Bringing culture back into a concept of rationality: state–society relations and conflict in post-socialist Transcaucasia

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RECENTLY, THE VAST number of contributions to the vivid debate on 'ethnic' violence have been classified according to their underlying theoretical assumptions (Brubaker and Laitin 1998). Approaches which follow the culturalistic turn of sociology are counterpoised with more conventional concepts, based on the premises of rational choice theory. But the constant failure to relate empirical studies to one of these competing models has revealed the confusing ambivalence of the discourse. To analyse the rational strategies of ethnic entrepreneurs, who are suspected of having an interest in the provocation of inter-group conflict as a means of strengthening their position in intra-group competition for power, does not necessarily mean ignoring the cultural logic of mobilisation. A combination of elite centred top-down approaches, exposing the highly selective and functional use of ethnic symbols for rational purposes, with bottom-up approaches, drawing attention to the reasons for society's responsiveness to mobilisational efforts, thus seems to offer the most promising results.

The following attempt to read the hidden transcript of ethnic conflict in post-Soviet Transcaucasia is obliged to an intellectual tradition, that tries to reconcile culturalist and constructivist approaches with rational actor models. But at the same time it suggests a quite unorthodox way of bringing culture back into a concept of rationality. Instead of referring to cultural constraints on goal setting or manipulation of discourses as a technique of mobilisation, it introduces historically evolved and culturally embedded patterns of state–society relations as a key variable.¹ A specific mode of state building, adapted to and shaped by a culturally mediated social structure, is analysed as a crucial precondition for the proliferation of ethnic violence.

The analysis is based on five theses. Starting from the secure ground of more or less commonly accepted knowledge on conflict analysis, the chapter finishes with considerations of a rather speculative character. Owing to a lack of sufficient empirical data the chapter is confined to drawing the blueprint of an

analytical framework, that may serve as a guideline for further comparative research on state collapse and state building in Transcaucasia.

The phenomenology of 'new war'

The first thesis directly contradicts assumptions which are still widespread in the literature on Transcaucasian affairs. This region is commonly analysed in terms of a naive culturalistic paradigm. Conflict and violence seem to be triggered either by the aggravation of objective ethnic grievances or by the clash of contrasting concepts of ethnic identities. The main players in the political arena appear to be collective actors – that is peoples, nations, ethnicities. These assumptions can be objected to on two levels. Firstly, it is not ethnicity, but rather the collapse of virtually all modern state structures into anarchy and lawlessness that provides the key variable in explaining the violent escalation of conflicts (Fairbanks 1995). Secondly, the stage of action is not particularly dominated by collectivities, integrated by a declared commitment to national symbols. In what Mary Kaldor termed 'new wars', it is instead necessary to deal with private actors, more or less loosely integrated by a mixture of personal ties and utilitarian considerations (Kaldor 1999). Making use of and even encouraging the dissolution of state power, these actors reap substantial profits from the removal of any kind of institutional constraint on the pursuit of self-interest at the expense of the public. The Transcaucasian mode of warfare, described in various reports from international organisations such as Human Rights Watch (Human Rights Watch 1995), provides a wide range of empirical illustrations for the validation of this thesis.

All these wars involved a permanent blurring of the distinction between organised violence for political purposes and organised crime. This statement not only refers to paramilitary groups and criminal bands, but also holds true for the so-called 'regular forces'. First, despite differences in status they all stood out for their surprisingly low degree of professionalism. Secondly, nearly all of them lacked a clear chain of command, which might have ensured a certain level of discipline. For example, in sharp contrast to the internal structure of conventional armies it is hard to find the rank of sergeant in these units, which normally serves as a crucial link between officers and common soldiers (Jones 1996). Thirdly they were typically not linked to an organised logistical system, funded by the state. The arbitrary seizing of military bases was therefore quite a common means of obtaining weapons.² Looting became a sheer necessity for survival. Under these conditions the combatants sooner or later turned into pre-modern brigands. All these features amounted to an effective feudalisation of warfare. Soldiers were more engaged in making money by stealing, selling their arms, dealing drugs or extorting transit fees from refugees, than in fulfilling military tasks. Consequently, analyses have to account for low-intensity conflicts, marked

