

**DEMOCRACY, DIVERSITY, AND CONFLICT**

**Diversity, Conflict, and State Failure:  
Chances and Challenges for Democratic Consolidation in Georgia  
after the “Rose Revolution”**

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# Diversity, Conflict, and State Failure: Chances and Challenges for Democratic Consolidation in Georgia after the “Rose Revolution”\*

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

The events of November 2003, taking 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*. It brought a young administration under Mikheil Saakashvili into power and gave rise to hopes for an advance in the democratic consolidation that has been stalled since 2001, thus unfolding a political dynamic of unexpected chances and challenges.<sup>2</sup>

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 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

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<sup>1</sup> Many thanks to 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 cooperation with the Peace Studies Program of Cornell University on 10–11 October 2005 in Frankfurt, Germany for their very useful remarks, as well as to the Friedrich Ebert Foundation for financial support.

<sup>2</sup> 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.

<sup>3</sup> Approximately 100 ethnic groups inhabit the country that has an officially estimated population of 4.6 million people (2002) 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%).

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 caused not only a deepening of internal splits within the ruling party, but also an alienation of the international donor community, which eventually suspended financial support in 2003.

Right after taking office, the Saakashvili administration declared the fight against corruption and the restoration of Georgia's territorial integrity top priorities of the new government. But Saakashvili's statement following his highly symbolic inauguration oath at the grave of King David IV<sup>5</sup> in January 2004 already hinted at the dominance of the latter goal: "Georgia's territorial integrity is the goal of my life."<sup>6</sup> To deliver on this promise to reintegrate the two breakaway regions of South Ossetia in the north and Abkhazia in the northwest before the presidential elections scheduled for 2009 is key for the credibility of the Georgian president.<sup>7</sup> This has put a lot of time pressure on the administration. Negligent steps in the matter have resulted in a perceived escalation of the security dilemmas. A large-scale anti-smuggling campaign in South Ossetia escalated tensions to the verge of war in July and August 2004. Furthermore, against the background of Saakashvili's mentioned promise, Tshkinvali (South Ossetia) and Sukhumi (Abkhazia) are apprehensive of Tbilisi's rapid armament (see section 2.1e, below), which—in connection with harsh tones by members of the Georgian government—is interpreted as improving premises for a military option in conflict 'resolution.' This, again, causes the *de facto* states to

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<sup>4</sup> The term 'consolidation' refers to the process of a democratic regime to become stabilized and deeply rooted. 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.

<sup>5</sup> King David IV, born in 1073, is considered the first unifier of Georgia. He ruled the country from 1089 until his death in 1125.

<sup>6</sup> Cited in International Crisis Group, Georgia: Avoiding War in South Ossetia, Europe Report No 159, Tbilisi/Brussels (ICG), 26 November 2004, p. 7.

<sup>7</sup> In regard to the two secession conflicts in South Ossetia and Abkhazia see section 2.1c, pages 6 ff.

increase their military-political cooperation. With growing mistrust and a stealthy ‘annexation’<sup>8</sup> via a growing economic dependency on Russia and a ‘Russification’<sup>9</sup> policy of vastly distributing Russian passports among South Ossetians and Abkhazians, the realization of Tbilisi’s ‘top priority’ has become increasingly unobtainable.

This report aims at analyzing the chances and challenges for Georgia’s further development after the *Rose Revolution* in the face of diversity, conflict, and state failure. 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. Contested understandings of sovereign space and rival myths of a homeland called the Georgian state as it existed after the dissolution of the Soviet Union into question, constituting part of its failure. Based on (perceived) *diversity*, communities in Georgia’s inter-ethnic *conflicts* have, in the early 1990s, violently sought to redefine their relations with neighboring ‘others’ in localities characterized by a mosaic of interwoven communities. In the next section the paper analyzes the three core functions of the state—security, legitimacy/rule of law, and welfare—with a focus on their relevance for democratic consolidation in Georgia in order to reveal what else (besides the secession conflicts) the *state failure* consists of and to show that the secession conflicts might not be Georgia’s only problem. Due to their ‘frozen’<sup>10</sup> nature, it will be argued in the conclusion that—in addition to arduous confidence-building—strengthening the Georgian (failing) state by institution- and capacity-building and promoting good governance is a more reasonable (long-term) strategy, especially with regard to the breakaway regions, than trying to precipitously and impru-

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<sup>8</sup> In an address to the UN General Assembly on September 22, Saakashvili said that “the painful, but factual truth is that these regions [Abkhazia and South Ossetia; P.J.] are being annexed by our neighbor to the north—the Russian Federation [...]” United Nations Association of Georgia, Georgia: Saakashvili unveils ‘fresh’ roadmap in UN speech, 22 September 2006, at: [www.reliefweb.int/rw/RWB.NSF/db900SID/EK0I-6TY49H?OpenDocument](http://www.reliefweb.int/rw/RWB.NSF/db900SID/EK0I-6TY49H?OpenDocument) (accessed 10/2006).

<sup>9</sup> Russia has vastly distributed Russian passports in Georgia’s two breakaway regions; e.g., South Ossetia’s *de facto* foreign minister claims that close to 90 per cent of all Ossetians in South Ossetia have become Russian citizens, cited in International Crisis Group, Georgia, 2004, p. 7; see above (footnote 6).

