Civil wars in Georgia: corruption breeds violence

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Introduction

GEORGIA MAKES AN incredibly rich and uniquely complicated case for the analysis of modern civil wars. It is a newly independent state that appeared with the collapse of the USSR, but it also has a long history of statehood. It is a relatively small state, but it occupies a key geopolitical crossroads which has acquired strategic importance with the new development of hydrocarbon resources in the Caspian area. Its population is small and declining but the ethnic composition, cultural and religious traditions are extremely diverse. From the moment that Georgia restored its independence, it has found itself engulfed by political violence organised along several separate but criss-crossing tracks, with destabilising impulses spreading unchecked. In 1992–93, Georgia came breathtakingly close to collapsing as yet another ‘failed state’, however, all major violent clashes had terminated by the end of 1993. Despite serious international efforts to assist peace processes and internal reforms, to date none of the conflicts has been resolved, generating occasional skirmishes and, more importantly, significant uncertainty regarding Georgia’s ability to survive as an independent state.

It is obvious that the civil wars in Georgia in 1990–93 erupted as a consequence of the break-up of the USSR;¹ however, in most Soviet constituent republics the inevitable destabilisation resulting from that cataclysm did not take such violent forms. Many regions in Central Asia (the Fergana valley), in the North Caucasus (Dagestan, see Chapter 6 in this volume) and in Georgia itself (Ajariya) had explosive combinations of risk factors but remained relatively peaceful. The collapse of the USSR, therefore, cannot in itself be the explanation for the Georgian wars, but should instead be seen as their macro-context and environment. Similarly, the interference from Russia cannot be interpreted as the all-dominant force;² Russia’s involvement and influence were certainly significant factors but they were not the determinants of the violent escalations of internal crises in Georgia. The main assumption of the following analysis is that the main

causes of Georgia's troubles should be sought in the anomalies and distortions of its own society, political institutions and elites. And the main source for these distortions is presumed to be not in the ethnic grievances, or past injustices, or Communist legacies – but in the all-penetrating shadow economy and corruption.³

What makes the Georgian case particularly interesting, and maybe even unique, is the parallel development of three major political conflicts – the struggle for power at the state level, the secession of South-Ossetia and the secession of Abkhazia – which occurred with significant overlaps in the space of just four years, from November 1989 to October 1993. They will be analysed here as separate civil wars; however, since such isolation could lead to significant deficiencies in the analysis, every effort will be undertaken to trace the interplay between them.

Background: it is the stupid economy!

There is neither space nor, presumably, need to provide here detailed information on Georgia's history, geography and demography (see Aves 1997; Corley 1999); it is, perhaps, sufficient to say that the rich history of Georgia was remarkably conflict-free and that with its broad ethnic diversity and strong national identity, Georgia had a record of peaceful coexistence of indigenous and immigrant ethnic groups. There might be, however, a need to present some basic economic data, both for Soviet Georgia and for the new republic, with inevitable reservations about the highly unreliable nature of all statistics.

The fundamental problem with economic data on the period immediately preceding the wars in Georgia (1985–89) is that the only source is Soviet economic statistics with all their deficiencies; the problem of accurate measurement of GDP of the USSR (and its constituent republics) has not been resolved even retrospectively.⁴ As the USSR was sinking into an economic abyss during the second half of the 1980s, the official statistics maintained fewer and fewer connections with reality.

Another part of the problem is that the 1980s were a decade of fast growth of the 'shadow' economy in the USSR, and Georgia was, quite possibly, one of the leaders in this area. There were several objective reasons for this leadership: the mild subtropical climate provided Georgia with a natural monopoly on the production of citrus fruits (mandarins) and flowers (mimosa) that were of great demand on non-state markets; the Black Sea coastline from Gagra to Batumi provided a booming tourist industry, with significant unregistered elements. But it was political and societal factors that determined the fast spread of illegal activities. Georgia's political elites were purged by Stalin with particular brutality, and then unceremoniously reshuffled during the 'de-stalinisation' campaign, which created quite mixed feelings in the Georgian society. Those who came to power in the late 1950s were real survivors, with few ideological illusions but with clear

understanding of the structures of power and networks of influence.⁵ The elites were redefining the norms of affluence and success, and the society was eager to embrace those and develop grass-roots entrepreneurial skills, that formally were equal to criminal activities.

Growing in affluence during the 1960s, Georgia acquired an unsavoury reputation for corruption; the appointment of Eduard Shevardnadze as the republic's leader in 1972 was intended to arrest this trend. Shevardnadze duly purged corrupt officials but in fact his reign (which lasted until March 1985 when the newly arrived Soviet leader Mikhail Gorbachev made him the Soviet Foreign Minister) was marked by a steady growth of clan-based corruption culture.⁶

Overall, while the official figures for Georgia from the mid-1970s to the mid-1980s showed a slow growth of the so-called 'Net Material Product' (NMP) and *per capita* income, in fact in that decade more wealth was generated 'informally' than was registered in the accounts. By the late 1980s, the real level of income and the standard of living in Georgia were significantly higher than the average for the USSR.

