet past	0/+
		(4c) high number of civil society organizations with limited autonomy; new impetus but also “brain drain” after “Rose Rev.”	+/-
Internat. context	Instability of the whole region and influence of great powers	(5a) ‘Western’ orientation of foreign policy; association with ‘Western’ organizations; economic dependence on Russia	0/+
		(5b) instability of the whole region; violent conflicts in the regional environment (Chechnya); activities of transnational violent/criminal networks	0
		(5c) influence of great powers (Russia, USA)	0

Source: own account

After more than ten years of independence, the processes of state- and nation-building are not concluded; political institutions are unstable, corrupt and function ineffectively and inefficiently; with regard to socioeconomic development Georgia shows the characteristics

132 “0” means ‘no significant change’; “+” means ‘improvement’; “-“ means ‘worsening of the situation’

of a developing country with a medium degree of social inequality; the country has no earlier experiences with democracy and is still influenced by the 'Soviet heritage'; civil society is ambivalent since the high number of respective organizations do not possess enough social rooting in order to mediate between society and state. With regard to Russia's role, especially in the secession conflicts in Abkhazia and South Ossetia, the international context, too, is in parts obstructive to democratic consolidation. With conflicts in the neighborhood, such as the war in Chechnya or the territorial dispute over Naghorny Karabakh, the region constitutes an unstable environment.

Georgia's transition towards a democratic regime has not been a linear process. It started before independence with Gamsakhurdia's success in the 1990 parliamentary elections, after which the formal democratic requisites were introduced under his successor Shevardnadze in 1995. Further development of the process of democratic consolidation was hampered by several setbacks. The performance of the Shevardnadze administration deteriorated after authoritarian measures were increasingly adopted as a way of holding on to power in the face of internal splits in the *CUG* and the growing influence of an emerging opposition. This, again, resulted in declining popular support and eventually the *Rose Revolution*. The new government under Saakashvili was faced with high expectations for democratic reform and consolidation.

**Table 4: Ratings for Georgia's Democratic Development 1997 to 2005<sup>133</sup>**

Ratings	1997	1998	1999	2001	2002	2003	2004	2005
Electoral Process	5.00	4.50	4.00	4.50	5.00	5.25	5.25	4.75
Civil Society	4.50	4.25	3.75	4.00	4.00	4.00	3.50	3.50
Independent Media	4.50	4.25	3.75	3.50	3.75	4.00	4.00	4.25
Governance	4.50	5.00	4.50	4.75	5.00	5.50	5.75	n/a
- national democratic governance	n/a	5.50						
- local democratic governance	n/a	6.00						
Judicial Framework and Independence	5.00	4.75	4.00	4.00	4.25	4.50	4.50	5.00
Corruption	n/a	n/a	5.00	5.25	5.50	5.75	6.00	5.75

Source: Ghia Nodia, *Nations in Transit 2005: Georgia*, Freedom House, 2005, p.1

However, as shown above and demonstrated by the pertinent ratings for several of the democracy-relevant aspects in Table 4, the Saakashvili administration has so far not been able to live up to these hopes and the *Rose Revolution* was not instantaneously accompanied by better values. In fact, some of them actually got worse, e.g. 'Independent Media', 'Judicial Framework and Independence', and even 'Governance'.

The young reformers' balance has so far had a mixed result. The declared top priorities of the new administration included the restoration of Georgia's territorial integrity and the fight against corruption. With the re-integration of Ajara into the central state and a

<sup>133</sup> 'Nations in Transit' ratings are based on a scale of 1 to 7, with 1 representing the highest level and 7 representing the lowest level of democratic development.

skillful combination of carrots and sticks in the fight against corruption, there has been some progress in both areas. Nevertheless, these stand in contrast to the imprudent invasion of the conflict zone in South Ossetia that almost resulted in a re-escalation to war and led to renewed poor relations with Russia. The hard-line approach against corruption has endangered civil liberties since there have been reports of due process violations, ill-treatment and torture.

This downside is coupled with the fact that Saakashvili has concentrated on strengthening his presidential powers instead of creating stable institutions providing procedural legitimacy and capable of mediating conflicts. He is running the risk of becoming the 'victim' of a volatile public opinion if he does not consolidate his power. This has already been the fate of first President Gamsakhurdia, whose charismatic rule was based on rather fragile popular support. Once he lost support, he was easily driven from office despite his landslide victory in the presidential elections of May 1991. There are currently already indications that internal divisions exist within the central government. Saakashvili has re-organized his cabinet several times in order to re-adjust the balance of forces.

