

This article was downloaded by: [Linnaeus University]

On: 16 October 2014, At: 05:27

Publisher: Routledge

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



European Security

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/feus20>

Explaining Georgia's anti-corruption drive

Alexander Kumatadze ^a

^a Tbilisi State University, Tbilisi, Georgia, GA, USA

Published online: 12 Mar 2012.

To cite this article: Alexander Kumatadze (2012) Explaining Georgia's anti-corruption drive, *European Security*, 21:1, 16-36, DOI: [10.1080/09662839.2012.656597](https://doi.org/10.1080/09662839.2012.656597)

To link to this article: <http://dx.doi.org/10.1080/09662839.2012.656597>

PLEASE SCROLL DOWN FOR ARTICLE

Taylor & Francis makes every effort to ensure the accuracy of all the information (the "Content") contained in the publications on our platform. However, Taylor & Francis, our agents, and our licensors make no representations or warranties whatsoever as to the accuracy, completeness, or suitability for any purpose of the Content. Any opinions and views expressed in this publication are the opinions and views of the authors, and are not the views of or endorsed by Taylor & Francis. The accuracy of the Content should not be relied upon and should be independently verified with primary sources of information. Taylor and Francis shall not be liable for any losses, actions, claims, proceedings, demands, costs, expenses, damages, and other liabilities whatsoever or howsoever caused arising directly or indirectly in connection with, in relation to or arising out of the use of the Content.

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly forbidden. Terms & Conditions of access and use can be found at <http://www.tandfonline.com/page/terms-and-conditions>

Explaining Georgia's anti-corruption drive

Alexander Kupatadze*

Tbilisi State University, Tbilisi, Georgia, GA, USA

(Received 19 December 2011; final version received 9 January 2012)

This article explains Georgia's achievements against rampant corruption that plagued the country for decades. It demonstrates how Georgia has moved from being a 'failed state' to the state with low corruption rates following the Rose Revolution of 2003. It is argued that several internal and external drivers motivated Georgian leadership to fight corruption in the post-revolutionary setting, including drawing legitimacy from anti-corruption campaign and using it for political purposes, 'the West' as allure and desire to drift away from Russian trajectory of development.

Keywords: corruption; Georgia; Rose Revolution

Introduction

Since the Rose Revolution of 2003 Georgia has experienced numerous changes, much of it arguably positive. The reform touched almost every branch of public sector, the state budget has increased dramatically and the elite changeover brought new young bureaucrats to government offices usually in their 20s and 30s. The transformation is apparent if one visits any state institution in Georgia. The T-shaped tables are used increasingly rarely, the newly renovated suites resemble the design of public offices in the West and young staff usually speak English more than Russian. The flags of the EU together with the national flags are also common occurrence in government office symbolizing Georgia's modernizing path and its drive towards the European integration. The change is particularly striking if you compare with other post-Soviet countries where one can still feel the Soviet past. Certainly the new police offices with the walls of transparent glass windows distinguish Georgia most and this idea as successful ideological caveat is applauded by many. The reforms are still ongoing and Georgia gets lots of praise over past several years for its progress in many fields, including liberalization of economy, fighting against organized crime and corruption. Georgia's scores have improved dramatically on various rankings compiled by international organizations and the opponents of the government have also unwillingly acknowledged the success in anti-corruption and anti-crime fields.

However, the progress is underestimated by many. There are enough political reasons for the Russian officials but also there is an apparent disbelief within the Russian and some Russian-speaking academic circles in these achievements. For instance, the head of criminology section of Odessa National Law Academy Dr Viktor Dryomin 'does not believe that corruption has decreased dramatically in

*Email: akupatad@gmail.com

Georgia.¹ Others go further. For instance, Dr Kleimenov the author of Russian academic journal *Sledovatel* argues that the high evaluation of Georgia and low one for Belarus on corruption perception index of Transparency International (TI) reflects the bias of TI toward Belarus and its support for the regime of Mikheil Saakashvili. He thinks that these estimates are completely biased and posits that 'anyone who pursues the political developments in Georgia where political opposition can gather the demonstrations numbering hundred of thousands of Georgian citizens know that this is not true' (Kleimenov 2009, pp. 28–30). Certainly this statement underscores the complexities of Georgian politics failing to appreciate the various variables leading to the public protest in the years of 2007–09. The official title of Dr Kleimenov of chief consultant at the Constitutional Court of Russian Federation partially accounts for this statement. However, it is indeed difficult to believe that one of the most corrupt Soviet republics emerges as one of the less corrupt in post-Soviet era. Hence even commentators without political agendas may see it as puzzling. Importantly, some Russian journalists who have visited Georgia found persuasive evidence that corruption decreased substantially.²

