Neopatrimonialism by default. State politics and domination in Georgia after the Rose Revolution*

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Introduction

’Saakashvili has been a state builder first and a democrat second’ (Mitchel 2006: 674)

The introductory statement to this article, made in 2006, can be regarded as the mainstay of most analyses on Georgia after the Rose Revolution (Broers 2005, Wertsch 2006, Jones 2006, Welt 2009, Mitchell 2009). The tremendous achievements of the new government, such as the reintegration of Adjara, the creation of a modern state administration or the remarkable economic reforms stand opposite to the lacking progress in consolidating democratic institutions and procedures. The strengthening of the executive authority at the expense of the parliament, restrictions of the media, the violent suppression of the opposition and, not least, the military escalation in 2008 that occurred while seeking to restore territorial integrity has presented the government of Mikheil Saakashvili with harsh criticism. Accordingly, Georgia’s ranking in the democracy-indices has not significantly improved (Freedom House 4,83 (2003)- 4,93 (2009)). In contrast, the BTI indicates a rapid enhancement of state management capacities 2,5 (2003) to 7,1(2008) and a dynamic development of market economy 3,7(2003) to 6,9(2008) (Bertelsmann Foundation 2010). In summary, a mixed record of recovering state capability on the one hand and lacking democratic consolidation on the other can be stated as the basic tenor of the varying reports.

This kind of analyses operating on the level of the political regime or stateness, respectively, can help us to measure the lengths that need to be taken in order to reach what is ideal-typically defined as democracy and modern stateness in a nuanced fashion. These approaches, though, cannot provide us with theory-based explanations of stabilities and endogenous dynamics of the investigated Hybrid Regimes (Karl 1995) on the continuum between democracy and autocracy. They fail because by applying root concepts of democracy and stateness, analyses mainly focus on deficits and defects but miss to provide theoretical instruments to understand existing functional relationships and performances of the reviewed political system.¹

These analyses offer little theoretical guidance for finding answers to the central questions of this paper: (1) why state modernisation occurs after the Rose Revolution while further democratisation is missing and (2) how the changes obviously made in comparison to the Shevardnadze regime can be grasped beyond merely conceding a restoration of state management capacities?

¹ For detailed elaboration of this argument, see Timm (2010: 95–102).
A neopatrimonial approach

An alternative approach is presented in the theoretical framework of political domination, which is currently debated within the concept of neopatrimonialism (Bratton and van de Walle 1997, Erdmann and Engel 2006, Pitcher et al. 2009). This debate does not pose the normative question of how a desired state (democracy and consolidated stateness) can be achieved, but how political authority is stabilised. In my understanding of neopatrimonialism I follow Erdmann and Engel (2006), yet oppose his scepticism towards a catch-all dilemma by emphasizing the issue of “institutionalised uncertainty” as central characteristic. Thus, neopatrimonial authority generates stability by causing a constant alternation between two existing reference systems, one patrimonial and the other legal-rational. While hitherto the function of any state regulation is seen in it reducing social complexity and produce spaces of predictability, the parallel existence of two reference systems aims at the opposite. Continual alternations between two modes of domination reproduces uncertainty in the behaviour of social actors that can only be overcome by the intensification of own clientelistic relations to the ruling elite. Domination secured by these means presents a new system logic sui generis (Timm 2010: 95–102). According to Weber, establishment of compliance between elites and executive staff is crucial for stabilising authority (Weber 1980: 123). Against this background the relations between the realms of Georgian politics and administration are to be analysed in the following.

This case study focuses attention on the reciprocal relation of (i) state policy, (ii) changing institutional settings and (iii) behavioural rationalities of political actors involved in order to better understand post-revolutionary political decision processes. Different mechanisms that aim at stabilising political authority will be looked into. Drawing on the concept of neopatrimonialism, theory-based hypotheses regarding Georgia’s development after the Rose Revolution can thus be generated.

Corruption as a mechanism of state control

The central challenge of Eduard Shevardnadze’s early presidency was the restoration of rule and order. In the early 1990ies, formal state structures of the newly independent Georgian state had been either suborned by paramilitary and mafia groups or had ceased to exist (Wheatley 2005a: 108). The crucial element of Shevardnadze’s state building process became one prevalent phenomenon: corruption, in an endemic and highly institutionalised version.

From the bottom to the top of the state apparatus, officials routinely engage in corrupt practices [...]. Myriads of networks are built within the state apparatus and between public officials and private citizens; their main purpose is the facilitation of corrupt exchanges. For instance, patron-client networks connect lower to higher officials. [...] An informal hierarchy of clientelism overlaps with the official state hierarchy. (Stefes 2008: 75)

According to Darden’s blackmail state concept, corruption based systems of state control rely on three basic elements: (i) a permissive attitude of state leaders toward corruption, (ii) an extensive state surveillance to document wrongdoings and (iii) the use of this information, when compliance is required, to blackmail relevant political, economic or social actors with payment exacted not in cash but in obedience (Darden 2001: 67).