Georgia's political system contains the paradox of a formally strong centralist presidential system that at the same time cannot extend its monopoly of power over the entire territory. So far, the Saakashvili administration has failed to invest in establishing legitimate and coherent institutions capable of reaching the periphery. Representatives on the local and regional level are appointed by the central government. Administrative reform providing a comprehensive decentralization policy is needed in order to empower local legislatures so they can fulfill their oversight functions in the existing system of local self government. In that way, the central state would not have to intervene permanently. With regard to minorities, an integration strategy should be taken into account. Furthermore, it is advisable for Saakashvili to translate his charismatic legitimacy of rather vague popular support into a stable power base. A strengthening of the independence of the judiciary and the rule of law would help to increase the people's trust in government institutions. Otherwise, Georgia remains vulnerable to destabilization by a sudden shift in popular attitudes.

Despite some successes, e.g. the re-integration of Ajara, the anti-corruption efforts, the increase in public revenue, the reduction in the number of ministries, and the rise in the salaries of public servants, the initial question of whether the *Rose Revolution* really represents a 'decisive twist' in Georgia's consolidation process has to be answered with a 'no'. Conditions after the change of government still paint a rather 'depressing' picture. Although most of the existing obstacles are structural problems within the country in general, rather than specific deficits of the current administration in controlling both the executive and the legislative bodies, the new elite still enjoys a comfortable position with regard to the implementation of an ambitious reform agenda. While the international donor community had almost completely lost confidence in Shevardnadze by the end of his presidency, Saakashvili has demonstrated openness to external assistance and a willingness to revive stalled reforms and, in so doing, been rewarded with massive financial aid. On the one hand, this support as well as external efforts at promoting democracy could be essential to Georgia's further development since, in the light of the geopolitical

complexity of the situation, coupled with the lack of political and economic resources for mastering old and new challenges, it is unlikely that Georgia will be able to achieve its national goals without the strong support of the international community. On the other hand, this orientation towards 'Western' organizations negatively affects relations with Russia which is fearful of losing influence in its 'near abroad'. To irritate Russia would have severe consequences. Therefore, her decisive role with regard to Georgia's secession conflicts must be borne carefully in mind.

The following table summarizes the chances and challenges of the political dynamic that unfolded after the *Rose Revolution*.

**Table 5: Chances and Challenges for Georgia's Further Development**

Chances	Challenges
Openness of new government to external support provides new opportunities	'Westernness' of new political elites affects relations with Russia which plays important role with regard to secession conflicts
New government's commitment to fighting corruption, one of Georgia's most pressing problems	New government's hard-line, anti-corruption approach threatens civil liberties
Role in 'Rose Revolution' could give new impetus to civil society	'Rose Revolution' 'monopolized' and 'brain drained' civil society
End of stagnation of democratization process after the removal of the ailing Shevardnadze system	Potential destabilization after dissolving the old structures of the Shevardnadze era

Source: own compilation

The existence of two 'frozen conflicts' represents a main obstacle to the ongoing processes of state- and nation-building. Although the question could be raised if a country can be democratized prior to the conclusion of such processes (see section 2.1), such an argument would justify any kind of setback in the transition towards consolidated democracy. Indeed, Tbilisi seems to compensate the existence of the separatist territories with the expansion of presidential powers. But stability is not equal to strong 'stateness' in the sense of demonstrating executive strength. In fact, there should be a balance between the different bodies of government, between different interests, between center and periphery through the creation of stable institutions of checks and balances, by building up strength in the sense of capacity in order to create a more stable power base and to extend state authority to the periphery. The latter is most likely achieved by a decentralization strategy. After all, the unfinished processes of state- and nation-building are not Georgia's main restraints to further democratic consolidation. The more pressing problems concern bad governance and the mismanagement of state capacities. Moreover, it could be argued that promoting democracy contributes to nation-building. Participation, a core element of democratic rule, would be a good example in this regard. In order to build up a common identity, equal rights to participate in national political life ought to be created for all communities in Georgia. Furthermore, a strengthening of the state is closely related to conflict resolution since a weak state enables the perpetuation of the shadow economy and smuggling which, in turn, foster the interests of conflict entrepreneurs to maintain the *status quo*. In turn, a state with a better performance would provide incentives for a re-integration of the breakaway republics. Addressing state capacity in general could decrease

the conflicts’ profitability and increase the value of being part of a more prosperous Georgia. This could be achieved by tackling corruption and clientelism, where some progress has already been made, targeting social change and strengthening civil society in addition to institution-building.