Some scholars have argued that corruption³ should not be viewed from the lenses of narrow legalism and its study should be rather integrated in the wider field of security.⁴ Certainly corruption poses threat to many aspects of national security including economic, through undermining growth and investment⁵ and political, through creating the opportunities for non-state actors to influence political domain and even capture the state.⁶ European security thinking has incorporated corruption in the aftermath of Soviet breakup. The EU has gradually developed as a civilizing, normative and postmodern political structure (Bull 1982, Manners 2002). In post-Cold war era there was a shift away from 'hard security' to 'soft security,' that identified corruption and transnational organized crime among the key concerns (Galeotti 2002). The internal soft security agenda for the EU and the external agenda of bringing about institutional change in its neighborhood and assuming more responsibility for ensuring peace and security in its periphery has reinforced the export of 'good governance' standards and anti-crime and anti-corruption policies to the applicant states (Smith 2008, pp. 52–54). Fighting corruption and organized crime was an important pillar of European-Mediterranean Partnership (EMP launched in Barcelona in 1995).⁷ In 1999 the GRECO was established by the Council of Europe to monitor States' compliance with the organization's anti-corruption standards.⁸ Anti-corruption fight is a core element of Eastern European Neighborhood policy (ENP) the more recent framework of EU's foreign policy that in part is a consequence of increasing awareness in EU of the security risks emanating from bad governance and rampant corruption in its Eastern Neighborhood (Börzel *et al.* 2010, pp. 131–133).

Weak states with high corruption levels together with such threats as smuggling in arms, drugs and humans has been conceptualized as soft security concerns. Although the security revisionists clearly indicated that the line between traditional hard security and soft security was blurred (Sherr 2004, Lindley-French 2004, Aldis and Herd 2004), corruption is inherently linked with the failures in governance, the facilitation of organized crime and creating safe heavens for terrorist activity. The dichotomous thinking on security is undermined when the corrupt countries create

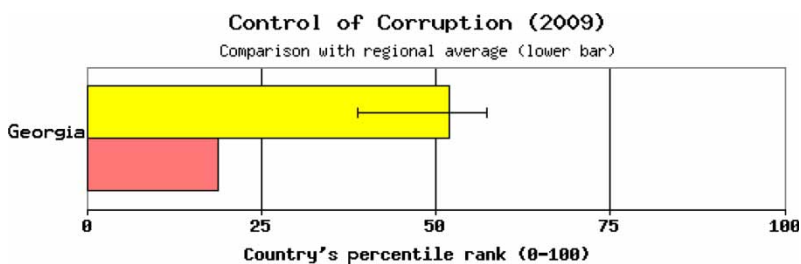


Chart 1. Comparison of Georgia with regional average, Control of Corruption index, World Bank, 2009.

Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), *The Worldwide Governance Indicators: Methodology and Analytical Issues*.

Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

favorable conditions for various types of transnational organized criminal activity that can be operationalized for the purposes of illicit financing of the terrorist groups.

Georgia has moved from being a 'failed state' with high corruption rates, a strong presence of organized crime, and with uncontrolled areas such as the Pankisi Gorge (quite apart from Abkhazia and South Ossetia, which were outside Tbilisi's control) linked to international terrorist activity, to the state that effectively curbed the influence of criminal leaders, eliminated corruption in lower and medium ranks of bureaucracy and reclaimed the monopoly over the means of violence. The article documents this transition that followed the 'Rose Revolution' in 2003 and elaborates on the crucial variables including the role of EU.

The securitization of corruption in the post-revolutionary period in Georgia and consequent adoption of emergency measures and heavy-handed tactics against substantially reduced bribery. It also, however, led to some disregard of rule of law and the manipulation of anti-corruption campaign for consolidating power by the political elite. Once the actual threat is perceived by the authorities as the most dangerous, the process of reassertion and extension of state power and authority in the name of 'national security' is evident (Loader and Sparks 2007, p. 91).

This article explains Georgia's achievements against rampant corruption that plagued the country for decades. It is argued that several internal and external drivers motivated Georgian leadership to fight corruption in the post-revolutionary setting, including drawing legitimacy from anti-corruption campaign and using it for political purposes, 'the West' as allure and desire to drift away from Russian trajectory of development.