<sup>10</sup> 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.

dently ‘unfreeze’ them (in the short term). To constructively ‘unfreeze’ the two conflicts in the near future is highly unrealistic. And a more democratic and more prosperous Georgian state might prove to be more attractive to the breakaway regions than the closer integration with the Russian Federation for which they currently strive.<sup>11</sup>

## 2. Assessment of Core Functions of the State in Georgia<sup>12</sup>

Weak, failing or collapsed states are to be found in all regions of the world. Their governments are not able to completely fulfill the core state functions. Besides security—the minimum requirement for the ‘leviathan’—legitimacy, the rule of law, and welfare are considered to be dimensions of a state<sup>13</sup> approximating the ideal of a democratic welfare state accordant to a wider concept of ‘stateness.’<sup>14</sup> Deficits in these (interdependent) dimensions—most often due to the lack of political and administrative capacities—can be observed in almost two thirds of today’s world of nation-states.<sup>15</sup> In large areas of the earth, state fragility rather represents the “norm” instead of a “deviation” from the normative model of the OECD state.

This section will show that Georgia has displayed the symptoms of a failing state. The pathology refers not only to the two ‘frozen’ secession conflicts, but also to other security-related aspects like high crime rates and power abuse by the authorities, to deficits in civil liberties and political rights, to a lack of the rule of law and unstable political institutions as well as to

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<sup>11</sup> While South Ossetia strives for a federation with North Ossetia as part of Russia, Abkhazia only seeks ‘associated relations’ with Moscow.

<sup>12</sup> This section represents revised and updated extracts of a chapter in Pamela Jawad, *Democratic Consolidation in Georgia after the ‘Rose Revolution’?* PRIF Reports No. 73, Frankfurt (PRIF), 2005.

<sup>13</sup> The term ‘state function’ is used here as a synonym for ‘state dimension’ in order to stress the view that these ‘dimensions’ can be fulfilled to a different degree by the state authorities. Both terms are found in the literature, as is the term ‘state tasks.’ With regard to ‘state function’ see, i.a., Ulrich Schneckener, *States at Risk—Fragile Staatlichkeit als Sicherheits- und Entwicklungsproblem*, Berlin (Stiftung Wissenschaft und Politik), 2004; for ‘state dimension’ see, i.a., Francis Fukuyama, *State-building: the new agenda*, Ithaca, NY (Cornell University Press), 2004; regarding ‘state tasks’ see, i.a., Dieter Grimm (ed.), *Staatsaufgaben*, Frankfurt am Main (Suhrkamp), 1996.

<sup>14</sup> See, i.a., Grimm 1996 above (footnote 13); Jennifer Milliken/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.

<sup>15</sup> See Thomas Risse, *Governance in Räumen begrenzter Staatlichkeit—‘Failed states’ werden zum zentralen Problem der Weltpolitik*, in: *Internationale Politik*, 60, no. 9, 2005, pp. 6–22, here: 6.

a low level of socioeconomic development, i.e., a rudimentary fulfillment of the welfare function. This pathology of state fragility in Georgia also affects the process of democratic consolidation.<sup>16</sup> Table 1 sketches the three core state functions of security, legitimacy/rule of law and welfare, as well as indicators put forward by literature as a way of assessing them. Their assessment will be carried out with a strong focus on their relevance for democratic consolidation in Georgia.

**Table 1: The Three Core State Functions Of Security, Legitimacy/Rule Of Law And Welfare**

<b>State Function</b>	<b>Indicators</b>
Security	(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 trend of crime rates; (1g) low/high degree of threat executed by state authorities
Legitimacy / Rule of Law	(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)
Welfare	(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

Source: indicators are largely based on Ulrich Schneckener (ed.), *States at Risk*, Berlin (SWP), 2004.

<sup>16</sup> See, e.g., 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.

## 2.1 Security Function of the Georgian State

A precondition for a functioning democracy is an internally and externally sovereign territorial state, because without its existence, a state cannot be democratized.<sup>17</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>18</sup> or, as Max Weber put it, the “monopoly of legitimate physical coercion.”<sup>19</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, concentrating on the state level and political players,<sup>20</sup> nation-building contains societal development as a whole, especially concerning the evolvement of a national identity.<sup>21</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>22</sup>

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<sup>17</sup> See Linz and Stepan 1996, p. 17, above (footnote 16).

<sup>18</sup> See Kay Hailbronner, *Der Staat und der Einzelne als Völkerrechtssubjekte*, in: Wolfgang Graf Vitzthum (ed.), *Völkerrecht*, Berlin (De Gruyter), 2004, pp. 149–243, here: 175 ff.

<sup>19</sup> Max Weber, *Wirtschaft und Gesellschaft*, Tübingen, 1980, p. 29.

<sup>20</sup> See, e.g., 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.

<sup>21</sup> See, e.g., 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 (Diez), 2004.

<sup>22</sup> See Ulrich Schneekener (ed.), *States at Risk. Fragile Staaten als Sicherheits- und Entwicklungsproblem*, Berlin (Stiftung Wissenschaft und Politik), 2004, pp. 20 ff. Nevertheless, that societal development *can* take place without the frame of a state is not refuted here.



Contemporary literature considers the three elements to represent only minimal criteria in defining ‘stateness.’ They are represented in the state’s security function that is treated in this section. A wider concept, approximating the ideal of a democratic welfare state, also postulates legitimacy, the rule of law, or welfare as further dimensions besides security.<sup>23</sup> These other dimensions will be analyzed in the subsequent sections.

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 trend of crime rates; (1g) the degree of threat executed by state institutions towards its citizens (e.g., torture, deportations etc.).<sup>24</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 Ossetia 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.’

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<sup>23</sup> See Grimm (ed.), 1996, above (footnote 13); 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 22); Thomas Risse, *Governance in Räumen begrenzter Staatlichkeit—“Failed States” werden zum zentralen Problem der Weltpolitik*, in: *Internationale Politik*, 60, no. 9 (2005), pp. 6–22.