The collapse of that economic prosperity was unprecedented in its devastation across the former USSR. In 1990, NMP declined by 11.1 per cent, in 1991 by 20.6 per cent, in 1992 by 43.4 per cent, and in 1994 by further 40.0 per cent; the GDP estimates (corrected retrospectively), show a decline of 35.0 per cent in 1994 and a total decline from 1989 to 1994 of more than 70 per cent; the World Bank estimates that Georgia's GDP declined at an annual average of 26.9 per cent in 1990–95. Modest recovery started in 1995, and in 1996–98 GDP showed annual growth of 11.2 per cent; however, in 1999 growth slowed down to just 3.0 per cent and in 2000 to 1.8 per cent. Official government figures now include adjustments for 'unrecorded activity' which amount to 40 per cent of the total.⁷

The almost complete disappearance of the 'official' economy in 1992–94 meant first of all the total paralysis of two key sectors: heavy industry and tourism. Georgian industry had been based on complicated cooperative ties with other Soviet republics; the disintegration of that system led to the 'sudden death' of heavy industries in Georgia – the share of industrial production in GDP was just 13 per cent in 1998–2000, and most of it was in food processing. Tourism used to be a massively profitable sector, with 1.5 million officially registered tourists coming to Georgia annually (another million can safely be added for unregistered visitors) and it has disappeared entirely. Agriculture was also in deep crisis as Georgian fruit and vegetables, tea and tobacco, wines and mineral waters could not compete on the Russian markets owing primarily to high transportation costs. The privatisation of land in 1991–92 actually weakened the potential for market production and fostered a reorientation towards subsistence agriculture.

Sharp economic decline was accompanied by deep financial crisis. Russia's price liberalisation in January 1992 led to a jump in inflation, but also necessi-

tated the introduction of a national currency. The first attempt at this with the coupon, undertaken by Tbilisi in spring 1993, resulted in monthly inflation reaching 100 per cent by the end of the year. The second attempt with the *lari*, undertaken in autumn 1995, was more successful, but the stability of the new currency was entirely a function of external borrowing which has accumulated a debt of \$1.6 billion (41 per cent of GDP for 2000).⁸ One result of this financial catastrophe was a sharp demonetisation of the economy; another was the even sharper fall in personal income. By mid-1994 the average monthly salary was estimated at \$0.5; while by mid-1996 the average monthly household income was estimated at \$160, only a quarter of it came from salaries; in 1999, *per capita* income was estimated at \$620.

Even with the approximate character of these figures, they paint a picture of an economy that contracted massively in the first half of the 1990s, and then – after a short recovery – stabilised at half its previous level. Even if estimates of the size of the ‘shadow’ economy as 80 per cent of GDP are accepted, the total value of the Georgian economy would still be about 2 per cent of the Russian economy, and the government revenues in 2000 would be only about 0.5 per cent of the Russian government’s revenues. This means that neither Georgia’s ‘official’ economy nor its ‘shadow’ economy were able in 1992–95 to generate profits sufficient to sustain significant military activities and later were not able to support a serious military build-up. The picture had not changed that much by 2002; the defence budget of about \$22 million can barely sustain the armed forces of about 12,000 – and the caricature mutiny of a National Guard unit in May 2001 (which ended in two days after Shevardnadze promised to pay back salaries) confirms this (see Broladze 2001). The most profitable economic sectors (for both the state and the mafias), like tourism or export agriculture, have been devastated beyond rehabilitation, and the new sources of income, like Western aid or oil transit, are low-volume.

It can be assumed, with hindsight, that the ‘conflict entrepreneurs’, who pushed for the escalation of civil wars in Georgia at the start of the 1990s, had unrealistically high expectations of future revenues. The blossoming of corruption and the ‘shadow’ economy in the 1980s created a peculiar quasi-market mentality among the political elite who took high profits from the natural rent for granted. However, partly as a result of drastic changes in the economic environment and mostly owing to the violent conflicts themselves, the object of the claims – the ability to control profitable enterprises – has shrunk; the loot has therefore practically disappeared.

Struggle for power in Tbilisi

Three different and slightly overlapping phases in this struggle can be easily identified: the wresting of political power from the Communist Party apparatus

led by Zviad Gamsakhurdia (April 1989–May 1991); the ousting of President Gamsakhurdia from power (September 1991–November 1993); and the consolidation of power in the hands of Shevardnadze (October 1992–November 1995). While it is only the second phase that qualifies as a civil war, the paramilitary organisations created in the middle of the first phase continued to play a role up to the end of the third phase, as well as figuring prominently in two other Georgian wars (see Nodia 1996; Zverev 1996; Ozhiganov 1997).

At the starting point of the Georgian 'time of troubles', in early April 1989, there were demonstrations in Tbilisi, perhaps 15,000 strong but without any semblance of organisation, unarmed but violent. In late November 1989, more organisation was visible, when a column of 20,000–30,000 marched from Tbilisi to Tskhinval (some 120 km); it was still unarmed and was easily blocked by a few hundred Soviet Interior troops, but some paramilitary groups were already present and the first blood in the first war was spilled. The group which claimed the honour for this dramatic event, the Legion of Georgian Hawks, never appeared in the political arena again, but the organisational resources for the march came from a different source: it was the leader of the Georgian Communist Party, Givi Gumbaridze, who, together with Gamsakhurdia, led the column and also provided the logistics.