by a clear avoidance of battles. To further complicate the situation, the state sometimes even played on these motives. For instance the Georgian government released prisoners in exchange for their agreement to take part in the Abkhazian war. Very often a further escalation of conflict was provoked by the arbitrary moves of warlords, who acted beyond political control. As a rule they took to arms when a possible solution became apparent: an example of this would be Kitovani's march towards Suchumi in August 1992 (Fuller 1993, see also Chapter 7 in this volume). Occasionally these troops even turned their weapons against what remained of the weakened state – like the Zviadists in Georgia at the peak of the Abkhazian war or Surat Huseinov in Azerbaijan, who did not hesitate to reject the government of Elchibey during a period of intense fighting in Karabakh (see Chapter 9 in this volume). The ease with which these warlords shifted their alliances (Kitovani, for example, was suspected of collaborating with the Russians as well as with the Zviadists) seems to indicate that their behaviour was not so much motivated by a dissident notion of national interest. They do not interfere with politics for political reasons, but were instead interested in the perpetuation of anarchy as an ideal precondition for realising essentially private goals.

The legacy of the weak socialist state

To replace nationalism with state collapse as the main factor behind the proliferation of violence in Transcaucasia not only provides answers, but also raises many questions. The second thesis seeks to resolve one of them. It identifies the destructive dynamic of the socialist system as the driving force behind the withering away of the post-socialist state. The notion of 'state weakness' used here refers to Jadwiga Staniszkis' distinction between the modern regulatory state, which gains strength by adhering to the rule of law, and the negative power of the socialist production state, which is based upon a destruction of autonomous regulatory mechanisms (Staniszkis 1992). The rationality of control, which motivated the destruction of society's capacity for self-regulation, condemned the state to a permanent intervention in the organisation of social and productive relations, a necessity that clearly overstretched its capabilities and thus undermined its very ability to exercise efficient control. In attempting to compensate for the ever-increasing loss of control, the socialist state was forced to seek remedy in neopatrimonial strategies of incorporating those it was unable to subordinate to its own rules into its own power structures. It thus destroyed the very notion of public interest and unintentionally opened the door for a colonisation of the state by society (Nee and Stark 1989).

In a study on Soviet Transcaucasia, Gerald Easter has shown that state building efforts in that region already in the Stalinist period relied heavily on the incorporation of clientelistic networks, integrated by personal ties and predominantly

opportunistic considerations, into the chain of command (Easter 1996). From a wide range of theoretical literature, dating back to Max Weber, it is clear that the very character of patrimonial administrative structures, vesting power in persons more than in rules or offices, unavoidably weakens state capacity. Resources tend to be diverted to members of the ruling elite. Thus the tacit privatisation of the state, which ended in the total destruction of the very notion of public interest, had already started under communism. The fragmentation of power structures, so characteristic of post-socialist Transcaucasia, can be explained as the logical result of socialist techniques of exercising power, which were designed to stabilise the system in the short term, but proved to be increasingly destabilising in the long term.

The legacy of tradition

Reference to the socialist legacy of state weakness by itself suggests a far too general argument as to permit an understanding of the peculiarities of the Transcaucasian situation. Why the breakdown of the Soviet state produced a great variety of different outcomes is a question which must necessarily be addressed. The following theses are therefore based on comparisons drawn between different regions of the increasingly heterogeneous post-Soviet space. Post-socialist development in Russia, on the one hand, and in Georgia and Armenia, on the other, are contrasted first. In all cases it is necessary to address a dramatic decrease in the rule setting and enforcing capabilities of the state. But despite these similarities, the quite different strategies applied by particularistic actors in exploiting the advantages arising from the absence of institutional constraints should be noted. The Russian scene is dominated by powerful players alternatively called 'oligarchs', 'political entrepreneurs' or 'rent seekers' (Christophe 1998). All these competing labels refer to specific patterns of accumulation. Profit seeking, based upon a sober calculation of costs and benefits, is replaced with rent seeking, based on the externalisation of costs and asset stripping. The techniques applied for this purpose range from the deliberate stimulation of inflation to the spontaneous usurping of state property and the exploitation of political influence in order to obtain privileged access to economic resources and to exclude competitors from organised markets. In Transcaucasia the framework of action was shaped by a different kind of actor, engaged in a much more primitive form of accumulation. The political entrepreneur of the Russian type, which profits from the marketisation of political decisions about the redistribution of resources, is pushed into the background by the entrepreneur of the Georgian type, who reaps benefits from the dissolution of the state monopoly of violence which is promoted by inter-ethnic or civil war. Under these conditions it is the marketisation of violence which may be observed. It is the control over the privatised means of violence that was turned into a productive

force, successfully exploited by means of looting, extortion or the commercialisation of a genuine public good like the procurement of protection.