Corruption within the Georgian state bureaucracy was not simply promoted by a permissive attitude of the ruling elite but rather coerced by effective institutional incentive structures (Christophe 2005: [2]
Wages in administration were consciously kept low and bribery was perceived as additional resources of income for civil servants. Revenues obtained through bribes and kickbacks were expected to be shared and passed upwards from one layer of the administration to the next (Stefes 2008: 75). Thereby, an alternative fiscal system parallel to the official state channels had been installed in which “tax” norms regulated the collection of revenues (Di Puppo 2004: 51). In addition, the varying bribe extorting opportunities of different administrative responsibilities stimulated the commoditisation of public positions and the emergence of markets where official posts could be purchased (Christophe 2001: 166, Hensell 2009: 192–199). The effort to quickly amortise a made investment by collecting bribes stabilised the system in addition. The contractual relationship between principal and agent in the Georgian administration was thus not primarily defined by written rules and the law but rather by an informal contract, in which corruption reflects not the violation but the fulfilment of the given contract (Di Puppo 2004: 51, Darden 2003: 8).

In order to facilitate bribe extortion, the Georgian state furnished its officials with an institutional environment in which laws and regulation were either ambiguous, contradictory, fast changing or simply too numerous to follow. Confusing formal regulations were exclusively established in order to cash for the toleration of their infringement. State politics was not about shaping social reality but about the creation of opportunities to extort bribes (Christophe 2005: 97–98). A report of the Georgian Young Lawyers Association (GYLA) impressively illustrates that argument. 83% of all official administrative documents reviewed did not serve an administrative rationality but were exclusively released to maintain behavioural uncertainty (Dadalauri 2005: 19). The mechanism of creating uncertainty through legislation is obviously a common means in the post-soviet space, reflected in the Russian made-up word vzyatkoemkost. Consisting of the two words vzyatka for bribe and emkost for capacity, it expresses the quality and the capacity of a new regulation to facilitate bribe extortion (Deutschlandradio 2007).

The economy was particularly affected by excessive regulation of the state (Christophe 2005: 109–121). Due to the tax code and the general regulations on economic activities, the majority of the population was forced to migrate into the shadow economy (Melua 2003: 45), which until 2003 expanded to about 70% of the GDP (Beridez 2003: 45, Papava 2005: 9). The confusing legislation and the supervision of all economic activities including the economic engagement of elites and entire ministries in the shadow economy positioned state elites as essential gatekeeper for the access to formal and informal markets. By doing this, the state secured control over economic actors and ensured a constant levy of resources. What might be seen as highly dysfunctional from the perspective of an intended solvent and consolidated state budget, turned out to be very rational the context of the given logic of state control.

Hierarchal corruption pyramids overlapping with the official state bureaucracy were accompanied by systematic recording of wrongdoings and involvements in corrupt acts on the part of officeholders as well as private actors (Darden 2001: 67) mainly organised by the Ministry of Internal Affairs, the Tax Ministry, secret services and costumers services (Christophe 2001: 166, Hensell 2009: 171–199).

*The representatives of the power organs are able to present each member of the elite with a file containing compromising materials (kompromat) […] with the implicit or explicit threat that a sudden decision to enforce the law would lead to the imprisonment of the individual in question. Thus is compliance secured.* (Darden 2001: 67)
To sum up, the double structure of the formal state administration and corruption pyramids became the backbone of Shevardnadze’s stabilising strategy. Predictability for political or economic actors was systematically undermined by the continuous alternation between the two modes of domination (formal-bureaucratic vs. informal-patrimonial). Until the Rose Revolution, Georgia thus represented a classic example of neopatrimonial authority.

Shevardnadze’s overthrow in 2003 was preceded by an increasing resentment on part of the population and disappointment of the international community. The demystification of the democratic project (King 2001) and the appalling levels of corruption, Georgia was ranked 6th most corrupt country in the world (Transparency International 2007b), led to a significant withdraw of foreign aid and loans from international organisations and Western governments (Bertelsmann Foundation 2009: 3–4). Not least due to the cutbacks in foreign aid, Georgia was witnessing a rapid change of opportunity structures and a disintegration of the power apparatus. The increasing decentralisation of corruption (Stefes 2008: 74), the political split-off of the ruling party and the tremendous defeat in the local elections 2002 were harbingers of the coming events. When demonstrations eventually culminated in the 2003 Rose Revolution, the state apparatus merely offered resistance, signalling a complete lack of loyalty toward the president (Stefes 2008: 80). The Rose Revolution opened a window of opportunity for the new government to change the inherited rules of the political game.

**Reforming the inherited system**

> „What we need to change is the system, the rules of the game. This is much more difficult than making a revolution.” Zurab Zhvania, cited by Karumidze and Wertsch (2005: 37)

Within the theoretical framework of political authority the overcome of neopatrimonialism would be reflected in the abolishment of systematic creation of uncertainty, the introduction of bureaucratic principles as well as the enforcement of formal institutions and rules as the dominant normative structure (Erdmann 2002: 336, Timm 2010: 115–116). Against this background, the new government had to surmount both the enormous institutional legacy of the former blackmail state, first and foremost legislation, as well as the psychosocial conditioning of state officials and politicians in order to change the inherited system. At first glance, the Saakashvili administration lined up as a dynamic reform government to break up with existing routines and practises within the state bureaucracy.