The chaotic and disorganised parliamentary elections of September–November 1990 showed more passion and enthusiastic networking than structure-building, but one of the first laws adopted by the new Parliament on 15 November 1990 declared the conscription of Georgians into the Soviet Armed Forces illegal – and that prepared the ground for organising a proto-army, called the National Guard. The corresponding legislation was approved during the second half of January 1991 and it authorised the build-up of a 12,000-strong force on the basis of conscription. Owing to the sharp conflict with the Soviet authorities in Moscow, the Georgian government had extremely limited resources at its disposal and was unable to allocate sufficient funds to the National Guard. Instead of conscription, it actually had to rely on volunteers who enlisted to serve with their own weapons – and they also had to rely on these weapons to feed themselves. The Commander of the National Guard, Tengiz Kitovani, a man with no military experience but with strong entrepreneurial skills, had few doubts about squeezing various 'shadow' businesses, in fact he built his forces through 'soft' extortion rackets.

A different paramilitary organisation was growing alongside (and, perhaps, one step ahead of) the National Guard: the so-called *Mkhedrioni* (the Knights) led by a prominent criminal 'authority' Dzhaba Ioseliani. This organisation had few connections with the competing political forces and was built as a combination of criminal groupings and urban teenage gangs. It relied entirely on illegal sources of income (targeting particularly petrol supplies) and exploited connections with the Georgian underworld in Moscow. By mid-1991, the National Guard and the

Mkhedrioni had about 10,000 members each and focused their attention on getting access to arms, buying or seizing them from Soviet military garrisons.

The turning point in the chaotic internal struggle for power in Georgia was set by the *coup* attempt in Moscow (19–21 August 1991), when Gamsakhurdia was so scared by the demand from the 'Emergency Committee' (GKChP) to disband all armed formations that he did indeed order the National Guard to disarm. Kitovani flatly refused to follow the order and moved his forces (some 2,000 troops) outside Tbilisi, setting up a military camp that became the base for the opposition. Gamsakhurdia, aware that his control had been eroded by a series of minor clashes, attempted to restore control by the means of 'patriotic' mobilisation and provoked a new escalation of the war in South-Ossetia. However, by autumn 1991, the chiefs of the National Guard and the *Mkhedrioni* had become quite certain that they had nothing to gain from capturing the already looted South-Ossetia, so they effectively sabotaged the mobilisation campaign. The decisive escalation of the crisis came in late December 1991, when Kitovani led his forces (by then, perhaps, only 500 troops) into Tbilisi and besieged the parliament buildings. Gamsakhurdia failed to organise forces for resisting the coup and after a week of fighting in central Tbilisi he fled the country.

It is possible to conclude that the struggle for power in Georgia degenerated into a civil war primarily because of the inability of the new post-Communist leadership to control the newly created paramilitary forces. The broad and quarrelsome coalition of democratic forces that sought to remove the Communist *nomenklatura* from power saw a strong need for military instruments owing to the threat of forceful interference from Moscow and brewing conflicts in the ethnic autonomies. However, the only resource base for building and sustaining a paramilitary organisation was taxation of the 'shadow' economy, but this inevitably determined the criminalised character of the armed forces. While the personal features of the new leadership did play a role (the ambitious and unbalanced Gamsakhurdia quickly alienated most former supporters), the main purpose of seizing political power by the National Guard and the *Mkhedrioni* was to secure their monopoly on extortion rackets and to find new loot. This explains why the scale of such a decisive battle was so miniscule (perhaps, 500 people were fighting in Tbilisi on both sides) and why the number of casualties was so low (not more than 200 people were killed in the initial phase of the civil war).

The *coup* in Tbilisi in early January 1992 brought a significant change in the character of the struggle for power: it became regional as its focus shifted to western Georgia (Mingrelia) where Gamsakhurdia found a support base. In Tbilisi, the victorious opposition faced a serious problem with legitimising its power; at the same time, the rapidly shrinking resource base undermined the sustainability of both the National Guard and the *Mkhedrioni* – and set the scene for a potential clash between them. The first problem was partly resolved by inviting Eduard Shevardnadze to chair the newly created State Council. The second

problem had no solution, but at least the clash was avoided by carefully dividing the spheres of control, so that the *Mkhedrioni* got a monopoly over the distribution of fuel, while the National Guard sought to profit from arms trading. Neither organisation managed to find stable sources of income, but both remained loyal to their leaders (see Fuller 1993).

Initially Shevardnadze was squeezed between these two warlords (Kitovani and Ioseliani) and focused his mid-term game on the parliamentary elections scheduled for October 1992. Meanwhile, he tried to connect both paramilitary forces to the state, presenting the National Guard as the 'official army' (and making Kitovani the Defence Minister) and the *Mkhedrioni* as the interior forces (making Temur Khachishvili, one of Ioseliani's lieutenants, the Interior Minister). The task of keeping western Georgia under control was assigned to the *Mkhedrioni*, which duly looted and burned several villages there. But it was the National Guard that in mid-August rolled its newly acquired tanks into Abkhazia, seeking to profit from a new war. Despite this emergency, Shevardnadze pushed forward with the elections, which produced a very divided parliament but, most importantly for him, a strong personal mandate for leadership.