It was therefore not accidental that economic activity in Georgia as well as in Armenia was concentrated around the so-called 'power ministries'. But it should be borne in mind that they did not act as representatives of the state. Even financially they were no longer dependent on the state. With the dramatic decline in revenues from taxation, they increasingly relied on so-called 'non-budgetary funds', that is, on resources accumulated by rendering services to private actors in exchange for cash (Fairbanks 1995). Three inter-related factors account for these differences and are explored below.

First, the scope of corrupt networks in Georgia, incorporated into official structures, was much wider than in other parts of the Soviet Union. To give a slight indication of scale, more than 180,000 people were tried for the abuse of official positions and the misuse of state property in Georgia between 1958 and 1972 (Gerber 1997). Control over the flow of resources was weakened to a much greater degree. Despite the fact that Georgia was among the least successful of all Union Republics in terms of economic growth rates, it showed private saving rates of twice the Soviet average (Schröder 1983). A similar pattern may be seen in the distribution of durable consumer goods. This has crucial implications for the post-socialist option of asset stripping. Owing to the diversion and diffusion of resources into a dense system of networks deeply embedded in society, strategies of asset transfer were not directed at the state as a target of first priority. Instead they were aimed at the dispossession of society as the real locus of wealth. Thus the illegal profits of pyramid schemes in Georgia were estimated to be as high as \$30 million (*Georgian Chronicle* 3: 1995), thus nearly equalling the tax revenue of the Georgian State in 1994 (Gerber 1997). This imposed a quite different rationale on actors, who may be characterised as prey seekers instead of rent seekers. In contrast to rent seeking, prey seeking does not depend on the penetration of state structures. Instead it is facilitated by a war of everybody against everybody else as the ideal pretext for primitive accumulation.

Secondly those mechanisms of control that were built into the Soviet system to restrict the disintegrative effects of neopatrimonialism did not work that efficiently in the Transcaucasus. This refers primarily to the principle of *nomenklatura*, the centrally controlled appointment of cadres. While in the rest of the former Soviet Union a person's access to scarce resources and therefore their position in informal networks of exchange was determined by their status in the official power structures, Georgian career patterns revealed a quite different logic. A person's potential for networking was the crucial precondition for being recruited to positions of power, which could not have been exploited for obtaining resources otherwise (Mars and Altmann 1983). So it is the very origin of power, embedded much more directly in social status and prestige, which accounts for the Georgian deviation from the Soviet norm.

The third factor that contributed to the acceleration of institutional collapse in post-Soviet Transcaucasia was the limited ability of the socialist state to penetrate the rural periphery of society. This phenomenon manifested itself in the preservation of a multitude of informal traditional practices, dwelling behind the façade of formal institutions and inside the paradoxes of the self-subverting system. Ethnological research on rural life in Soviet Armenia (Kilbourne Matossian 1962) and Georgia (Dragadze 1988) points, for example, to the reproduction of the structures of a village economy, at least in remote areas. In large parts of both countries the brigades, as the new Soviet-style working units were called, consisted predominantly of close relatives. Even traditional patterns of distribution survived. In many cases Soviet principles of rewarding peasants could not gain a foothold. Agricultural workers were not paid according to the highly differentiated Soviet system of evaluating work, but according to social status or the amount of land they or their families brought into the collective farm (Kilbourne Matossian 1962).

These processes of informalisation did not restrict themselves to the control of resource flows. They even caught hold of the means of violence, which were manipulated and occupied by traditional actors for purposes openly contradicting the officially declared rationality of the socialist system. To give just one example – Mary Kilbourne Matossian describes the case of a collective farm, whose chairmen handed over a peasant to the NKVD for refusing to accept a negotiated marriage between his daughter and the chairman's son (Kilbourne Matossian 1962).

To summarise, the socialist legacy of state weakness is much more acute in the Transcaucasus, which had much more dramatic consequences after the implosion of the socialist system. The lingering decay of the socialist state resulted from the attempt to adapt to the conditions of self-produced complexity and modernity by relying on pre-modern modes of state building. Striving to stabilise official institutions of rule setting and rule enforcement, the Soviet elites tried to reinforce them with a dense network of more reliable personal relations. Without any institutional mechanism to assure against opportunistic behaviour, the Soviet bureaucracy soon degenerated into a neopatrimonial structure that was integrated by private purpose. The very notion of impersonal rules, claiming validity independent of the context and the status of the persons involved, was destroyed. Thus there was no space left for a concept of public interest, capable of imposing constraints on particularistic actors' strategies of enhancing power, prestige and wealth at the expense of the society as a whole.