<sup>24</sup> These indicators for the security function of the state were developed by the “States at Risk” working group of SWP; see Schneckener 2004, p. 13, above (footnote 22).

*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 that 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 its 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 other than Russia.<sup>25</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>26</sup> Today, around 15 per cent of Georgia's territory is not under Tbilisi's control.

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 have been out of Tbilisi's control. At issue 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 that reject the notion of being part of Georgia, e.g., Samtskhe-Javakheti or Kvemo-Kartli. Although tensions are evident in these regions, which have seen demonstrations, alleged police brutality and killings, also during the past two years, there is no risk of these situations becoming threats to the state's territorial integrity to the degree of South Ossetia or Abkhazia. However, Tbilisi needs to pay more attention to minority rights in these regions, if it is to avoid further conflict.<sup>27</sup>

Until May 2004 the southwestern republic of Ajara was governed under the authoritarian rule of Aslan Abashidze. Abashidze, who followed his personal economic and power interests by

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<sup>25</sup> 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.

<sup>26</sup> See Darrell Slider, *Democratization in Georgia*, in: Karen Dawisha and Bruce Parrott (eds.), *Democratization and Authoritarianism in Postcommunist Societies*, Cambridge (Cambridge University Press), 1997, p. 169.

<sup>27</sup> See International Crisis Group, *Georgia's Armenian and Azeri Minorities*, Europe Report No. 178, Tbilisi/Brussels (ICG), 22 November 2006, p. i.

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>28</sup> However, against the backdrop of the temporary rapprochement between Tbilisi and Moscow after the *Rose Revolution*, Russia's mediation 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. In contrast to Abkhazia or South Ossetia, the conflict with Ajara did not have an ethnic dimension because, although predominantly Muslim, the Ajarans consider themselves to be ethnic Georgians and did not strive for independence.

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

Closely related 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, and conditions there have stimulated Russia to launch military operations repeatedly on Georgian territory, thereby undermining the latter's sovereignty. Russia's activities were justified by the fight against terrorism, as has been intensified US-Georgian security co-operation.

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 two countries

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<sup>28</sup> See 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 (HIK), 2004, p. 11; International Crisis Group, *Saakashvili's Ajara Success: Repeatable Elsewhere in Georgia? Tbilisi/Brussels (ICG)*, 18 August 2004, p. 8.

that dominate Georgia's foreign trade—the weak 'stateness' also has severe economic consequences.

### *Violent Conflicts (1c)*

Against the backdrop of the *Glasnost* policy of the last Soviet President Mikhail Gorbachev (1985–1991), Abkhazian and Ossetian nationalists began striving for more autonomy in the late 1980s. These tensions were increased following independence 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. 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 strove 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, pledged for this option on 19 November.<sup>29</sup> The fighting that continued until June 1992 resulted in around one thousand 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>30</sup>

After the northwestern autonomous republic of Abkhazia declared independence in July 1992, the strife for secession there 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 secessionist war, which continued until the ceasefire agreement of 14 May 1994, displaced around 250,000 people, most of them ethnic Georgians. 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).<sup>31</sup>

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<sup>29</sup> See International Crisis Group, *Georgia*, 2004, p. 3, above (footnote 6).

<sup>30</sup> 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.

<sup>31</sup> For a more detailed analysis of the conflict with Abkhazia and the role of Russia see Oksana Antonenko, *Frozen Uncertainty: Russia and the Conflict over Abkhazia*, in: Bruno Coppieters and Robert Legvold (eds.), *Statehood and Security: Georgia after the Rose Revolution*, Cambridge/London (MIT Press), 2005, pp. 205–69.

These two secession conflicts occurred against the background of intense political instability.<sup>32</sup> 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.<sup>33</sup>

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>34</sup> Initially, Shevardnadze continued Gamsakhurdia's strategy of limiting Russian influence in the country as much as possible. But, faced with rising violence, he accepted Russia's peace-keeping role in Abkhazia in October 1993. Georgia also became a member of the CIS. In return,

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<sup>32</sup> For a more detailed analysis of the two secession conflicts in South Ossetia and Abkhazia see Pamela Jawad, *Europe's New Neighborhood on the Verge of War: What Role for the EU in Georgia?* PRIF Reports No. 74, Frankfurt (PRIF), 2006, pp. 5–12.

<sup>33</sup> For an analysis of the period between 1989 and 1993 in Georgia see Christoph Zürcher, *Georgia's Time of Troubles, 1989–1993*, in: Coppieters and Legvold (eds.) 2005, pp. 83–115, see above (footnote 31).

<sup>34</sup> See 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.

Russia promised to secure Georgia's territorial integrity and to defend its borders.<sup>35</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 created tensions between the two countries. 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. This became evident once more in the fall of 2006 when tensions between the two neighbors escalated to the verge of military confrontation.<sup>36</sup> The recent crisis was triggered by the publicly played out arrest of four Russian military officers for charges of espionage in Georgia. Russia responded harshly by imposing the most severe boycott measures since the 1948 Berlin Blockade against Tbilisi.

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.' The development of the intensity of independent Georgia's internal conflicts is shown in graph 1.