The war in Abkhazia turned out to be much more protracted and much less profitable than Kitovani budgeted for, and this gave Shevardnadze a chance to replace him as the Defence Minister with the young and dynamic Giorgi Karkarashvili. The devastating defeat in Abkhazia in September 1993 led to a pro-Gamsakhurdia uprising in western Georgia, which neither the demoralised National Guard nor the disorganised *Mkhedrioni* was able to check. Shevardnadze was forced to appeal to Russia for help, and several Russian battalions took effective control over western Georgia in a matter of a week.⁹ This, essentially, was the end of the civil wars in Georgia; Gamsakhurdia died in late December 1993, and several minor uprisings in Mingrelia (for instance, the one led by Akaki Eliava in 1999) were of no great threat.

However, Shevardnadze still had a long way to go in consolidating his power. It was the sustained erosion of the resource base for the paramilitary organisations that helped him most, together with the removal of the immediate threat of a new escalation of wars. From late 1993, relying mostly on aid from Russia, Shevardnadze started to build security forces, answerable to new State Security Minister Igor Giorgadze, and soon was able to take assertive steps. In February 1994, the weakened *Mkhedrioni* was formally transformed into a Rescue Corps; in May 1995 this organisation was ordered to surrender its arms; and after the August 1995 assassination attempt on Shevardnadze it was disbanded and its leadership arrested. Even before that, in January–February 1995, Kitovani was provoked into attempting a new march on Abkhazia; this attempt was then presented as mutiny and duly suppressed by security forces. In autumn 1995, Shevardnadze also managed to get rid of Giorgadze, which left him the sole master of Georgia's 'power structures', feeble as they were (see Aves 1996; Fuller

1997). Even with military aid from the United States and Turkey, Georgia could not build combat-capable armed forces; its army of about 8,500 (including the National Guard of 1,600) had some 5,500 conscripts and was more a source of risk than a security provider.

The struggle for power in Georgia involved various participants and had several sharp escalations, which marked a civil war period of about three years (autumn 1991–autumn 1993). The total number of casualties is estimated at up to 2,000 (mostly in western Georgia). Perhaps the most remarkable feature of that war was the swift destruction of its resource base, so that the cost-efficiency of hostilities diminished and the sustainability of paramilitary organisations declined. In the final tragi-comic act of the war, a rebel force of about 1,000 threatened to conquer the country – but was miraculously dispersed by an external intervention. The post-war reconstruction of the devastated state has proceeded without a clear sense of direction and with much uncertainty. The ‘shadow’ economy continues to concentrate and redistribute the bulk of the resources. While Shevardnadze has very carefully constructed a situation where there is no political ‘alternative’ to his leadership,¹⁰ resting on a system of corrupt and semi-criminal networks, he has in fact become the central part of the problem – but not of a solution.

The war in South-Ossetia

The conflict in South-Ossetia escalated into violence earlier than most other conflicts in the Caucasus; this was unexpected because in relations between Tbilisi and Tskhinval there had never been such tensions as there had been, for instance, in the Abkhazian case. The core of the problem was that the rise of the democratic movement in Georgia was directly linked to the struggle for restoring independence and this fuelled the nationalistic trends – and many Ossetians saw these as worrisome and even threatening.

The largely symbolic decision of the Georgian Parliament in August 1989 to strengthen the status of the Georgian language triggered the public campaign in South-Ossetia for upgrading their status from that of autonomous *oblast* to autonomous republic. It was a newly created organisation, the *Adamon Nykhas* (People’s Assembly), that championed this cause, but the decision of the South-Ossetian Parliament on 10 November 1989 sparked a sharp public protest in Tbilisi (although at that moment no secessionist claims were advanced). Gamsakhurdia’s march on Tskhinval, blocked by Soviet Interior troops, led to the mobilisation of Ossetians around the *Adamon Nykhas* and helped this organisation to build an armed grouping (by seizing light weapons from the helicopter regiment based in Tskhinval). But it also allowed for the build-up of a Georgian paramilitary organisation known as the Merab Kostava Society which took control of several Georgian villages in South-Ossetia.¹¹

The local resource base for the conflict was very shallow, as South-Ossetia had always been one of the poorest regions in Georgia with no 'lootable' natural resources. The escalation/de-escalation of the war was at every stage driven by the political struggle in Tbilisi. Since regional parties were banned from the parliamentary elections in Georgia in October 1990, South-Ossetia boycotted those and in early December 1990 held its own elections. Following these, the new Georgian parliament decided to abolish South-Ossetian autonomy altogether. This prompted Moscow to declare a state of emergency in South-Ossetia, which had very little effect on the situation. The Gamsakhurdia government enforced an economic blockade of South-Ossetia, cutting off the electricity and gas supplies, and in early January 1991 it made several attempts to take control over Tskhinval with militia forces, which were repelled in fierce street fighting.