Moreover socialism in Transcaucasia was somewhat special. State structures were not only re-embedded in neopatrimonial structures of clientelistic relations; these clientelistic networks were grounded in traditional institutions, much more resilient to the detraditionalising interventions of the Soviet state. Consequently it is necessary to examine three and not two different patterns of

institutionalising rules in that specific region, stabilising and subverting each other at the same time. These more complex forms of hybridisation accounted for the notorious failure of central efforts to cope with the disintegrative effects of the tacit privatisation of control. Large sections of society, especially in the countryside, were fenced off against the corrective intervention of the socialist state. At the same time these loopholes allowed for a more or less uncontrollable accumulation of resources, which were fed into clientelistic networks. Thus these networks not only confined themselves to the function of intermediary between centre and periphery, but also obtained a greater degree of independence as gatekeepers, controlling not only resources, but access to resources as well.

Nationalism and clientelism

Referring to a more specific notion of institutions, which emphasises the abstract and impersonal character of the underlying rules, we can analyse the destructive dynamics of the socialist system in terms of an ongoing process of deinstitutionalisation. This perspective leads to a conceptualisation of transformation that differs in quite crucial aspects from the common use of that term. What seems to be at stake is not the transition from plan to market, from one-party rule to democracy or the replacement of previously applied mechanisms of steering and controlling social relations with more effective ones. It is not even the introduction of new rules designed to deal with new forms of conflict. The central task can be defined in much more radical terms as the institutionalisation of rules as such, which are understood as guidelines of action independent of context variables (Lepsius 1996).

This should aid precision in defining the factors accounting for the failure or success of transformation. Once again the problem will be approached by means of comparison, but now focusing on the Baltic and the Transcaucasus, the two regions in the post-Soviet space that mark extreme poles of contrast with regard to progress in institutionalising an effective post-socialist order. Despite striking similarities – both regions proved to be exceptional in terms of the strength of their national movements and both were among the first to break the Communist Party's monopoly of power and to secede from the Soviet Union – they represent quite different models of development. The remarkable success in the Baltics (Christophe 1997a) stands out in sharp contrast to the gloomy perspectives of the Transcaucasian region, which suffers from the violent escalation of conflicts, political uncertainty and economic decline (Hunter 1994). This would seem to reject interpretations which refer to nationalism as a key for understanding post-Soviet conflicts. Producing quite different outcomes in different contexts, nationalism is far too ambiguous a category to fit into the role of 'independent variable'. But the fact that it plays various roles does not necessarily mean that it plays no significant role at all. Modifying the

previous argument, it is therefore now suggested that nationalism should be treated as a dependent variable.

From a theoretical perspective, it is the Baltic case that raises less suspicion. In seeking the preconditions of successful modernisation, historical sociology has always pointed to the enormous integrative potential of nationalism, which promises to rebuild society on a new foundation. The rise of national consciousness transforms the very nature of social integration and thus contributes to the emergence of new trust generating mechanisms. Instead of being confined to the boundaries of face-to-face communities and resulting from the everyday experience of concrete social interaction, trust is now based on the belief of belonging to a community of people who share the same values. It is this notion of generalised trust between individuals, who do not necessarily know each other, that forms the backbone of the modern nation as an imagined community (Anderson 1996).

In recalling the substantial contributions nationalism has rendered in laying the foundations of modernity, the challenge of explaining why this recipe failed to work in the Transcaucasian case needs to be met. Common sense usually points to two factors: the intensity and the content of nationalist discourse in that specific region. However, a comparison with the Baltic experience makes this argument appear less convincing. Content analysis of public debate at the peak of national awakening in Lithuania (Christophe 1997b) and Georgia (Gerber 1997) reveals that Georgian nationalists touched upon the same issues as their Lithuanian comrades in spirit. Both spoke about ethnic discrimination, the distortion of national history and memory, and the subjection to foreign rule, which had encouraged alienation and a cynical attitude towards the state. Even corruption appears to be a prominent theme in both cases. In order to find differences, it is therefore necessary to examine the structural dimension of nationalist arguments. Corruption provides a good example. In Lithuania, the debate concentrated on the incorporation of the whole society into corruptive networks as a means of undermining the moral self-esteem of the nation. This kind of understanding prepared the ground for a conceptualisation of 'nation' as a symbolic construct, which could bring about a break with the personalist logic of socialist neopatrimonialism, at least at a normative level. National revival was meant to imply a return to the principles of generalised reciprocity. To call up the memory of national glory was a means of overcoming informal practices which helped each individual member of the nation to adapt to the incentive structures of the socialist system, but which was actually devastating for the nation as a whole.