The most corrupt republic in Soviet Union?

People in post-Soviet Eurasia still perceive Georgians as very affluent, spending money generously and enjoying a wide network of friends and acquaintances in the 'right offices.' Some ordinary people in their 50s and 60s the author spoke to in Central Asia had difficulty to appreciate that poverty remains significant in Georgia. Certainly this stereotypical view of Georgians has much to owe to the flourishing shadow economy during Soviet times. While Soviet official statistics indicated that Georgia and Armenia were below the Soviet national average in living standards, the republics were actually much better off relative to other republics because of the shadow economy (Schroeder 1983, p. 474). Despite the fact that between 1960 and 1971 Georgia's national income grew by only 102 percent (the third lowest rate in the USSR) in 1970 the average Georgian savings account was nearly twice as large as the Soviet average (Voslensky 1984, p. 138, Suny 1989, p. 304).

The major centers of underground entrepreneurship were Moscow, Odessa, Riga and Tbilisi and many shadow entrepreneurs were Armenians, Georgians, or Jews (Sampson 1988, p. 148). Georgia was distinctively notorious for its levels of graft, corruption and bribery (Clark 1993, p. 153). A total of 180,000 people were tried for the abuse of office and looting of state-owned property in Georgia between 1958 and 1972 (Gerber 1997 quoted in Christophe 2003, p. 197). Certainly the official prosecutions were only the tip of iceberg.

While Georgia profited legally by trading citrus fruits and other agricultural goods with the rest of the Soviet Union, it also developed an extensive underground economy by siphoning off raw materials from the official economy (Shelley 2007, p. 52). Kim (2003, p. 546) writes that Georgia had the largest shadow economy among all Soviet republics, followed by Uzbekistan, Kyrgyzstan, Turkmenistan and Azerbaijan. The Baltic states featured least, and Moldova and Ukraine ranked in the middle. Hence there is some evidence to argue that Georgia was one of, if not the most corrupt republic in Soviet Union. Unfortunately most of these practices have perpetuated in post-Soviet period during Eduard Shevardnadze's tenure of power.

Georgia's anti-corruption drive – an old tune

Immediately after the Rose Revolution in November 2003, Saakashvili (2004) made it clear that fighting corruption and crime would be one of his top priorities. The fight against corruption was carried out fervently, although the process was flawed. Saakashvili's government fought corruption as a tool of legitimizing themselves as new authorities, demonstrating the stronger state's new capacities, and displaying to international observers the new administration's seriousness about rebuilding state institutions. In his annual parliamentary address in 2009 Saakashvili (2009) stated:

We have defeated corruption and neither Bulgaria, Romania – which are now EU members – or even Germany can say it; we can say it – we have defeated corruption and we have defeated organized crime.

Many reading this statement would think that the comparison with Germany is misplaced if not ridiculous. However, many improvements can be observed in terms of fighting corruption in the post-revolutionary period, and the major reform efforts of the Saakashvili government laid a good basis for this. The executive branch was

20 A. Kupatadze

reorganized and streamlined and a cabinet style of government was introduced. The government greatly simplified the regulatory framework for the business sector, implemented major tax reform, improved management of public finances through adoption of a medium-term expenditure framework (MTEF) and a single treasury account for the central government, and strengthened oversight institutions (Anderson and Gray 2006, p. 19). Seventeen percent of the money turnover in the private sector came out of the shadows in one year after the revolution (Chamber of Control of Georgia 2006, pp. 24–25). However, the reform agenda was pursued with little concern for democratic principles such as contestation and citizen input. The absence of debate and discussion over the reforms engendered lower awareness among the Georgian public about the reforms' potential impact.

The new administration's anti-corruption policy was based on administrative methods, such as cutting unnecessary bureaucracy, increasing salaries for state employees, and canceling unnecessary licenses, procedures and institutions. Immediately after the Rose Revolution, extensive media coverage of the arrests of corrupt state officials broadcast the new state policy of 'intolerance toward bribery.' One report by Transparency International (2007a) complained about the absence of a research-based approach to addressing the root causes of corruption.