Despite the 'frozen' status of the secessionist conflicts, the country teetered on the verge of intrastate 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 differ from the conditions in Ajara. Not only do the secession conflicts in Abkhazia and South Ossetia have an ethnic component in their quest for self-determination, Russia also pursues its perceived security interests there on a much higher scale.<sup>37</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>38</sup> However, the outcome was the opposite: the central government's

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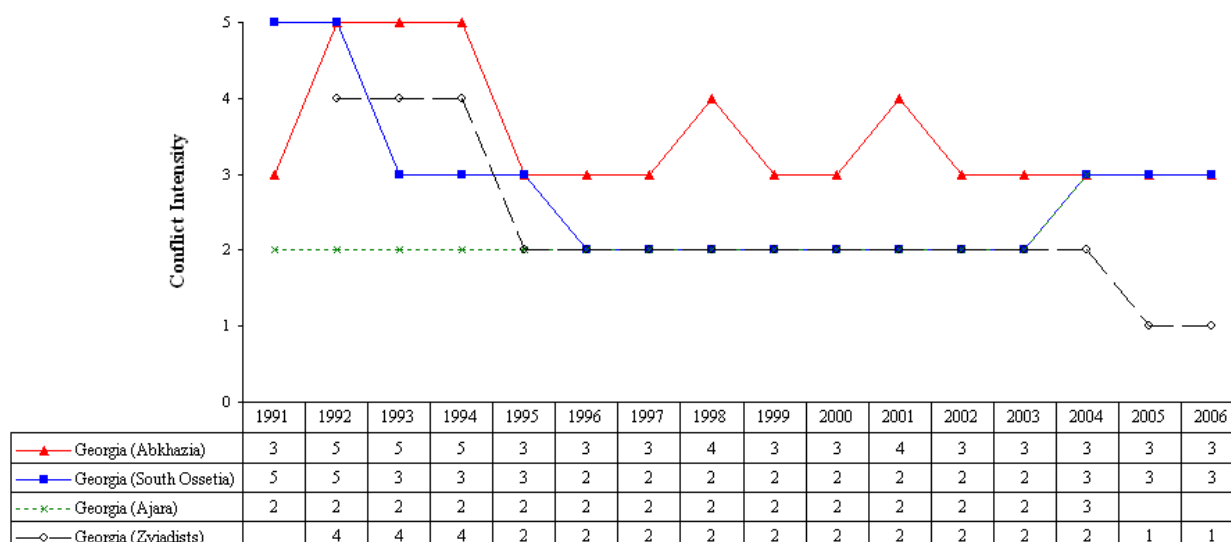
<sup>35</sup> See Slider 1997, p. 157, above (footnote 26).

<sup>36</sup> For a more details on this recent crisis between Georgia and Russia see Jawad 2006, above (footnote 32).

<sup>37</sup> See ICG, Ajara Success, 2004, above (footnote 28).

<sup>38</sup> See ICG, Ajara Success, 2004, p. 2, above (footnote 28).

**Graph 1: Georgia's Internal Conflicts Since Independence, 1991 to 2006**



Source: author's assessment<sup>39</sup>

approach, which 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>40</sup> The mutual confidence that could have been built up in the conflict region since 1992 was now undermined once more. Moreover, Georgian-Russian relations worsened anew. In June and July 2004, Tbilisi accused Moscow of supplying weapons to

<sup>39</sup> The assessment is based on the methodology of COSIMO 2 (Conflict Simulation Model), a relational database system containing structural and process 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) '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.'

<sup>40</sup> See Heidelberg Institute on International Conflict Research, Conflict Barometer 2004, Heidelberg (HIIK), 2004, p. 13; ICG, Georgia, 2004, p. 14; see above (footnote 6).

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>41</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-Abkhazian border to Sokhumi.

*Privatization of Violence (Id) and National Security Structures (Ie)*

As the re-ignition of the ‘frozen conflict’ with South Ossetia demonstrates, violent non-state actors are still a relevant factor in Georgia’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>42</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 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 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>43</sup>. Due to the opposing positions within the constituent assembly, the help given by international organizations and

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<sup>41</sup> See ICG. *Ajara Success*, 2004, p. 14, above (footnote 28).

<sup>42</sup> See Uwe Halbach, *Georgien: Staatsversagen als Folge von Korruption und territorialer Desintegration*, in: Schneckener 2004, p. 108; see above (footnote 22).

<sup>43</sup> BTI, *Country Report Georgia*, 2003, p. 4, at: [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).



experts represented a decisive catalyst in the process of drafting and passing the new constitution.<sup>44</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>45, 46</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. Overall, the state of the national security forces has been 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.

More recently, in an effort to arm the forces along NATO standards, the country has raised its military expenditures since 2003 from the former level of 0.5 to 3 per cent of the gross domestic product (GDP). In 2005 alone, the increase amounted to 143 per cent.<sup>47</sup> With US support, this has been accompanied by an impressive security sector reform of a 'slimming' of the armed forces, a conversion from a compulsory military service to a professional army, and the dissolution of old Soviet structures like the military apparatus of the Ministry of the Interior. 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. GTEP has been succeeded by the Sustainment and Stability Operations Program (SSOP), which aimed at increasing the capability of

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<sup>44</sup> See Lincoln Allison et al., Problems of Democratization in the Republic of Georgia, in: Democratization 3, no. 4 (1996), pp. 523 ff.

<sup>45</sup> The term 'Zviadists' refers to the followers of former Georgian President Zviad Gamzakhurdia.

<sup>46</sup> See Charles King, Potemkin Democracy: Four Myths about Post-Soviet Georgia, in: The National Interest 64 (2001), p. 96.

<sup>47</sup> See Uwe Halbach, Säbelrasseln und Friedenspolitik in Europas neuer Nachbarschaft, SWP-Aktuell 32, Berlin (SWP), July 2006, p. 1.

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. Not only has the US engagement in the region alienated Russia as the ‘traditional domestic great power,’ but Georgia’s armament efforts have also increased apprehension among the breakaway regions, resulting in a perceived escalation of the security dilemmas. Tshkinvali (South Ossetia) and Sukhumi (Abkhazia) feel threatened by Tbilisi’s rapid armament, and it—in connection with harsh tones by members of Saakashvili’s administration—is interpreted as improving premises for a military option of conflict ‘resolution.’