South-Ossetia's defiance was sustained less by interference from the Soviet centre (in fact, Moscow remained mostly neglectful) than by support from North-Ossetia (a part of the Russian Federation). Some 320,000 Ossetians lived there (of the total population of 630,000), compared with just 60,000 in South-Ossetia, so the arrival of a few hundred armed volunteers made a big difference at the key point of the conflict in Tskhinval. It should also be noted that even during the lull in the hostilities in the first half of 1990, the nationalistic pressure on the Ossetians living in Georgia created some 20,000 refugees who mostly moved to North-Ossetia.

Conclusions about the eruption of war in South-Ossetia point directly to the strategy of the Georgian opposition, which aimed at winning power by mobilising society around the independence programme, which contained a design for a unitary centralised state. This programme inevitably involved the separation of South- and North-Ossetia by a state border, so the first forceful steps in its implementation provoked violent clashes – used by both sides for mobilisation. It is impossible to identify any significant economic causes for the war, since South-Ossetia with its backward economy was by no means a prize, and the mobilisation took place on a very shallow resource base. Nevertheless, by the end of 1990 both sides managed to build up and deploy paramilitary forces of 4,000–5,000 troops (most of them part-time combatants).

The war in South-Ossetia remained remarkably static, if brutal, throughout its course and had several peaks of intense fighting. After the eruption of hostilities in January 1991, the economic blockade was maintained throughout the winter, with only sporadic clashes and the looting of a few villages. In early March, Gamsakhurdia outlined his programme for resolving the crisis through restoring 'rightful authorities' in Tskhinval and reducing South-Ossetia's status to that of 'cultural autonomy'. After this, South-Ossetia voted strongly in favour of the preservation of the USSR in Gorbachev's referendum of 17 March 1991 and refused to participate in Gamsakhurdia's referendum on restoring Georgia's

independence of 31 March 1991. Two days before the vote, Gamsakhurdia – obviously seeking to bolster public support for full independence – sharply escalated the propaganda war and ordered the newly formed National Guard to move into South-Ossetia. After a couple of weeks of more intensive clashes, the National Guard retreated from the area, leaving the local paramilitaries of the Merab Kostava Society to keep the war going.

For the rest of the spring and the whole summer of 1991 the level of hostilities remained relatively low, but it is during this period that most of the 80,000–85,000 Ossetian refugees arrived in North-Ossetia from Georgia. The next escalation started in September, when Gamsakhurdia – facing increasingly determined opposition after his blunder during the August *coup* in Moscow – again ordered the National Guard to move into South-Ossetia. His plan was probably aimed at strengthening his hand by scoring an impressive victory, but the National Guard saw very little incentive in engaging itself in protracted irregular warfare in the province which had no ‘lootable’ resources. A few detachments loyal to Gamsakhurdia did indeed attempt several attacks, but these were repelled by better-organised Ossetian forces.

The coup in Tbilisi created an opportunity to de-escalate and then resolve the conflict; the referendum on independence and ‘reunification’ with Russia held in South-Ossetia on 19 January 1992 was hardly a major obstacle to this. Indeed, Shevardnadze initiated a series of talks, seeking to put the blame for the war squarely on Gamsakhurdia. Much more unexpected was the massive attack on Tskhinval in early June. At first, the Georgian government tried to present the new escalation as the initiative of the local paramilitaries, but then had to admit that it was the National Guard that had burned down and destroyed by artillery fire up to 80 per cent of the city’s housing. The aim of this ‘last push’ was to achieve not so much a decisive victory but rather a position of strength in the final round of negotiations that were held in Sochi on 24 June 1992 and concluded an agreement signed by Shevardnadze, Yeltsin and the representatives from South- and North-Ossetia. This agreement established a ceasefire that was to be monitored by a joint peacekeeping force for which Russia contributed a battalion of 700 lightly armed troops (see the relevant chapters in Baev 1994, 1996).

This agreement marked the end of the war, but the political conflict, nevertheless, remains unresolved and South-Ossetia continues to exist as a quasi-independent unrecognised entity outside any control from Tbilisi. It is essential to emphasise that it was not the intervention from Russia that terminated the hostilities, Russian peacekeepers constituted merely a symbolic and isolated force that was not even able to rely on any direct support. Throughout the war, the 34th Army Corps of Soviet/Russian Armed Forces based in Georgia remained ‘neutral’ and did not perform a single operation either towards South-Ossetia or in the struggle for power in Georgia.

The war in South-Ossetia lasted for about eighteen months and resulted in

700–1,000 casualties, of which perhaps two-thirds were on the Ossetian side. The Georgian authorities were never able to raise forces capable of capturing a substantial territory with a hostile population or at least to launch an assault and keep control over the capital. It is even unclear whether there ever was such an intention, since the war in South-Ossetia was on every escalation point linked to a certain agenda in the internal struggle for power in Georgia. The hostilities produced up to 100,000 refugees, only a few thousand of which (mostly Ossetians) have been able to return to their homes. The war from the very start had a very shallow resource base and by June 1992 had exhausted it completely. While resisting an attack is always a more cost-efficient form of warfare, the better organisation of the fighting force (while no larger than 5,000 fighters) on the South-Ossetian side was to a large degree the result of direct material support from North-Ossetia.