Arrests of former Shevardnadze elites included: Akaki Chakhaidze, Head of Georgian Railways; Merab Zhordania, Chairman of the Georgian Football Federation; Merab Adeishvili, former Minister of Transport; and David Mirtskhulava, former Minister of Fuel and Energy. Overall, about 80 officials and entrepreneurs were arrested (Stefes 2006, p. 166). In 2004 alone, 50 million USD was confiscated from the corrupt Shevardnadze representatives (IWPR August 2004), and property worth EUR 40 million was reclaimed (Council of Europe 2006, p. 9).

The anti-corruption campaign was an 'old tune,' though. Saakashvili and his inner circle have earned dividends from the anti-corruption platform. For instance, Ivane Merabishvili, a close associate of Saakashvili, who emerged as the most powerful member of government since the revolution as the Interior Minister, was the first to declare to foreign media on the corruption of the Shevardnadze regime in the late 1990s.⁹ Merabishvili played an important role in the Rose Revolution. Although he was not a public figure, he was one of 'the engines and driving forces' in Zurab Zhvania's words (2005, p. 35).

Saakashvili's popularity owes much to his anti-bribery drive during Shevardnadze's tenure of office (Freizer 2004, p. 4). He was seen as an 'island of honesty' in the heart of the corrupt system. The Georgian public remembered very well Shevardnadze's meeting with the government when Saakashvili, then Minister of Justice, showed photographs of the impressive mansions owned by corrupt officials (some of them present) and demanded immediate action against them. Certainly this rhetoric did not go unnoticed. His resignation from the Minister's position was seen as 'a hopeless single-handed effort' of a brave 'corruption-crusader' against the whole machinery of state bribery. He said that his departure had been 'caused by the impossibility of reforming the government from within.' He said 'it is impossible to remain in this government and witness how the leadership is sinking in the morass of corruption and how the state apparatus is merging with international criminal bodies and how the country is turning into a criminal enclave.' (BBC Monitoring Former Soviet Union 19 September 2001) Here, a striking analogy has to be made to

Shevardnadze himself, who, when Minister of the Interior in the Soviet Socialist Republic of Georgia, used the pretext of exposing corruption pyramids headed by Mzhavanadze, the first secretary of Communist party to campaign against the Mzhavanadze regime and family (Voslensky 1984, pp. 194–195).

Shevardnadze tried to uphold his anti-corruption apparatchik image. He replaced over three hundred high party and state officials, arrested hundreds of underground businessmen and restricted the free flow of farm produce out of Georgia (Suny 1983, p. 381). One of the first victims of Shevardnadze's anti-corruption reforms was Petre Gelbakhiani, corrupt rector of Tbilisi Medical Institute, who was ripping off bribes from the students to pass entrance examinations.¹⁰ However, proof has emerged of rampant corruption during Shevardnadze's tenure. For instance, corruption in fruit and juice production led to the extreme deterioration of the quality of its products. In the 1970s, an entire city above the Arctic Circle got food poisoning from one of these fruit products. The crackdown ordered from Moscow only had minor implications for the group, which simply moved to wool production. So, contrary to what was publicly stated, Shevardnadze's rule led to a steady growth of a clan-based corruption culture (Baev 2003, p. 129).

After Shevardnadze's promotion to working in the central Communist *apparatus* in Moscow in 1985, Dzhumber Patiashvili, known for his animosity to Shevardnadze, became the first secretary of the Georgian Communist party. Patiashvili moved shortly against Shevardnadze's key allies with allegations of bribery. The court ruled that Soliko Khabeishvili, the Communist Party central committee secretary and Shevardnadze ally, accepted bribes to ignore his subordinates' professional misconduct, and moreover that Khabeishvili became their *krysha* and promoted them in exchange for additional bribes. The investigation concluded that Khabeishvili collected 412,000 roubles in 24 cases from 10 individuals.¹¹ In a press interview, Khabeishvili indicated his arrest was related to a 'bigger game' between Shevardnadze and Patiashvili (Khabeishvili 1992, pp. 217–223). As in this case, the punishment of high-ranking officials for corruption-related issues was more likely to be related to political infighting, or to serve as a signal that some unspoken rule of rent-seeking had been breached, such as showing ostentation or excess (Feldbrugge 1984, p. 542). These practices continue today.

Clark (1993, p. 152) writes that Shevardnadze's career advancement flowed from his successes as an anti-corruption policeman. *The Times* reported in 1985, 'the promotion of Eduard Shevardnadze gives Mr Mikhail Gorbachov a Politburo ally with a reputation for combating corruption.'