A similar way of reasoning cannot be found in the anti-corruption rhetoric of the Georgian national movement. The populist attacks of Gamsakhurdia, for example, were predominantly directed against certain sections of society, especially the urban intellectuals, who were suspected of having enjoyed privileged access to resources under socialism (Jones 1993). But the deformations which

caught hold of the society as a whole due to the clientelistic mode of integration imposed on it by socialism were hardly ever mentioned. Therefore the discourse called for the restoration of a substantial form of justice instead of backing the demands for the introduction of procedural norms as a guideline for the distribution of resources. This resulted not only in a reproduction of a socialist mode of reasoning, but paved the way for a very arbitrary mode of exercising power. For example, the police chief of a provincial Georgian town, when asked to comment on the immediate aftermath of Gamsakhurdia's takeover, started to talk about a group of armed young men, totally unknown to him, who entered his police station and demanded the sudden release of prisoners as well as the handing over of money (van der Leeuw 1999).

Obviously the national movement in Georgia did not really succeed in replacing the clientelistic structures of the socialist society, which reinforced persisting traditional patterns of social integration with a modern, that is national, mode of integration, based upon procedural norms. It kept on conceptualising social relations in terms of personal ties. In sharp contrast to the internal coherence of the Popular Fronts in the Baltics, their Georgian counterpart fell into competing factions very quickly. The emerging cleavages can hardly be explained in terms of programmatic differences. Instead they were rooted in personal rivalries, for example, communists were being scattered about the whole spectrum of political organisations. Again it is the arbitrary logic of personal ties that accounts for this phenomenon. Thus, the breakaway of the Socialist Party from the coalition with the ruling Citizen Union in summer 1997 had nothing to do with programmatic differences. Instead it was the result of a violent clash of the commercial interests, represented by these parties (Kjeldsen 1999).

Thus it was the weakness and not the strength of Transcaucasian nationalism that proved to be harmful. Owing to these fundamental shortages it obviously failed to overcome the legacy of socialist neopatrimonialism. This amounts to no less than a failure in nation building. More than this – the very project of nation building was captured and aborted by particularistic actors. More or less consciously, all of them used a nationalist rhetoric as a disguise for the promotion of exclusively private goals, thus leaving no space for the articulation of a public interest, which might have otherwise served as a symbolic point of reference for an institutional breakthrough to modernity.

Stabilisation without stability

This section covers the developments in recent years. The actual situation in the Transcaucasus obviously differs from the chaotic and anarchic picture drawn above. The intensive fighting on the various battlegrounds of 'ethnic' conflict in the region has ceased. However fragile, ceasefires have proved to be quite effective. Remarkable progress in the consolidation of state power seems to

contradict the explanatory model employed here, which instead points to the structural obstacles to successful state building. In an effort to account for these recent trends this section therefore concentrates on the example of Georgia, which seems to provide the most challenging provocations.

The same warlords who had benefited from the dissolution of statehood by turning violence into a productive force, re-entered the scene as supporters of a policy aimed at the restoration of a minimalist version of law and order. Having ousted President Gamsakhurdia in a strange coalition with members of the old *nomenklatura* and representatives of the privileged intelligentsia, they voluntarily ceded power to Shevardnadze. Although the former Party Secretary initially respected a kind of power sharing agreement, Shevardnadze soon took on the task of disarming his former allies. At first glance the Georgian entrepreneurs of violence thus seem to have taken part in a destructive move against the system of criminal accumulation upon which their very existence depended. This course of events poses two serious questions, which hardly appear to be answerable within the framework of the explanatory model used here. The first refers to the underlying rationality of this seemingly self-destructive decision. The second asks about the organisational mechanisms which were installed to achieve what is termed here 'stabilisation' without stability.