The war in Abkhazia

Tensions in Abkhazia had been evident long before the eruption of hostilities and in fact the April 1989 demonstrations in Tbilisi that were the starting point of all troubles were held in part in protest against Abkhazian 'secessionism'. The strongest warning about the forthcoming conflict was the violent clash in Sukhumi in July 1989, provoked by the attempt to divide the University into two parts, one of which was to become a branch of the Tbilisi University. While both sides have strikingly different narratives of the immediate causes of the conflict, and indeed its historical roots,¹² it is obvious that the source of the tensions was control over lucrative agricultural and tourism-oriented businesses (the University itself was a money making machine). Local clans with heavy connections with the blossoming 'shadow' economy were eager to grasp more direct executive power, but Tbilisi was equally eager to preserve its control; the previous decadal round of *nomenklatura* elite rotation had taken place (with serious tensions) in 1979–80, so it was quite predictable that 1989–90 would bring new trouble.

Abkhazia managed to stay away from the escalation of war in South-Ossetia and from the internal struggle in Georgia (effectively abstaining from participation in the March 1991 referendum on independence), but the collapse of the USSR made it imperative to define their position towards the independent Georgian state. The risks at that moment were higher than before because two wars had already erupted and clearly destroyed the peaceful heritage of previous decades. The situation was further complicated by the support that the evicted Gamsakhurdia was gathering in western Georgia. Kitovani's National Guard moved into Abkhazia and entered Sukhumi, seeking to deter an escalation of the rebellion. This prompted the newly elected Abkhazian Parliament to approve the decision to create its own National Guard; before then there had been hardly any

effort to build up a paramilitary force, the activities of the *Aidgilara* (People's Forum) had been centred on the Parliament. While some financial resources were available locally, more came from well-connected diaspora and some sources in Moscow. The key problem was that there were not enough Abkhazians with even elementary military training; support, therefore, was sought from the recently created Confederation of Caucasian Mountain Peoples (this loose organisation held its congress in Sukhumi in November 1991).

After a short lull in tensions, the Abkhazian National Guard in mid-June 1992 made its first move and occupied the Interior Ministry in Sukhumi, which had been under Georgian control. On 23 July 1992, the Abkhazian Parliament (the Georgian members boycotting the work) restored the republican Constitution of 1925 and effectively proclaimed Abkhazia an independent state. That demonstrative move might have passed without serious repercussions, but hostilities in western Georgia again escalated and several Georgian officials were kidnapped. On 14 August 1992, some 5,000 soldiers of the Georgian National Guard moved into Abkhazia and entered Sukhumi; another 1,000 guards landed in Gagra, blocking Abkhazia's border with Russia. The Abkhazian Parliament retreated north towards Gudauta and mobilised against Georgia's 'invasion'; its armed forces (perhaps, only about 1,000 strong) took up defensive positions along the River Gumista, with the Russian airbase to their immediate rear.

It was – and still is – unclear to what degree Shevardnadze was in charge of the situation in Tbilisi in summer 1992 and whether Kitovani acted largely on his own initiative. What is clear is that the National Guard in July 1992 received a large amount of heavy armaments, including some fifty tanks, from the former Soviet bases which Russia had taken under its control. With this new strength, the National Guard was ready to claim new loot – and Abkhazia was the most promising prize.

It is possible to conclude that the war in Abkhazia erupted as a result of deliberate escalation of political tensions by both sides, and the instability in western Georgia served mostly as a catalyst. While there were some legal grounds for making the case for independence and while both sides applied ethnic mobilisation techniques, the main cause of the war was gaining control over the highly profitable 'shadow' economy. It is in this war that the miscalculation by the rivals is particularly obvious: as the violence escalated, the tourist industry was destroyed beyond repair, and as transport communications were interrupted, agriculture lost its markets. Abkhazia was ruined for the next ten years.

In a matter of a few weeks after the *Blitzkrieg* of 14–15 September 1992, the war turned out to be a much less profitable and more resource-consuming proposition than the National Guard had budgeted for. The looting of Sukhumi had to be restricted since the Georgian authorities wanted to keep a semblance of order in the capital city; the supply base in the Gali region was enough for feeding the troops but did not produce many volunteers or paramilitaries, since the polit-

ical sympathies there were mostly on Gamsakhurdia's side. The troops that had landed in Gagra found themselves surrounded and Kitovani was not able to organise their supplies using only marine lines of communications. By the end of September, up to 1,000 volunteers arrived from the North Caucasus via mountain passes to support the Abkhazian government, so on 2–3 October 1992 a surprise attack was launched towards Gagra and the isolated Georgian grouping was completely defeated. After restoring control over the main lines of communications with Russia, the Abkhazian government managed to stabilise the situation and started to build up its forces.