But as a matter of course, the settlement of Georgia’s ‘frozen conflicts’ is not that easy and, realistically, not yet within reach. Due to the fact that the secession conflicts differ structurally from one another, it will not be possible to apply a general resolution concept. Although Bagapsh’s victory over Russian-backed candidate Khajimba in Abkhazia’s ‘presidential elections’ of October 2004 increased hopes of direct dialogue between Sokhumi and Tbilisi, especially against the backdrop of recent tensions, a long-term strategy of confidence-building is required with regard to Abkhazia and South Ossetia, including coming to terms with the wars of the past. A first step in this undertaking would be to address the issue of displaced persons more seriously with regard to their return, property restitution and compensation. This would be necessary in order to build some mutual confidence before status questions can be discussed.

The Georgian government is aiming for an internationalization of conflict resolution which seems advisable given Russia’s quite problematic role as mediator and peacekeeper while, at the same time, following her own strong interests in the region. Mediation in the conflicts therefore represents an entry point for external players. The *OSCE* and the *UN*, in particular, have already been making efforts for some years now with regard to conflict settlement or at least the initiation of talks between the conflicting parties – albeit with limited success. Nevertheless, the escalation in South Ossetia in the summer of 2004 did in fact result in increased internationalization. The international community should build on that and address the refugee and IDP issue more seriously, as well as urging the Georgian government to encourage return and remove obstacles to property restitution and reintegration. Although the *UN High Commissioner for Refugees (UNHCR)* has offered some substantial assistance in the matter and succeeded in facilitating the return of 1,734 refugees from North Ossetia to South Ossetia and central Georgia in 2004, the experience from other post-conflict settings where large-scale return occurred has demonstrated that multi-agency engagement is necessary for return to succeed.<sup>134</sup> Therefore, the *CoE* and the *OSCE* should also increase their efforts and co-ordinate their engagements with other relevant internal and external players.

While it is undisputable that it is important for Georgia as a sovereign state to become emancipated from its former ‘colonial power’ – which could be facilitated by promoting regional co-operation, e.g. with Armenia and Azerbaijan – Tbilisi should generally desist from alienating its powerful neighbor. Russia has to be convinced that a re-ignition of the conflict zones on her borders cannot be in her interest. With Russia’s support, neither Abkhazia nor South Ossetia will agree to give up their *de facto* independences. Therefore, a solution of offering autonomy is not realistic. Concepts such as creating a confederation

134 Cf. International Crisis Group, *Georgia-South Ossetia: Refugee Return the Path to Peace*. Tbilisi/Brussels (ICG), Europe Briefing No. 38, 19 April 2005, p. 2.

seem more likely. However, any approach – besides requiring the building-up of mutual confidence first as stated above – would also have to take Russia into account. The non-violent resolution of the crisis in Ajara – although significantly different from the secession conflicts – has shown the kind of fruitful results a rapprochement between Tbilisi and Moscow can achieve. Thus, the international community should help improve bilateral Georgian-Russian relations by providing incentives for a co-operation with Russia. The *EU*, in particular, appears suited to this task although its policies towards Georgia have so far been rather incoherent and unsystematic. Nevertheless, the *EU* included the Southern Caucasus states in the *ENP* and Georgia has a strong interest in a closer co-operation with (and even accession to) the *EU*. Furthermore, to engage and build a strategic partnership with Russia is one of the *EU*'s main objectives. While the *EU* and Russia already co-operate on a variety of issues, including the modernization of Russia's economy, security issues, and questions of the environment, they have "every reason to step up co-operation [... and] engage in many other areas, including the cooperation in the Southern Caucasus".<sup>135</sup> Against this background and with the US strategy proving so far to be quite provocative with regard to Russia, Europe should be more capable of taking a mediating position, of providing incentives, and of conditioning assistance. Overall, the confrontation between the USA and Russia in the region sometimes seems like a continuation of the Cold War – a struggle for power and influence and not very constructive when conflict parties are played off against one another. Notwithstanding the fact that Georgia is of undeniable geo-strategic importance, it could be asked whether the relevance is as significant as the extent of assistance provided by Washington.

All in all, as far as external efforts are concerned, unlike the support given during the Shevardnadze era, the international community has to be more consequential and grant additional aid only if reform programs are implemented in a reasonable way. It should be made clear that confidence will drain quicker this time. This can be achieved by conditioning aid more strongly, and linking co-operation and support to compliance with democratic standards. After all, the *Rose Revolution* did not represent a 'decisive twist' in Georgia's path to democratic consolidation, and the new government under Saakashvili will have to work hard to live up to the hopes and expectations set in his administration.

135 EU-Russia relations, in: [http://europa.eu.int/comm/external\\_relations/russia/intro/](http://europa.eu.int/comm/external_relations/russia/intro/) (accessed 12/2005).