### *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>48</sup> Besides smuggling, human and drug trafficking have flourished in the breakaway regions, the latter taking the so-called 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>49</sup> These figures underpin the frustration among Georgians which 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 (see section 2a below).<sup>50</sup>

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<sup>48</sup> See Shorena Ratiani, Georgia: Corruption Crackdown Makes Waves, Institute for War and Peace Reporting (IWPR), 4 March 2004, at: [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).

<sup>49</sup> See 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. 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’ refer to people who have been asked or are expected to pay a bribe by a government official.

<sup>50</sup> See Huber 2004, p. 31, above (footnote 23).

### *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>51</sup> 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, but these reforms were subsequently diluted or revoked.<sup>52</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>53</sup>

## **2.2 Legitimacy and Rule of Law Function of the Georgian State**

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 greater and more deeply-rooted its legitimacy is because legitimacy indicates loyalty by the citizens to the state. Constitutional literature presents four legitimating and functional imperatives: legitimacy; institutional inclusion providing relevant political groups with adequate access to political decision-making;

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<sup>51</sup> 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).

<sup>52</sup> See King 2001, pp. 97 ff., above (footnote 46).

<sup>53</sup> See Ghia Nodia, *Nations in Transit 2005: Georgia*, Freedom House, 2005, p. 3, at: [www.freedomhouse.org/research/nattransit.htm](http://www.freedomhouse.org/research/nattransit.htm) (accessed 11/2005).

efficiency; and effectiveness.<sup>54</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>55</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 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 creating 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>56</sup> since then 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 increasing the use of authoritarian measures. Demonstrating strength by applying authoritarian measures does not, however, 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.

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<sup>54</sup> See 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.

<sup>55</sup> See 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.

<sup>56</sup> See Nodia 2005, p. 1, above (footnote 53).

*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 failing, and power structures have had their 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>57</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, which could be ascribed to his role in the German reunification process as well as the pro-‘Western’ orientation of his foreign policy,<sup>58</sup> Georgia became 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 rhetorical publicity without having any actual impact. Uncovered incidences of corruption received very little effective punishment.<sup>59</sup> Nevertheless, Transparency International argues that the mobilization of civil society and the creation of coalitions of civil 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 (see below).<sup>60</sup>

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<sup>57</sup> See Huber 2004, p. 47, above (footnote 23).

<sup>58</sup> On the orientation of Georgia’s foreign policy see *Georgia and the World: A Vision and Strategy for the Future*, Tbilisi, 10 October 2000, at: [www.nato.int/pfp/ge/d001010.htm](http://www.nato.int/pfp/ge/d001010.htm) (accessed 10/2005).

<sup>59</sup> See Aili Piano, *Georgia—Countries at the Crossroads 2004*, Freedom House, 2004, at: [www.freedomhouse.org/research/crossroads/2004/cac2004.htm](http://www.freedomhouse.org/research/crossroads/2004/cac2004.htm) (accessed 1/2005).

<sup>60</sup> See Transparency International, *Global Corruption Report 2005*, p. 95, at: [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).

Shevardnadze's rule was based on flexible alliances and the manipulation of instable patron-client networks.<sup>61</sup> These strategies proved to be useful in order to overcome chaos and violence, but were not conducive to the consolidation of democracy and the rule of law. In the absence of an effective parliamentary opposition, a presidential system with an unusually strong executive evolved. 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>62</sup>

Despite adequate 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 became 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, 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>63</sup> This is especially true for the parliamentary elections in

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<sup>61</sup> Patron-client relationships are informal and consist of a "patron," who offers his "client" incentives and demands personal loyalty and resources in return. See James C. Scott, *Patron-Client Politics and Political Change in Southeast Asia*, *American Political Science Review* 66, no. 1 (1972), pp. 91–113, here: 92.

<sup>62</sup> BTI 2003, p. 5; see above (footnote 43).

<sup>63</sup> See Ghia Nodia, *Nations in Transit 2004: Georgia*, Freedom House, 2004, p. 2, at: [www.freedomhouse.org/research/nitransit/2004/index.htm](http://www.freedomhouse.org/research/nitransit/2004/index.htm) (accessed 1/2005).

November 2003 which eventually resulted in massive popular protests that brought the so-called ‘young reformers’ around Saakashvili<sup>64</sup>, Zurab Zhvania,<sup>65</sup> and Nino Burjanadze into power.

With regard to the extraordinary presidential elections of January 2004, international observers reported “notable progress over previous elections.”<sup>66</sup> However, there were still some shortcomings, especially concerning the election commission, which was still dominated by the old authorities, and voter lists, which were still imprecise (see below, Table 2). 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 during the Shevardnadze era 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>67</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>68</sup> Although the new government under Saakashvili has contributed to “the re-

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<sup>64</sup> 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.

<sup>65</sup> 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 Prime Minister. His mysterious death in January 2005 was accompanied by rumors about rising tensions inside the pro-presidential camp.

<sup>66</sup> International Election Observation Mission (IEOM), Presidential Election, Georgia—4 January 2004: Statement of Preliminary Findings and Conclusions, Tbilisi, 5 January 2004, p. 1, at: [www.osce.org/documents/odhr/2004/01/1765\\_en.pdf](http://www.osce.org/documents/odhr/2004/01/1765_en.pdf) (accessed 8/2004).

<sup>67</sup> See United States Agency for International Development, Georgia Rule of Law Survey Report 2002, Washington D.C. (USAID), May 2003, p. 62, at: [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).