The key factors determining the outcome of the war were to be found outside Abkhazia, and the most controversial of these was the position of Russia.¹³ The Russian government consistently tried to mediate the cessation of hostilities on the basis of a compromise, although it was not so much concerned about the fate of Abkhazia as Russia was about its control over the North Caucasus. One part of the Russian military, particularly the Command of the Trans-Caucasus Military District, supported Georgia and supplied it with heavy weapons and ammunition. Another part of the Russian military, first of all the forces based in Abkhazia around the airbase in Gudauta, directly supported the Abkhazian side, perhaps with the implicit consent of the Defence Ministry (see Baev 1997). The main source of military support to Abkhazia was the republics of the North Caucasus, where volunteers were openly recruited and financed through the Confederation of Caucasian Peoples. Chechnya, which since autumn 1991 existed outside any control from Moscow, was the most active party, and the Chechens were fighting in Abkhazia side-by-side with the Cossacks and even volunteers from Trans-Dniestria. The sources of financial support to this motley force were highly diverse: from the Abkhazian diaspora in Turkey to Russian ultra-nationalists in Moscow.

It was barely possible to sustain this support for more than a year, so the Abkhazian side from June 1993 started to increase its military activities, undertaking a strong offensive in mid-July and launching the decisive attack on Sukhumi in mid-September. While Russia was the guarantor of the ceasefire agreement of 27 July 1993, attention in Moscow was entirely consumed by the sharp internal crises (culminating in the forceful suppression of the violent revolt in Moscow on 2–3 October 1993). Despite the desperate efforts of Shevardnadze, Sukhumi fell on 27 September 1993 and by the end of the month Abkhazian forces had driven the demoralised National Guard south of the River Inguri, establishing control over the whole territory of Abkhazia and forcing some 200,000 Georgians to flee. That was the end of the war, but the negotiations on the resolution of the conflict remain deadlocked, and this has led to the occasional resumption of hostilities, most seriously in May 1997 and October 2001.

The war in Abkhazia lasted just thirteen-and-a-half months but was the fiercest of the Georgian wars. Up to 20,000 fighters took part in the clashes from

both sides and the total number of casualties could be as high as 20,000 (the lowest estimate is 6,000). While Abkhazia was the richest province of Georgia in the 1980s, by 1992 its economy had been weakened (there still were tourists on the beaches when tanks rolled into Sukhumi) and there was no local basis for sustaining the hostilities on such a scale. The external sources of support that Abkhazia was able to mobilise were only short-term which necessitated efforts to achieve a decisive victory. The deployment of Russian peacekeepers in July 1994 (about 3,000 troops) under the CIS mandate and UN monitoring (by the 100-strong UN Observer Mission in Georgia – UNOMIG) has not helped in setting an effective framework for the peace process. The clan of Abkhazian President Ardzinba has established very efficient control over what little is left of the economy and expects to benefit from ties with the newly dynamic Russia (see Baev 2001).

Conclusions

Georgia's wars had remarkable similarities in their duration and timing: one secessionist war started right after another one had ended, while the violent struggle for power escalated in the middle of the first war and subsided right after the end of the second. All three wars were ended after a military victory of one side and both secessionist conflicts are frozen in internationally illegitimate stalemates, while the negotiations are deadlocked. It appears reasonable to assume that these similarities are caused by the presence of the same factors in the politico-economic structure of each war. This analysis argues that the main cause of the wars was the struggle between competing elite groupings for control over lucrative and profitable resources. The short duration of the wars is then explained by rapid depletion of the resource base, since the very possibility of extracting rent was destroyed by the escalation of violence. The deadlocks in resolving the frozen conflicts result from the inability of the central authorities to mobilise sufficient resources for building up the necessary military organisation.

It could be argued that these deadlocks are also the result of the consistent implementation of state building projects in quasi-independent Abkhazia and South-Ossetia;¹⁴ the latter has even acquired a semblance of an electoral democracy, while the former makes an example of a centralised corporate entity which is based exclusively on the 'shadow' economy but maintains sufficient integrity.¹⁵ The success of these state projects should be measured not in absolute terms, but in comparison with the stagnant rump of Georgia; Abkhazia and South-Ossetia have perhaps even fewer resources at their disposal (including foreign aid), but their population is only approximately a half of the pre-war levels. Combining the informal taxation of various semi-legal businesses with permanent mobilisation plans, the authorities in Tskhinval and Sukhumi are able to cover the basic needs of their societies and sustain sufficient military capabilities.¹⁶ For that

matter, the recurrent violent clashes in Abkhazia, like the ones in the Kodori Valley in October 2001, help the Abkhazian authorities to maintain the mobilisation preparedness, while they resonate quite painfully in Tbilisi.¹⁷

The central issue in both the political economy of Georgian wars and the post-war reconstruction is corruption, which penetrates into all spheres of social organisation and corrodes all state structures to a degree of complete functional stupor. There are certainly many forms of corruption and many links between it and the 'shadow' economy, which is also a complex phenomenon, which includes both the informal survival-oriented networks and the criminalised underworld. What is typical for Georgia is proliferation of micro-size businesses that redistribute the small extra product of the subsistence economy and are taxed informally by local administrative structures which then redistribute the profits upwards. On top of that there is some smuggling and narco-trafficking, but not of Central Asian proportions.¹⁸

Georgia is unlikely to find much comfort in the fact that it does not make it into the Transparency International Corruption Index;¹⁹ according to various measurements of corruption undertaken by the World Bank, Georgia is one of the leaders in the category of administrative corruption.²⁰ Shevardnadze's numerous promises to combat this evil and the setting up of various high-profile commissions have brought negligible results; the commissions are typically disbanded the moment they approach the activities of the commissioner's own family clan.