Common sense would probably point to a miscalculation on the part of the losers, to a lack of capability in anticipating the unintended consequences of what was meant to be only a tactical move. But such explanations unquestionably take on the perspective of the winners, who legitimised their ascent to power as a decisive move towards the consolidation of statehood and engaged in the simulation of reform to justify themselves in the eyes of their international patrons. This interpretation can be rejected on the basis of two inter-related observations.

Firstly, the system of rule established by Shevardnadze did not really mark a break with the dominant prey seeking logic. Instead it stands for the adjustment of its underlying rationality of extraction to self-produced change. The main achievement of the previous years consisted of the attraction of urgently needed grants and credits from the international donor community. Far from encouraging authentic change, the opening up of access to international aid instead assured the survival of a self-exhausting social order, that was incapable of self-reproduction and therefore highly dependent on the permanent input of external resources.

Secondly, the institutional and organisational mechanisms applied in the course of the so-called 'normalisation' were clearly reminiscent of the neopatri-monial strategies of rule that had weakened the rule setting capabilities of the Soviet state. The 'success' of the Shevardnadze regime was actually accomplished by the more than skilful combination of two classical techniques of exercising rule by a tacit feudalisation of power.³ On the national level of horizontal power relations, relative autonomy was retained by a permanent play on inter-

nal frictions between competing groups of warlords. Shevardnadze reached a high degree of mastery in allying with one faction in order to isolate the other and thus step by step managed to eliminate all his rivals. In an attempt to prevent the accumulation of independent power resources not subverted to his control, he repeatedly reshuffled the leading positions of various state agencies. The conscious creation of a multitude of state institutions, with ambiguously defined and intermingling realms of jurisdiction, served the same purpose.⁴ On the level of vertical relations of subordination a fragile hegemony at the centre was re-established by the incorporation of local leaders into the power structure.⁵ In conceding them privileged access to state controlled resources and simultaneously controlling them through the judicious manipulation of the central right to appointment, centrifugal tendencies could have been tamed, without really running the risk of penetrating the periphery and thus provoking irreconcilable resistance.

As a gatekeeper to international capital injection the centre has obviously succeeded in altering the balance of power in the informal networks of patron–client relations, which emerged in the period of unrestrained warlordism. In accordance with a consequent strategy of venality as a mode of state building it has reinvested the rents, and it has acquired in the shape of development aid, in the strengthening of its hegemony. Potential power brokers were allured to subordinate and cooperate by giving them a share in revenues as well as in the exercise of power, which additionally provided them with a vast range of opportunities for extortion. The ability to take part in looting was thus no longer dependent on the command of independent means of violence. Instead it became an officially sanctioned right that was confined to members of the state apparatus. State officials from tax inspectors and the traffic police to ministers are entitled to demand payment alternatively for the rendering of services which are officially free of charge or for their readiness to grant exemption from the enforcement of regulations, which seem to have been imposed with the sole purpose of creating opportunities for bribe-taking.⁶ Heads of local administrations, which are heavily involved in the illegal transfer or export of state property, enjoy the support of the centre in the defence of their claims against rivals. The case of a west Georgian, Gamgebeli, who was more or less openly charged with both organising the smuggling of timber from the state-owned forest to Turkey and with the distribution to his clients of credits from the local budget that will never be paid back, but who nevertheless survived a vote of no confidence in the local parliament, provides an eloquent example.⁷ The fact, that ministers are often engaged in business activities precisely in the sphere which they are supposed to regulate points in the same direction. Obviously the Georgian state has paid for consolidation with the total abandoning of every claim to a central feature of modern statehood: the capacity to set the rules of the game. The state even encourages the arbitrary manipulation of rules by his

agents to their personal advantage as a means of ensuring the internal coherence of his power structures.