<sup>68</sup> See UNDP, Human Development Report Georgia, 1999, p. 56, at: [www.undp.org/ge/nhdr99/NHDRGEO1999.pdf](http://www.undp.org/ge/nhdr99/NHDRGEO1999.pdf) (accessed 1/2005).

emergence of a rudimentary trust in official institutions [...], more efforts are needed to overcome the heritage of a deeply entrenched clientelistic culture<sup>69</sup> in order to contribute to a stabilization of the political system.

Immediately after gaining power, the Saakashvili administration launched a major anti-corruption campaign and has so far made “tremendous efforts”<sup>70</sup> to dismantle systemic corruption. Relevant legal and institutional changes in this regard include among others: a judicial reform package of December 2004 and February 2005, intended to augment the independence of the courts (see section 2g below) and strengthen the government’s ability to prosecute corrupt judges by raising the salaries of judges and elaborating the government’s disciplinary response to violations by judges; the adoption of a revised tax code in December 2004, streamlining the existing system and increasing the capacity and incentives for tax payment,<sup>71</sup> and an anti-corruption working group, established by a presidential decree in January 2005 with the goal of developing an anti-corruption strategy. Although these efforts have the potential to actually reduce incentives for corruption, and some progress has already been made (see below, Table 2), the new government’s hard-line approach endangers civil liberties. Thus, the current hard-line approach under Saakashvili may be reason for both optimism and concern. While Georgia is still considered to be one of the most corrupt countries in the world, ranking 130 out of 158 according to the Global Corruption Report 2006,<sup>72</sup> within one year, it has improved by three ranks on the perceived corruption index.<sup>73</sup> But there have been reports of torture and violations of due process in politically sensitive cases (see below). All in all, the government’s anti-corruption

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<sup>69</sup> Bertelsmann Transformation Index (BTI), Country Report Georgia, 2006 (2005), p. 1, at: [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), p. 1.

<sup>70</sup> Ibid.

<sup>71</sup> Changes include the introduction of a flat tax rate of 12 per cent, replacing a higher progressive income tax and potentially reducing the tendency of wage earners to hide their income.

<sup>72</sup> See Transparency International, Global Corruption Report 2006, p. 302, at: [www.transparency.org/content/download/5025/29497/file/GC2006\\_00\\_part1\\_2\\_3.pdf](http://www.transparency.org/content/download/5025/29497/file/GC2006_00_part1_2_3.pdf) (accessed 11/2006).

<sup>73</sup> The Global Corruption Report 2005 ranked Georgia 133 out of 146 countries. See Transparency International, Global Corruption Report 2005, pp. 147 ff., at: [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).



targets have been overshadowed by the campaign to reintegrate South Ossetia and Abkhazia, thereby restoring Georgia's territorial integrity.

*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, i.e., 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 and diverse 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 republics 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>74</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>75</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. Although Georgia is a multinational state, building democratic institutions and forging civil society, it has made little progress towards integrating

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<sup>74</sup> See Huber 2004, p. 50, above (footnote 23).

<sup>75</sup> See Slider 1997, pp. 181 f., above (footnote 26).

Armenian and Azeri minorities, who constitute over twelve per cent of the population.<sup>76</sup> Minorities are hardly represented at all in all spheres of public life, and the candidacy of their representatives is often blocked. National unity has been given priority over minority protection. Tensions are especially evident in the regions of Samtskhe-Javakheti and Kvemo-Kartli in the south, where Armenians and Azeris predominantly live.

As far as political rights and civil liberties are concerned, Georgia has consistently been considered ‘partly free’ in pertinent indices.<sup>77</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.<sup>78</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.

**Table 2: Ratings for Georgia’s Democratic Development 1997 to 2005<sup>79</sup>**

<b>Ratings</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Electoral Process	5	4.5	4	4.5	5	5.25	5.25	4.75	4.75
Civil Society	4.5	4.25	3.75	4	4	4	3.5	3.5	3.5
Independent Media	4.5	4.25	3.75	3.5	3.75	4	4	4.25	4.25
Governance	4.5	5	4.5	4.75	5	5.5	5.75	n/a	n/a
- national democratic governance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.5	5.5
- local democratic governance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6	5.75
Judicial Framework and Independence	5	4.75	4	4	4.25	4.5	4.5	5	4.75
Corruption	n/a	n/a	5	5.25	5.5	5.75	6	5.75	5.5

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

<sup>76</sup> See ICG 2006, p. i, above (footnote 27). See also footnote 3.

<sup>77</sup> 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).

<sup>78</sup> See BTI 2005, p. 1, above (footnote 69).

<sup>79</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.

### *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* than before, and have hardly ever disagreed with the prosecution's demands. The prosecution has often violated due process in politically-sensitive cases related to allegations of corruption.<sup>80</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>81</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>82</sup>

All in all, the level of independence of the judiciary is still not high (see above, Table 2) 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, implementing legislation is still to be adopted.

### *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 have resulted in a lack of programmatic and conceptual consistency, a

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<sup>80</sup> See Nodia 2005, p. 3, above (footnote 53).

<sup>81</sup> See Freedom House, *Freedom in the World 2004: Georgia*, p. 4, at: [www.freedomhouse.org/research/freeworld/2004/countryratings/georgia.htm](http://www.freedomhouse.org/research/freeworld/2004/countryratings/georgia.htm) (accessed 9/2005).

<sup>82</sup> See Nodia 2005, p. 15, above (footnote 53).

further weakening of the political capacity to act, and increasing inefficiency.<sup>83</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 co-ordination with the executive.<sup>84</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. Significant turnover has occurred at the higher levels of the central bureaucracy. Staff cuts were carried out across the board.<sup>85</sup> The effectiveness of the executive branch has actually 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>86</sup> However, in the regions outside Tbilisi the government was forced to rely mostly on officials who had already been in place before the *Rose Revolution*. Therefore, Saakashvili—in an attempt to ensure greater control of the ‘periphery’—has often parachuted figures to leadership positions on the basis of loyalty to him rather than experience or local popularity.<sup>87</sup>

### 2.3 Welfare Function of the Georgian State

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>88</sup> as well as with the guarantee of political rights and civil liberties.<sup>89</sup> Early representatives of modernization theory argued that economic

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<sup>83</sup> See BTI 2003, p. 6, above (footnote 43).