Saakashvili effectively used similar campaign tools to weaken Shevardnadze's grasp on power. During Soviet times, Shevardnadze, as the first secretary of the provincial republic's Communist party, was hoping for the support of his patrons in Moscow; in post-Soviet independent Georgia, the opposition leader Saakashvili was hoping for the support of the masses.¹² On 14 February 2003, in an expanded government meeting chaired by Shevardnadze himself, Saakashvili declared that 'corruption in Georgia could be eradicated only after President Shevardnadze left his post' (Black Sea Press 14 February 2003).

Corruption was largely tolerated during Shevardnadze's tenure. The political elite gave the green light to state employees for rent-seeking in exchange for their

22 A. Kupatadze

continued loyalty to the regime (Nodia 2006, p. 94). In 2001, the amount paid in bribes to state officials was estimated between USD 75 and 105 million (Godson *et al.* 2004, p. 9), while the state budget revenues the same year were USD 499 million (CIA World Fact Book 2002). The state could not provide a living wage to the vast majority of its employees and the salaries were delayed for months. Hence, corruption and bribery engulfed every level of the state apparatus (Nodia 2002, p. 420). For instance, Ministry for Fuel and Energy officials might have embezzled USD 380 million, half of the foreign aid for reconstruction of Georgia's energy sector (Stefes 2006, p. 95). The Ministers were often engaged in business activities in the sphere which they were supposed to regulate (Christophe 2003, p. 203) resulting in conflicts of interest or at worst, outright corruption. For instance, Fridon Injia, the Minister of Communications in the 1990s, emerged as a major entrepreneur in the communication sector.

Since natural resources are limited in Georgia, international aid became a major source of illicit income for corrupt state bureaucrats. Experts estimate that as much as 50–60 percent of international aid money was pocketed by corrupt officials in the 1990s (Esadze 2004). In 2003, Thomas Adams, deputy coordinator for US assistance, stated that corruption resulted in the loss of over one-hundred million GEL from the Georgian state budget (Katz 2006, p. 116).

All pre-Rose Revolution anti-corruption initiatives were permanently derailed by corrupt interest groups. For instance, Shevardnadze's program for fighting the shadow economy, created in the 1990s, was never executed. As soon as the Ministry of the Economy began implementation, it was sabotaged by the corrupt business-political nexus (Kikabidze and Losaberidze 2000, p. 45).

The year 1997 was declared 'the year of the crusade against corruption' by Shevardnadze (CIPDD 1997). Again in 2000 he said 'we are preparing for a serious fight against corruption . . . my hand will not shake' (Shevardnadze 2000). No real progress was seen over the years, each one declared a 'decisive year' for the anti-corruption fight. In fact, government efforts were targeting only petty bribery, leaving corruption pyramids untouched. Nodia thinks that corruption was an important stabilizing factor, allowing Shevardnadze to balance various interest groups against each other (Nodia 2002). The capacity of Shevardnadze to balance among different factions and to accommodate their illicit rent-seeking interests led some academics to argue that the Georgian state in fact was not weak, but represented a rational construct that served specific interests (Christophe 2003). A real fight against corruption would change the status quo power balance (Nodia 2002, p. 430). In 2000 a leaked memo from a closed government meeting suggested that Shevardnadze ordered the Tax Ministry and Interior Ministry to study the oil business interests of his nephew. But, despite claims from Shevardnadze's office that participants in illicit business would be punished (BBC Monitoring Service 15 July 2000), no real steps were taken.

As it became increasingly difficult for Shevardnadze to balance various rent-seeking interests, in his last years in office he dropped the reformist image (Nodia 2005, p. 101) and his primary objective became retaining power. His inner circle powerbase eroded after the appointment of a State Minister who was tied with the Soviet nomenklatura, Avtandil Jorbenadze, in 2001 (Chiaberashvili and Tevzadze 2005, p. 198). By April 2003, a meeting of the large businessmen's interest group, the Taxpayers' Union, accused authorities of 'ignoring the interests of business' and

threatened radical action (EurasiaNet 2003). Emergence of multiple power centers further weakened Shevardnadze's grasp on power. This certainly contributed to the onset of Rose Revolution that brought to power Mikheil Saakashvili and his team.

Anti-corruption policy post-Rose Revolution: political tool or 'real fight'?