(i) Mikheil Saakashvili, Zurab Zhvania and Nino Burjanadze as the new key leaders waived to build upon inherited power networks but rushed to create a new base of cadres. The administration conducted a radical campaign against former officials and other individuals linked to the ancient regime (Cheterian 2008). Mainly individuals from the well developed civil society organisations and western educated young Georgians from abroad joined the civil service and occupied high-ranking positions (Broers 2005). As a result, ministries and departments as whole underwent personnel change with up to 70% reemployment (Saakashvili 2006: 69). Particular attention in the reemployment and restructuring process has been paid to the law enforcement agencies. Within the first years, over 16.000 policemen, 2.000 tax collectors and 1.500 customs officers were removed
(Bertelsmann Foundation 2006: 15). Thus, the government submitted exactly those state agencies to general overhaul that appeared to be of crucial importance for the stability of the former system.2

(ii) Before 2003, extensions of the state apparatus were easily possible, due to wages kept intentionally low, and by these means broadening clientelistic networks a typical phenomenon in to enhance the incumbents’ power bases (Di Puppo 2004: 50, Wheatley 2005a: 114). Now, politics is strictly focusing on shrinking the number of employed civil servants to a minimum instead. A slim, modern and professionally trained administration was proclaimed as the aim of the given reforms (Saakashvili 2006: 69).

(iii) In addition, to combat corruption the government decided to significantly raise wages of state officials in order to change the existing institutional incentive structures. A normally paid civil servant - so the assumption- has less impulsion to get engaged in corrupt behaviour. Since the Georgian state was, at the given time, financially barely able to implement this reform, the increased salaries were facilitated by the ‘Development and Reform Fund’, established by the Soros Foundation, the Swedish Development Agency (SIDA) and UNDP (Dadalauri 2005: 15).

(iv) Besides personnel reforms, the public administration underwent a process of deep procedural restructuring. Clear standards and transparent procedures were intended to be established in order to dissolve coercive structures enabling to extort bribes. Passport- issues, the registration of a car and many other areas of day-to-day administration could obviously eluded a neopatrimonial logic and are now widely subjected to bureaucratic principles (Transparency International 2007a).

Due to the administrative reforms, the new government could archive tremendous improvements in combating corruption. The TI Perception Index indicates an improvement from score 1, 8 (2003) to 4, 1 (2009), i.e. from place 127/133 to 66/188. Georgia is directly ranked behind Croatia and is, not taking the Baltic states into account, the leader of the post-soviet region. Even if the criticism is correct, that only petty corruption has been abolished and grand corruption still remains a serious problem (Transparency International 2009: 1) the evidence however suggests that - and this is crucial for the analysis- the former system of corruption pyramids could be overcome.

Besides the administrative reforms, the new government set up a couple of far-reaching macro-economic reforms in order to counteract the shadow economy and failure of public revenue as well as to attract Foreign Direct Investment (FDI). First, by tightening control and sanctions the opportunity costs for smuggling and shadow economic activities could be increased (Freese 2005: 110). Second, the government changed the legislation and tried to simplify and adjust the tax code to the existing social-economic circumstances of the population. The number of tax types was reduced from 21 to 7 (OECD 2006: 74) and flat taxes introduced (Khokrishvili 2008: 113). The number of business licenses was as well significantly shortened from 909 to 156. These measures were accompanied, third, by the introduction of the so called ‘one window system’, i.e. the establishment of a department exclusively responsible to provide and accept all business related documents and certificates (Dadalauri 2005: 19). These steps must be perceived as an enormous increase of state predictability for economic actors.

2 Not surprisingly in 2003, the last year of Shevardnadze’s presidency, these departments were still perceived as the most corrupt state institutions: customs 73%, police 70%, tax authorities 66% (Transparency International 2004: 5).
The growing legalisation of the Georgian economy had tremendous effects on the macro-economic development. The tax collection significantly increased after the Rose Revolution (Jones 2006: 46) and reached 2005 with 20.8% of the GDP the highest tax revenue since beginning of the transition (Khokrishvili 2008: 116). The Georgian State budget grew from originally less than 1 Mrd. (2003) to 3.7 Mrd. (2007) and finally to 6.4 Mrd. Lari (2010) (Ministry of Finances 2007: 13) / (Ministry of Finances 2010: 34). The far-reaching liberalisation policy of the government pushed Georgia into the club of the 20 most business-friendly countries in the world, where to date besides Estonia only OECD countries expanded into (World Bank 2007).