<sup>84</sup> See Huber 2004, p. 49, above (footnote 23).

<sup>85</sup> See Dov Lynch, Why Georgia matters, in: Chaillot Paper, no. 86, Paris, February 2006, p. 27.

<sup>86</sup> See Nodia 2005, p. 6, above (footnote 53).

<sup>87</sup> See Lynch 2006, p. 27, above (footnote 85).

<sup>88</sup> See, e.g., 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.

<sup>89</sup> See, e.g., 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.

growth above a certain threshold stimulates social change in the shape of urbanization, increased levels of literacy, and easier access to the media.<sup>90</sup> Later on, these factors became less prominent, and education was seen as an important link between economic and political development.<sup>91</sup> In contrast to this, it was also argued that socioeconomic development is only an intervening variable, one that correlates positively with democratization because power resources are usually distributed more diversely at a higher level of socioeconomic development than at a lower level.<sup>92</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>93</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

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<sup>90</sup> See 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. 493–504.

<sup>91</sup> See 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. 225–248.

<sup>92</sup> See 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)).

<sup>93</sup> See also Carlos Boix and Susan Stokes, *Endogenous Democratization*, in: *World Politics* 55 (2003), pp. 517–49. In reaction to the argument 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 equality in the income distribution.

infrastructure, education system and health care.<sup>94</sup> These indicators as they occur in Georgia are summarized in Table 3 (page 30).

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 been among the richest Soviet republics as measured by per capita consumption and real income. After regaining independence, Georgia faced an almost complete collapse of its productive sector. For long periods of time the main transport links and communication channels to Russia were interrupted owing to the secession disputes. In addition, the war between the neighboring states of Armenia and Azerbaijan was accompanied by acts of sabotage against 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>95</sup> Lawmaking concerning tax and duties was predominantly influenced by narrow, specific interests, resulting in 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 infrastructure. The proportion of taxes in relation to gross national product (GNP) hovered at a very low level of 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 Shevardnadze administration, 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 integration into informal networks is the most distinct factor with regard to life chances. Poverty neither correlated reliably with gender characteristics nor with ethnic ancestry nor the level of education.<sup>96</sup> With regard to the distribution of social power resources, Georgia is identified on a medium level in Vanhanen's Index of Power Distribution,

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<sup>94</sup> Following Schneekener 2004, p. 13; see above (footnote 22).

<sup>95</sup> See Slider 1997, pp. 190 ff., above (footnote 26).

<sup>96</sup> See BTI 2003, p. 7, above (footnote 43).

ranking 78 out of 171 countries (see Table 3). Social inequality as expressed in the Gini Index is surveyed by the UNDP. With 36.9 Georgia ranks on a similar level as Moldova, Laos, Nepal, and Vietnam.<sup>97</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>98</sup> and GDP started to grow—at least until the negative effects of the Russian financial crisis in August 1998 (see Table 3). 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>99</sup> Nevertheless, overall Georgia exhibited the characteristics of a classic developing country. The 2005 Human Development Index puts Georgia's development at 100 out of 177, on a level between Iran and Azerbaijan.<sup>100</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>101</sup> it is now classified as a medium-income country.<sup>102</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

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<sup>97</sup> See UNDP 2005, pp. 270 ff., above (footnote 49). 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.

<sup>98</sup> Georgia's rate of inflation ranged above 13,000 per cent in the early 1990s, but sank to 7.3 per cent in 1997. See UNDP 1999, p. 18, above (footnote 68).

<sup>99</sup> The nominal per capita gross domestic product (GDP) increased from 814 Georgian Lari in 1996 to 1,217 Lari in 1999. See *ibid.*, p. 76.

<sup>100</sup> See UNDP 2005, p. 220, above (footnote 49). In contrast, Germany ranks 20 out of 177, after New Zealand and before Spain.

<sup>101</sup> See 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).

<sup>102</sup> See UNDP 2005, p. 364, above (footnote 49).

16 years ago. Since 1990, real per capita incomes have fallen by more than 40 per cent in Georgia.<sup>103</sup> More than 54 per cent of the population live below the poverty line.

**Table 3: Selected Socioeconomic Indicators for Georgia, 1992 to 2003**

<b>Indicator</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Distribution of Social Power Resources [Vanhanen Index]	---	6.6 <sup>a</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	15.6	15.1	14.8
Overall Public Expenditure [% of GDP]	20.5	20.3	21	18.7	18.6	18.8	17.6
- on Education	2	2.1	2.1	2.1	2	1.8	1.6
- on Health Care	1.1	0.7	0.6	0.9	0.8	0.8	0.7
Overall Budget Deficit [% of GDP]	4.6	4.9	5.5	3.4	2.3	3.4	2.3
External Debt [m US-\$]	1412	1627	1635	1556	1602	1753	1853
Distribution of Income or Consumption [Gini Index] <sup>b</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>c</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

<sup>a</sup> 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).

<sup>b</sup> Data derived from annual issues of the Human Development Reports issued by the UNDP. For a comparison, the data for Germany are given in round brackets.

<sup>c</sup> For a comparison, the data for Germany are in round brackets.