The anarchic forms of prey seeking in Georgia, that characterised the early years after independence, have thus been successfully replaced by more hierarchically organised methods, already well known from Soviet times. As in the good old days of stagnation, the institutionalisation of corruption left a bureaucracy that was only superficially integrated, more as an arbiter than an executive of power. Nevertheless the means that were employed to strengthen the state's control over the flow of economic resources, differ significantly. State property as an institutionalised form of subordinating economics to politics was replaced by a more subtle repeal of the legally recognised institution of private property that is constantly undermined by the logic of personalistic ties. In Georgia the problem is not only restricted to the phenomenon of insider privatisation. The fact that private property is not protected against a permanent encroachment of individual state agents weighs much more heavily in this context. Enterprises belonging to clients of the ruling elites, who decide to change their affiliation and desert to the opposition camp, are frequently pushed into bankruptcy by bureaucratic 'spoon-feeding'.⁸ This not only refers to the most profitable branches, where high rents are extracted, but also to less lucrative spheres of economic activity. The experience of a petty trader, whose merchandise was confiscated by the police, because he refused to agree to the price dictated by his political patron, does not seem to be exceptional.⁹ In an Imeretian village the author was told, that peasants who do not belong to the mayor's clientele shrink back from land lease for fear of retaliation.¹⁰

The consequences of the Georgian variant of political capitalism are twofold. On the one hand every entrepreneur who wants to run a successful business is obliged to invest heavily into the preservation of personal relations with individual representatives of the state.¹¹ On the other hand those who adhere to these tacit laws of the Georgian market, are in exchange rewarded with a wide range of competitive advantages over their rivals. As a rule they are released from the obligation to pay tax and custom duties. These informal profit sharing agreements between entrepreneurs and state officials not only create distorted incentive structures, but also block the rational allocation of scarce resources and thus prevent economic recovery. They moreover incur high fiscal losses for a state, whose capabilities are severely weakened even in the most elementary dimension of extraction. After having incapacitated itself to a critical degree by relying exclusively on venality as a mode of state building, the central government moreover has to accept the permanent siphoning away of taxes on various levels. Local administrations have repeatedly violated legal tax sharing agreements. For many years they have simply refused to transfer the legally prescribed share of certain taxes to central bank accounts. They are able to do this without fear of sanctions for two reasons. Although also formally subordinated to central

organs, with regard to such central issues like job security, tax inspectors are, as a rule, much more obliged to the representatives of local power.¹² The situation is aggravated by a striking lack of transparency in accounting procedures. Obviously the central government is not even able to determine how much of the total revenues it has actually received. Consequently it also falls victim to constant cheating on the part of individual tax inspectors.

To summarise these observations, it can thus be asserted that the ruling elite in Georgia succeeded in employing hierarchically organised corruption as a resource for the reproduction of a neopatrimonial state. But compared to the lucky times of Soviet rule these structures are very much reduced. The venal strategy applied for that purpose has not really pacified rival elites. Up to now they have only precluded the formation of a common front against the regime. The political settlement achieved under Shevardnadze was not the victory of a consolidated state over anarchy, but the accommodation of formerly autonomous prey seekers within a single state structure. In allowing them to share in the profits and prestige of the state, it incorporated their interests, which previously were represented through independent institutions, within its structures. The ability to control rested on the ability to conciliate the most powerful rival to state power. The state has thus itself become the site for conflicts among elites. Necessarily this state of affairs is of a highly fragile character. The decreasing ability to satisfy the resource hunger of the incorporated elites – either due to crisis or commitment to real reform, i.e. the efficient allocation of resources – could trigger conflict at any moment.

NOTES

- 1 In the development of this concept I am very much indebted to Barkey's impressive analysis of conflict and state building in Ottoman Turkey (Barkey 1994).
- 2 Fieldnotes, Sagarejo, 3 September 1999.
- 3 Compare Lachmann's (1989) analysis of divergent modes of state building in absolutist France and Britain, which reveals striking similarities with the case of present-day Georgia despite the historical distance of more than 200 years.
- 4 In his brilliant analysis of the dilemmas faced by national leaders of strong societies with weak states, Migdal (1988) describes analogous strategies in terms of a 'policy of survival'.
- 5 The nomination of the Mingrel Otatar Patsatsia to the post of the Prime Minister in August 1993 provides just the most prominent example.
- 6 To cite just some of the more curious examples, minibus drivers are obliged to take an alcohol test every morning and exchange bureaux must have office space of more than 30m².
- 7 Fieldnotes, Baghdati, 29 September 1999 and 1 October 1999.
- 8 Fieldnotes, Kutaisi, 27 September 1999.
- 9 Fieldnotes, Kutaisi, 24 September 1999.
- 10 Fieldnotes, Obtscha, 4 October 1999.
- 11 Compare the World Bank survey of 350 enterprise managers in Georgia, cited in Kaufmann, Pradhan and Ryterman (1998).
- 12 Fieldnotes, Sagarejo, 3 September 1999 and Baghdati, 5 October 1999.

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