From a macro perspective, the evidence from the administrative and economic reforms suggests that the new government managed to overcome the particular logic of the former regime based on systematic creation of uncertainty integrated in a comprehensive system of corruption pyramids. The reemployment, the changed legislation and the organizational restructuring seem to enforce bureaucratic principles and predictability. Whether this development can be perceived as a change from a neopatrimonial to a bureaucratic mode of domination or whether the mechanism of maintaining obedience were just substituted by others should be analysed in a micro-study on the centre-periphery relations.

**Centre-periphery relations**

The central challenge for neopatrimonial authority is to prevent an uncontrolled decentralisation of power structures. Thus, the control over the incumbents of central state bodies and administrative units as *power brokers*, both within clientelistic hierarchy and formal bureaucracy, presents the core of the principal-agent problem in neopatrimonial systems (Migdal 1988: 210–212, Richard Snyder 1992: 379). Against this background, a micro-study on the critical linkage between central state agencies and entities of local (self-) governments has been conceptualised. Particular interest has been drawn on, firstly, the regulation of access to decisive formal positions on a regional and local level and, secondly, the fiscal relations between both spheres. The underlying field research considered the developments between 2001 and 2007 and was conducted in the municipality Telavi, the administrative capital of the Kakheti region.³

**Personnel policy**

(i) In terms of local personnel policy, a significant change in the mode of domination would mean that the former neopatrimonial production of uncertainty and vertical compliance mechanisms are replaced by observance and a strengthening of the sources of local autonomy as regulated by the Organic Law on Local Self-Government, including the implementation of horizontal accountability towards the population. The preconditions for such a change will have seemed most favourable after the Rose Revolution: The Shevardnadze regime experienced its first essential decentralisation of power in the 2002 local elections. Countrywide, politically motivated citizens set up own electoral lists and ran for self-government institutions outside the established party system. These *initiative groups*, which finally seized more than 57% of the local council (sakrebulo) and 51% of the mayor (gamgebeli) mandates (Central Election Commission of Georgia 2002b: Central Election Commission of Georgia 2002a), must be considered as one of the most exciting and virtually unnoticed civil

³ Empirically, the study bases on 50 qualitative interviews, conducted between January and March 2007 in Tbilisi and Telavi, as well as pertinent documents, budget data, laws and regulations.
society developments in post-soviet Georgia. They proved not only to be a valuable resource for the mobilisation against the Shevardnadze regime, but also offered a tremendous historical chance to set up a new cooperative model of governance.

However, after coming to office, the new Saakashvili administration refrained from creating the institutional requirements to empower the elected citizens and implement an authentic local self-government. Instead, the government pushed the implementation of vertical power structures. Reminiscent of Shevardnadze’s Citizen Union, the United National Movement (UNM) was created as the new dominant governmental party (Muskhelishvili 2005: 55). Comparatively to other regions, the UNM grew quickly in Telavi by gaining former members of the Tradionalists, the New Right, the initiative groups and young people formerly active in the revolution. The United National Movement won the next local elections 2006 with all 28 Telavi sakrebulo seats, while nationwide receiving 88,8 % percent of the overall local mandates (OSCE/ ODIHR 2006: 26). The success of the UNM must be explained both ideologically und materially. Ideologically, the party generated cohesion by a strong commitment to renovation. In particular, young partisans in their twenties and thirties, partly working as governors, chairman of the local sakrebulo etc., share a common conviction of representing the only social and political force to develop the country. Simultaneously, the UNM may be considered a textbook example of a political machine (Brinkerhoff and Goldsmith 2002: 40). This type of party is based on particularistic rewards, often given by using state resources (jobs, grants etc.), and is characterised by a high degree of control over member activities (D’Anieri 2005: 233). However, the National Movement became not only the strongest party in the regions and controls access to administrative positions and resources, as the Telavian case shows. The UNM turned out to be the vital social and political organisation on the ground, penetrating all other relevant organisations possessing mobilisation capacities. Focusing on short-term successes and ignoring the potential of independent and convinced local cadres, in turn led to the Saakashvili administration missing out on the historical chance to build an authentic, bottom-up subsidiary-system of governance.

(ii) The Rose Revolution fundamentally changed existing local power networks. Appointments of new governors and first purges in the local and district administrations immediately followed Saakashvili’s election to president. As first act in office, the new governor of Kakheti summoned the district gamgebeli (head of administration) to position a member of the Traditonalist Party as deputy gamgebeli and subsequently write a letter of resignation. This demand could easily be enforced due to kompromat available on him from former privatisations (Melua 2003: 45). As “acting gamgebeli”, the deputy immediately advanced to the most influential official in the Telavi district. These proceedings and the disregard of legal regulations – according to which only an elected chairman of a local sakrebulo can be appointed as district gamgebeli and deputies are entitled to carry the official business only for three months – was not a single case. It was a systematic measure to change local elites and introduce loyal cadres, as observations from other regions prove (Wheatley 2005b: 11, Hedvig 2006: 28). The de facto illegality of the gamgebelis often lasted for years and enabled the

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4 Interviews with employees of the Telavi administration and representatives of the local council.