It may seem that since 1995 the internal situation in Georgia has significantly stabilised, but in fact the country is trapped in a vicious circle of low legitimacy and fundamental inefficiency, where corruption is the main curse. The semblance of stability is entirely a function of Shevardnadze's ability to manoeuvre among weak opponents and the opposition's inability to mobilise any resources owing to their general scarcity. The long overdue departure of the 'father of the nation', necessary as it is, may prove to be a major source of instability, not so much in terms of restarting the wars in Abkhazia and South-Ossetia, as in terms of general state failure, which might include disintegration and new secessions of, for instance, Adjara and Akhalkalaki.²¹ In the context of the new global situation, driven by the US-led anti-terrorist campaigns, Georgia cannot expect much international attention to its problems, dire as they may become. It will not even be able to resort to the habitual cure of blaming Russia, because this uneasy neighbour may turn out to be its only hope.

NOTES

- 1 For a provocative comparative analysis of the disintegration of the USSR and Yugoslavia, with more attention to the latter, see Lukic and Lynch (1996); for a competent and insightful analysis of the role of ethnic factors in the Soviet collapse see Tishkov (1997); for a useful analytical framework for analysing post-Soviet conflicts, see Arbatov (1997).
- 2 Martha Brill Olcott, making a list of counterproductive assumptions about the Caucasus,

- includes there the view that all problems are caused by the behaviour of the regional hegemon – Russia – and can be solved only by Russia as well (Olcott 2001).
- 3 This chapter builds on the author's research on Georgia's civil wars for the project on 'The Economic of Political and Common Violence' conducted by the Development Economic Research Group (DERG) of the World Bank. While the author cannot fully subscribe to the set of hypothesis advanced by Paul Collier and Anke Hoeffler (see, for instance, Collier and Hoeffler 2001), their basic approach to civil wars as economic enterprises is certainly helpful and productive.
 - 4 The debates and disclosures at the conference on CIA analysis of the USSR in 1947–91 provide a good illustration of this point: the CIA experts were more successful in estimating the scale of Soviet military efforts than in measuring the size of the USSR economy, either in absolute or in comparative terms. The collection of documents can be found at www.foia.ucia.gov/historicalreport.htm.
 - 5 It could be said that owing to the accelerated rotation the Georgian elites were just one step ahead of the rest of the Soviet nomenclatura in rejecting 'the two fundamental taboos – engaging in nationalism and private accumulation'. See Derluguian (2000: 215).
 - 6 For excellent accounts of the social and political consequences of the growth of the shadow economy in Georgia, see Fuller (1987a, 1987b).
 - 7 Most of this economic data comes from the *Eastern Europe and the CIS* 1994, 1997, 1999 and the World Bank estimates, available at www.worldbank.org/data/countrydata/. See also Stone and Weeks (1998).
 - 8 In spring 2001 the IMF and the World Bank jointly prepared a report on external debt and fiscal sustainability in Armenia, Georgia, the Kyrgyz Republic, Moldova and Tajikistan, which can be found at <http://eb18.worldbank.org/ECA>.
 - 9 Vladimir Baranovsky (1995: 195), noting that the campaign in western Georgia 'was closer to farce than to large-scale tragedy', explains that 'Shevardnadze's opponents were contesting control of a system which had almost completely fallen apart and was in a state of virtual paralysis'.
 - 10 For some current reflections on that see Baran (2002).
 - 11 This war has generally received much less attention in Western academic studies than most other conflicts in the former USSR. For useful presentations, see Herzig (1999: 73–76) and MacFarlane, Minear and Shenfield (1996).
 - 12 For a multi-perspective presentation of the conflict, see Cohen (1999); for an attempt to focus academic research on the search for solutions, see Coppieters, Darchiashvili and Akaba (2000).
 - 13 For early reflections, see Dale (1993); for a more balanced view, see Herzig (1999: 102–108); for a more economy-oriented perspective, see Avakov and Lisov (2000).
 - 14 For a sharp and solid argument on the stability of these quasi-states, which in fact suits the interests of all parties to the conflict, see King (2001).
 - 15 On the 'shadow' economy as the source of tensions in the Gali region, see Billingsley (2001).
 - 16 For a telling picture gallery of present-day life in South-Ossetia, see Novikov (2001).
 - 17 A competent assessment of Abkhazia's military capabilities can be found in Mukhin (2001); see also an interview with Abkhazian General Dbar in *VestiRu* (2001).
 - 18 On the scale of the problem of production and transportation of narcotics in Central Asia, see Olcott and Udalova-Zvart (2000).
 - 19 This Index is estimated on the basis of perceptions, so Georgia, presumably, would hardly rank there much higher than Azerbaijan who currently shares the 84th to 87th places (out of 91) with Bolivia, Cameroon and Kenya. See Transparency International (2001).
 - 20 This category estimates the amount of revenues that businesses had to pay in bribes and

other unofficial payments. Georgia scores 4.3, as compared with 5.7 in Azerbaijan and 2.8 in Russia. See Hellman, Jones and Kaufmann (2000).

- 21 On the peculiar situation in the latter region, where a Russian military base has become the functional centre, see Lieven (2001).

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