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

According to a unified index of the World Health Organization (WHO),<sup>104</sup> Georgia is not among the worst offenders. However, out of the former Soviet republics, the performance of the Georgian health care system ranks behind not only those of the Eastern European countries but also behind those of Kazakhstan, the Ukraine, and Belarus.<sup>105</sup> With regard to combined primary,

<sup>103</sup> See *Ibid.*, pp. 24 ff.

<sup>104</sup> 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.

<sup>105</sup> See 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).



secondary and tertiary education, Georgia has gained “world-class levels”<sup>106</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 3 gives an overview of the ‘welfare indicators’ for the period between 1997 and 2003.

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>107</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.

### **3. Chances and Challenges for 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 relatively negative assessment of the situation—even after the *Rose Revolution*. This is reflected in Table 4 which summarizes the occurrence of the indicators for the three core functions of the Georgian state as well as the trend of their development after the change of government in November 2003.

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, 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, the new elite controls both the executive and the legislative bodies and, therefore, enjoys a favorable 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

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<sup>106</sup> 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).

<sup>107</sup> See BTI 2005, p. 8, above (footnote 69).

**Table 4: The Three Core State Functions In Georgia**

<b>State Function</b>	<b>Summarized Assessment</b>	<b>Indicator Occurrence</b>	<b>Post-Rev. Trend<sup>a</sup></b>
Security	functioning only rudimentary	(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) impressive security sector reform;	+
		(1f) high level of crime rates;	0
		(1g) incidents of power abuse by state authorities	-
Legitimacy / Rule of Law	functioning to some extent	(2a) endemic corruption and systemic clientelism (low legal legitimacy);	0/+
		(2b) systemic election fraud under Shevardnadze, improvement under Saakashvili (low legal legitimacy);	+
		(2c) low support for the Shevardnadze regime, high but decreasing support for the Saakashvili regime (medium 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/+
Welfare	functioning only rudimentary	(3a) medium distribution of social power resources	0
		(3b) prolonged economic and/or monetary crises	0
		(3c) low but increased 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

<sup>a</sup> "0" means 'no significant change'; "+" means 'improvement'; "-" means 'worsening of the situation.'

Source: author's account

demonstrated openness to external assistance and a willingness to revive stalled reforms and, in so doing, been rewarded with massive financial aid. 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' (see Table 5 below). To irritate Russia would have severe consequences. This has been emphatically displayed in a recent crisis between the two neighbors in September and October 2006. The escalation to the verge of war was triggered by Saakashvili's provocative step of publicly playing out the arrest of four Russian military officers for charges of espionage instead of quietly expelling them. Therefore, Russia's decisive role with regard to Georgia's secession conflicts must be borne carefully in mind.

Table 4 points out that—even after the *Rose Revolution* that raised so much hope—the deficits in the security function are not Georgia's only problem. Therefore Saakashvili's strategy of stubbornly concentrating on its most prominent aspect—the secession conflicts—is wrong. Although the re-integration of Ajara into the central state has been a success, and there has also been some progress with regard to the fight against corruption as the second—inferiorly treated—top priority, there are important downsides. The hard-line anti-corruption approach has negatively affected civil liberties (see Table 5 below). What is even more, the imprudent invasion of the conflict zone in South Ossetia almost resulted in a re-escalation to war in the summer of 2004, as was also the case in the recent crisis with Russia in the fall of 2006. These downsides are coupled with the fact that Saakashvili has concentrated on strengthening his presidential powers. He is running the risk of becoming the 'victim' of a volatile public opinion if he does not consolidate his power by creating stable institutions that would provide procedural legitimacy and be capable of mediating conflicts. 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 over-

sight 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. 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**

<b>Chances</b>	<b>Challenges</b>
Role in 'Rose Revolution' could give new impetus to civil society	'Rose Revolution' 'monopolized' and 'brain drained' civil society
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
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
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
Impressive reform of the national security structures aims at paving the way for NATO membership	Armament effort increase apprehensiveness of breakaway region

Source: author's compilation

The existence of two 'frozen conflicts' represents a serious obstacle to the ongoing processes of state- and nation-building. Although it can be argued that a country cannot 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 for 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 to be achieved by a decentralization strategy. After all, the unfinished processes of state- and nation-

building are not Georgia's main constraints 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 the breakaway republics to re-integrate. 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 the promotion of good governance and the rule of law in general.

But this is a long-term strategy and, as a matter of course, the settlement of Georgia's 'frozen conflicts' even then is not that easy. To constructively 'unfreeze' them in the short-term is unrealistic or even impossible after the recent crises that destroyed any residual confidence. Therefore, in addition to a soft promoting-good-governance approach, long-term confidence-building efforts are desperately needed.

However, as Table 5 shows, any approach—especially the building-up of mutual confidence—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 European Neighborhood Policy 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 Rus-

sia'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>108</sup> Against this background, Europe should be more capable of taking a mediating position, of providing incentives, and of conditioning assistance. Brussels is also experienced in the promotion of good governance in the enlargement process and can build on that with regard to the new neighborhood. However, the EU should not get directly involved in conflict resolution, as hoped for by Tbilisi. With the deadlocked situation in the conflict zones, there is no specific added value that Brussels could provide for the negotiation processes. It has already stepped up its indirect role in the conflicts by financially supporting efforts made by the OSCE and the UN and strengthened the mandate of its Special Representative for the South Caucasus. The EU should therefore further strengthen the instruments already at its disposal and use them more coherently instead of creating new ones. The OSCE and the UN should step up their cooperation and coordination with other relevant internal and external actors like the Council of Europe.

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<sup>108</sup> EU-Russia relations, at: [http://europa.eu.int/comm/external\\_relations/russia/intro/](http://europa.eu.int/comm/external_relations/russia/intro/) (accessed 12/2005).