5 The UNM vehemently captured the Telavi Student’s Union (Kobiashvili 2006, Interview with former head of Student’s Union) and systematically encroaches upon different civic institutions like universities, sports organisations, and professional unions’ (Muskhelishvili and Jorjoliani 2009: 694).
government to refer to the law and replace the gamgebeli at will. This structural uncertainty additionally ensured the loyalty of district officials.

The informal dependency between the centre and the districts continued in the personnel relations between the district and the municipalities. Several cases acknowledge how the district elite in Telavi used its “administrative resources” in co-optation (employing as civil servants etc.) to the use of existing kompromat from the Shevardnadze period to interfere with the policy-making process and personnel decisions of local self-government bodies. The gamgebeli of the municipality Telavi alone was changed three times between December 2005 and December 2006. These strategies obviously imply the complicity of central governmental agencies, which, notwithstanding modernisation, apparently still facilitate the mentioned compliance mechanism.

The reform of 2006 changed the formal power setting in the regions and created new self-government entities on the territories of the former districts. By doing this, it directly enhanced control on the local level, since the municipalities became subordinated to the new self-government. Formally seen, the newly established self-government was endowed with higher autonomy (Nikolov 2005: 108–109), though this effectively turned out to be meaningless. As the elections of 2006 in Telavi prove, the administrative elite around the “acting gamgebeli” holds sufficient manipulation capacities to influence the elections and successfully manage its transfer into the new powerful institution.

(iii) In Georgia personnel change on the local level is not, as usual, structured by elections. Elections and personnel change rather relate to one another counter-cyclically. The local elections of 2002, 2006 and 2010 did not lead to an alternation of staff; they merely confirmed the respective existing power network. In fact, interventions of the central government proved decisive for personnel change. Extensive purges within the local administration were conducted in 2004/2005 and 2007. After the mentioned replacement of officials immediately following the Rose Revolution, additional purges reached the local level in 2005. In several regions including Telavi, pre-revolutionary kompromat was used again to enforce the voluntary resignation of officials elected before the Rose Revolution (Wheatley 2005b: 20). A second wave of dismissals set in immediately after the elections of 2007, when the former “acting gamgebeli” and now head of the sakrebulo in Telavi, as well as officials from four further towns were blamed by the central government for the misuse of budget money and voluntarily resigned from power (Corso 2007). Though the public prosecution office opened a procedure against the former Telavi gamgebeli, he managed to elude the further proceedings by being appointed as deputy minister in Tbilisi. Other members of the Telavi administration have been sentenced to prison. Established power networks of the local municipalities were thus intentionally dissolved by central interference.

The countercyclical relationship between elections and personnel change can be explained, firstly, by the necessity of the government to win elections, for which a strong power network before the election is needed at ground level. Secondly, an arbitrary and periodical dissolution of local political machines appears to be an important means employed by the Georgian government to maintain control and limit the risk of a repeated decentralisation of power. Beyond the concrete replacement

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6 Interview with journalist of local TV station, 5 March 2007; interview with former head of Telavi sakrebulo, 14 March 2007.
7 For 2002, see Wheatley 2005b: 11, 45, 2006 and 2010 own research.
of one power network by another, the arbitrariness of this measure generates uncertainty for all remaining local elites and fosters loyalty.

Financial policy

(i) Budget income: Since decentralisation began, the economic situation of the Georgian municipalities was precarious (Losaberidze 1998: 29). Local taxes designated to the execution of exclusive competences amounted to only 5% of the total income between 1998 and 2001. The municipalities were dependent on transfer and sharing of national taxes (Reis 2002: 6). Since no legal act existed to regulate transfer payments (Gelaschwili 2004: 1), and an unclear delineation of responsibilities dominated the relationship between the layers including line ministries and other central state agencies (Nikolov 2005: 106), the district administration became the most important authority for the distribution of funds among the budgets of self-governing units (Khaindrava et al. 2005: 45). As a result, a hierarchical power relationship between district gamgebeli and local sakrebulos emerged, not least based on financial dependency (Wheatley 2005a: 158).

The reforms after the Rose Revolution barely eased the situation. Rather to the contrary, the tax relief for low income households introduced in the course of the new tax code (exemption from real estate tax, tax on agricultural land use only from 5 hectare upwards) turned out to be at the expense of local income and enhanced the dependency on transfer from the central budget. As observed in several regions, the Saakashvili administration neglected to lessen this dependency, but made extensive use of the inherited fiscal uncertainty to interfere in local affairs (Ehrke 2008: 148–150).

The reform of 2006, however, closed a legal gap in the financial relations. The Law on Local Budget for the first time introduced a legal framework regulating the delineation between the central state and the self-government budget, including the budgeting process and a formula to calculate transfer payments (Nikolov 2005: 108–109). At first glance, it raised hope that the new legislation provides the needed predictability and marks a break from the logic of uncertainty. Once implemented, the law brought about the following changes: (1) the revenues of the newly established self-governing units were in 2007 after the reform mainly secured by the income tax (f. e. Telavi 52, 4%). Income tax, due to the growing legalisation of the economy, increasingly contributed to the local income, however between 2003 and 2006 still remained at district level. In 2008, the government again decided to remove income tax from local financing. Since then, even municipalities such as Telavi, which in 2007 did not rely on extra funding, again became dependent on financial transfer to execute its exclusive competences.(2) the transfer formula appeared to be problematic for several reasons: firstly, transfer payments were artificially lowered due to the exclusion of Tbilisi from the calculation of the average per capita income. Secondly, the law introduced two corrective coefficients for transfer calculation, which due to missing data can easily be used to manipulate the final transfer amount (Ehrke 2008: 153–155). This mechanism has been further exacerbated by the addition of up to 10 other coefficients for which the database is highly problematic. Additionally, the formula has reached a degree of complexity that even experts are at a loss to comprehend, ultimately amounting to it creating no transparency, contrary to the initial intention. (3) Transparency is further limited by the fact that the central government is now administering all national and local tax collection and allocation. Municipalities rely totally on the central state for information about tax estimates as well as allocation of tax and transfer. An autonomous local fiscal policy has thereby become impossible.

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8 Interview with representative of the Association of Young Economists of Georgia, 23 November 2007.
9 Interview with expert of the Caucasian Institute for Economic and Social Research, 23 September 2010.
To sum up, the Georgian government continued a policy of artificial shortage of resources, an uncertainty about the makeup and amount of revenues and the possibility to arbitrarily provide transfer in exchange for loyalty and obedience. Against this background, an increasing formalisation of the local income cannot be stated.

(ii) Budget spending: In contrast, a rapid formalisation can be observed following the Rose Revolution towards budget expenditures. According to the Organic Law on Local Self-Government (art. 37), only the municipalities, i.e. the local sakrebulo, retain the right to determine the structure of the administration (gamgeoba) and the apparatus of the local council (sakrebulo) including the classification of payments for civil servants (Georgian Parliament). Since the Rose Revolution, a series of ministerial decrees restricts this right. The first decree, released in March 2007 by the Ministry of Finances, limits the number of civil servants employed in the administration and the sakrebulo to an individually determined maximum for every municipality. This measure answered to the duplication of administrative staff after the 2006 reform, following which the apparatus of the sakrebulo was massively expanded in many towns. In Telavi the number of employees in the gamgeoba remained constant (83), the sakrebulo staff, however, increased from 6 to 45 after the elections, temporary employees not counted. Obviously, there was no working space provided for these newly employed civil servants, as they had already done their worth. This development must be perceived as a classic clientelistic strategy by the local machine to reward partisans for the “won” elections. Following the restrictions of the Ministry, the number of employees was reduced back to 6, and 71 in the administration and the abiding governor expected a saving of 1, 5 Mio. lari p.a. for the Kakheti region. A project to additionally determine the standard structure of the local administration has been intensively discussed in the Ministry of Finances but has not been finalised yet.

A second decree released by the President was aimed at regulating salaries of local officials. It defined several salary brackets with maximum amounts, such as 1.100 lari for high-ranking officials and 850 lari for lower posts. The hitherto practiced allotment of higher salaries to the local elite or supplement payments to MPs in return for their services was thereby discontinued. Furthermore, a draft law was discussed that would have determined a minimum spending of 50% of the local budget for infrastructure; health and social programmes. Finally, the government chose an alternative approach, privatised the public health service and transferred a further part of the exclusive competencies of the municipalities into delegated competencies of the central state, which are now by law under supervision of the governor (Law of Georgia on State Supervision over Activities of Local Self-Government Bodies, Art.3)

All mentioned measures concerning budget spending were aimed at limiting the local machine including its particularistic self-enriching and rewarding strategies. The increasing formalisation of local budget allocations, which obviously opposes the idea of local autonomy and self-determination, could however effectively minimise the necessity of informal central intervention.

10 Interview with western decentralisation consultant, 2 February 2007; interview with former Deputy Minister of Finances and internal decentralisation consultant of the Ministry of Finances, 12 March 2007.
11 Interview with Governor of Kakheti, 19 March 2007.
12 Interview with former Deputy Minister of Finances, 12 March 2007.
13 Ibid.
14 Interview with representative of the Association of Young Economists of Georgia, 28 January 2007.
Modernisation by wrong means

The findings of the micro and macro studies illustrate that the Saakashvili administration positioned itself as a strong-minded reform government. The extensive administrative and economic reforms, as well as the regulation on local budget spending, indicate that the government was willing to use different means to reach its ambitious reform agenda of modernising the country.

The establishment of a dominant governmental party proved to be highly functional to this end, as it promised a perspective enforcement of the agenda against any political opposition. The micro study demonstrates that the ruling elite neglected to enter into partnership with politically independent local networks, but built on individuals able to quickly monopolise local political decision structures and implement governmental reforms by targeted clientelistic politics and kompromat. What seemed to be very rational at the beginning, turned out to become the central obstacle for further development. The installation of the UNM brought about the establishment of local machines on ground level, which, once installed, developed a certain momentum. The successful replacement of alternative political forces resulted in the emergence of strong opportunity structures of economic self-enrichment and extension of areas of influence on part of the local elite.

This self-preservation logic of the local machine, which undermines the infrastructural and economic development in the long run, is undertaken to be controlled by (i) limiting the formal scope for action of local actors and (ii) frequent arbitrary interferences by the central government. This places the Georgian government in a basic dilemma. On the one hand, the Saakashvili administration is forced to tolerate a certain degree of resource extraction that ensures the necessary political cohesion and bonding capacity to the regime. On the other hand, the government is constrained to constrict the momentum of the local machines in order to prevent an exposure of the long-term development aims. Thereby, the massive installation of a new governmental party caused an unintended dynamic that the regime is now forced to react upon. The result is a conflicting relationship between the reform agenda and the neopatrimonial operating logic.

The post-Rose Revolution government was convinced to be the only political and social force able to modernise the country. However, by recourse to proven means of domination for short-term power consolidation, the new government triggered a new cycle of neopatrimonial domination. The unintended renewal of a presidential neopatrimonial regime (Timm 2000) undermines the success of the reform agenda in the long run, both in terms of an efficient use of state resources and with regard to prospective democratisation (see below).

Reform agenda and means of domination

Regardless of the fact that Georgia has to be perceived as neopatrimonial both before and after the Rose Revolution, the two periods significantly differ in terms of the concrete embodiment of political authority. Ironically, the administrative and economic reforms as the core of Saakashvili's modernisation agenda showed large influence on the mechanisms of control available to the current government.

(i) The intensification of the neopatrimonial double logic marks an unintended, albeit welcome consequence of the new politics. Although the coexistence of both modes of domination (formal-bureaucratic vs. informal-patrimonial) equally characterises the Shevardnadze regime, some of the
above mentioned developments suggest a clear predominance of the patrimonial side for the pre-revolutionary period. In contrast, by setting a clear state agenda of efficient use of resources and sustainable economic development, the Saakashvili administration unintentionally equilibrated both modes. A government that constantly refers to formal rules and the implementation of reforms, but simultaneously (at least partially) informally undermines them, creates an increasing uncertainty among relevant actors. Saakashvili operates with two different scripts even more actively than Shevardnadze. There is an official script demanding an efficient and reform-oriented use of resources on the basis of bureaucratic principles and a contradictory informal script, which is furthermore applied for the clientelistic integration of the power apparatus. The increased conflict between these two scripts enhances uncertainty how a certain situation is to be judged and which consequences certain behaviour may cause. The parallelism of a modern differentiation discourse (public-private/formal-informal) and the missing political correspondence might be perceived as ambivalent from outside; in the framework of neopatrimonialism, it turns out to be highly functional (Timm 2010: 111).

(ii) The administrative reforms initiated by the Saakashvili government created efficient state structures, contributed in many different ways to the legalisation of the shadow economy and caused a significant decline of corruption. What presents a welcome and admirable development for the new government at first glance, appears to have far-reaching consequences for the coercive capacities of the neopatrimonial system. The stabilisation of the Shevardnadze regime mainly depended on kompromat, as initially stated. The centrally induced shadow economy and the endemically corrupt administrative system proved to lay a sound foundation for the enforcement of political obedience. The economic and administrative reforms obviously abolished this system and dispossessed the renewed neopatrimonial system of its basis of further systematically generating kompromat. As the Telavi case study showed, the kompromat being used after the Rose Revolution mostly originated from the Shevardnadze period. Basically, this means that the complicity of law enforcing agencies to use kompromat is still in place; merely the production of new material was abolished by the new reforms. How does a political system, which still relies in its personnel policy on the continuity of informal domination, answer on this self-induced loss of a very efficient mechanism to maintain obedience?

Substitution of efficient means

(i) The first compensating measure to maintain control within the crucial relations between centre and periphery was the formal centralisation of local decision structures. Firstly, the introduction of a single-level self-government on the territories of the former districts in 2006 decreased the number of self-government units from ca. 1100 to 69. Secondly, the municipalities lost a number of exclusive competencies to the central state. The municipalities are now obliged to realise these competencies as delegated tasks on behalf of the central state. The central state finances, but thereby also organises formerly genuinely municipal tasks. Thirdly, supervision structures have been tightened. The role of the governor has been formally regulated for the first time. Beside far-reaching informal control hitherto exerted by these, the governors are now assigned by law and in charge of monitoring delegated tasks and the implementation of regional development plans.

These measures induced, firstly, a highly increased effectiveness of central control. Due to the numeric reduction of elected local representatives, elections and internal decision processes need to
be monitored and, if need arises, controlled not in over a thousand, but in only approximately 70 municipalities. The centralisation, secondly, also devaluated local self-determination. Sources of autonomous power became strongly restricted and thus meaningless in the course of the reforms. The governor of Kakheti summarizes the developments as follows:

“Earlier, there was more self-governance, but it lead to nothing. Today it is less, but there is a clearer direction. (...) Today the situation again is slightly different. All funds go into a budget. (...) If today someone does something bad, we will find out about it.”

(ii) The second measure compensating the loss of coerced corruption presents the accelerated rotation of officials as part of the increased arbitrary interference of the ruling elite. Rotation is a common means to maintain control in neopatrimonial systems. Rotation is functional for two reasons: firstly, it keeps the border between insider and outsider of the regime “fluid”, thereby generating a significant behavioural uncertainty (Bratton und van de Walle 1994: 464). Due to frequent rotation, a system is sustained in which political demands primarily focus on access to resources and positions within the given political arena, but not on a fundamental change of the rules of the political game (Mungui-Pippidi 2006: 93). Secondly, a systematic rotation prevents the emergence of alternative power networks. What Migdal called big shuffle serves to anticipate the extension of alternative clientelistic networks that could develop into threatening power networks (Migdal 1988: 223–225). The unpredictability of rotation causes a centripetal dynamic and ensures that actors seek to hedge their power base not within the subsystem they currently command but towards the ruling elite in the political centre.

Even if an accurate data base on rotation in Georgia is still missing, a couple of analysts suggest a significant increase of rotation after the Rose Revolution (Bertelsmann Foundation 2009). The incumbency office holders can count on in average has significantly diminished after the Rose Revolution. Between November 2007 and December 2008, the head of Government changed four times alone. Similarly, the Minister of Foreign Affairs was equally replaced four times, not to speak about the remaining ministries (Bertelsmann Foundation 2009: 6, 24). Rotation is an omnipresent phenomenon at all levels of administration, aptly named “government carousel” by the Georgian Media (International War and Peace Reporting 2004). Rotation and other forms of central arbitrarily interference- so the argument - are vital means for the Georgian government to keep generating uncertainty and have become the vital element to compensate for the lost corruption pyramids. As a long-term side-effect, as well as the logic of the local machines as the permanent rotation of officials inevitably undermine the reform aim of a modern and professionalised administration and jeopardise the so far made achievements.

**Domination and democratisation**

The initial question of this article was why Georgia’s state structures modernised whilst not being democratised after the Rose Revolution. On the analytical level of the democracy-autocracy dichotomy, the lacking democratisation could not be explained. Judging from an authority-oriented perspective, it can be stated that democracy inevitably depends on the rule of law and a bureaucratic

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15 Interview with Governor of Kakheti, 19 March 2007.
16 Interview with representative of the Caucasus Research Resource Centre, 19 June 2010; interview with expert of the Caucasian Institute for Economic and Social Research, 23 September 2010.
mode of domination (Schumpeter 1976: 206, Merkel et al. 2003: 34–35, Erdmann and Engel 2006: 30). Democracy is not compatible with the existence of two competing modes of domination, but rather tied to the generality of universal and sovereign rules. The described renewal of a neopatrimonial authority must stand against democracy and impedes further democratisation.

The present challenge for political change is no longer located on the regime level, but on the level of political authority. Not authoritarianism marks the theoretical and practical challenge, but the neopatrimonial mode of domination. Not liberalisation and consolidation of democratic structures are to be focused on when dealing with the change of political systems, but the enforcement of bureaucratic authority. Here, the scientific community is asked to further indentify the central mechanisms responsible for stability and the cyclical reproduction of neopatrimonial authority.

The inertia of neopatrimonial authority should not be underestimated which to escape presents a demanding venture (Snyder 1992, Timm 2010: 110–112). A change is only likely if political elites invest in the establishment of reliable and dominant formal structures, to which – and this is crucial to further democratisation – the elites themselves answer. If this difficult venture is undertaken and leads to an overcoming of the neopatrimonial mode of domination in the post-soviet region, a democratic change of Georgia’s political regime seems realistic.

Conclusion

The theoretical concept of neopatrimonialism allowed to take a deeper look at the mechanism of reproduction and stabilising authority in Georgia after the Rose Revolution. In opposite to other approaches, neopatrimonialism pays particular attention to the performances of the political system and the behavioural rationalities of political actors on the bases of formal and informal structures. As the example of Georgia before and after the Rose Revolution illustrates, neopatrimonialism is characterised by a huge formal variety, a high fluidity and adaption capacity.

The government of Mikheil Saakashvili lined up to change the inherited system, opted, however, for the wrong means to archive this aim and caused unintentionally a renewed cycle of neopatrimonial domination. Some of the decision triggered a dynamic the government can now only react on. How informal practices of domination available to the ruling elite are significantly influenced by state politics could be illustrated at the example of the administrative and economic reforms. Conversely, the neopatrimonial mechanisms to maintain authority are now going to undermine the success of the reform agenda. From this point of view, Georgia is currently caught in a self-induced dilemma and by no mean on a further track to democracy. As long as a neopatrimonial authority is in place, genuine democratisation of Georgia is barely to be expected.
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