Saakashvili knew the political and public support-building benefits of anti-corruption drives. He knew that exposure of the corruption in Shevardnadze's government would serve as a pretext to clean up the system. Some critics allege that anti-corruption measures by the new government were aimed at the political enemies of Saakashvili,¹³ such as Sul Khan Molashvili, a long-standing opponent arrested for embezzlement. Another case was the focus on Magticom, the cell phone company owned by Shevardnadze's son-in-law, Gia Jokhtaberidze. He paid USD 15.5 million in damages after being arrested on charges of evading payment of 700,000 *lari* (about 390,000 USD) in income taxes. After payment was made, Jokhtaberidze was released from pretrial detention and the charges against him were dropped (Rimple 2006). Investigations were carried out unevenly. Another big cellular phone operator, Geocell, avoided a similar investigation, adding to suspicions that the anti-corruption drive was political. Later on, the financial amnesty offered by Saakashvili's administration with regards to unpaid taxes excluded Jokhtaberidze and the Omega group. Katz called this politics, not justice (Katz 2006, p. 318).

Another case of using corruption as a pretext for political prosecution was the arrest of the editor of the local newspaper in Gori, the *People's Newspaper*, for alleged drug trafficking in early 2005. The arrest was made immediately after his paper stated that the Shida Kartli administration and local police chiefs continued to participate in illegal trade and smuggling via South Ossetia. He was released only after major protests from human rights groups (Civil Georgia 13 March 2005). The family of the detainee argues that the Governor of Shida Kartli, Mikheil Kareli, as well as the region's police chiefs were alarmed by publications in the newspaper, and acted in retaliation (Civil Georgia 5 August 2004).

Unlike Shevardnadze, whose public approval came from supplying basic law and order, (Nodia 2002, p. 428) Saakashvili's government draws legitimacy from curtailing organized crime and decreasing corruption. Susan Rose-Ackerman warns that holding the prior rulers responsible for past actions should not become the goal in itself, but rather the creation of a functioning criminal justice system, a task Saakashvili might not be accomplishing over mid-term (Rose-Ackerman 2004, p. 184). Aware of the appearance of a one-sided anti-corruption policy, the authorities tried to send clear signals that corruption would not be tolerated even in their inner circle. In August 2005, an independent TV journalist was arrested for attempted blackmail of MP Koba Bekauri, demanding USD 100,000 not to air compromising footage, allegedly showing Bekauri illegally acquiring shares in the customs terminal Opiza (Civil Georgia 30 August 2005). The journalist was imprisoned on extortion charges and Bekauri voluntarily left parliament under the pressure of opposition and ruling party representatives. Hence elite corruption remained a problem. According to Georgia's Justice Ministry in 2003–10, roughly 1000 public officials faced charges of corruption, including 6 MPs, 15 deputy ministers and 31 deputy chairpersons of city councils.

24 A. Kupatadze

The new government demonstrated a heavy-handed approach in the very beginning and it was clear that the heads shall roll. However the tough measure are not unique to Georgian context. The examples of Lee Kuan Yew of Singapore (Prime Minister in 1959–90) and Paul Kagame of Rwanda (President-elect in 2003) suggest that draconian methods are helpful in coercing officials to avoid temptation of engaging into bribery (Rotberg 2009, pp. 341–359).

The new government took a zero tolerance policy to crime. In 2004, then-Prosecutor General Irakli Okruashvili (quoted in Katz 2006, p. 256) said ‘we will take appropriate measures against everyone who has committed crimes. We don’t differentiate.’ In March 2006, Saakashvili (quoted in Civil Georgia 27 March 2006) recapped:

We have announced a policy of zero tolerance and we should continue this policy, we should put everyone in jail in accordance with the law and we should amend the criminal procedure code so that no one can be released through conditional sentences.

While this principled position was aimed at crime bosses, it also had longer term consequences detrimental to democratic processes. Some dangerous practices in the name of anti-crime and anti-corruption were apparent from the beginning, as initially police frequently made arrests while wearing military fatigues with their faces covered by masks. Saakashvili repeatedly encouraged police to meet any resistance by force. He provided permission for the use of deadly force without any constraints: a Presidential order to the Minister of Internal Affairs in early 2004 permitted law enforcement officers to shoot, on the spot, any suspect who refused to obey their orders (Katz 2006, pp. 240–244). Also many allegations of criminal procedural violations were reported, such as arrests without warrants, in the fight against corruption. In response, the Tbilisi procurator once told reporters that because suspects would often attempt to flee or feign illness to avoid arrest, law enforcement was sometimes forced to detain them in such a manner (The Messenger 2004). The zero tolerance approach was criticized by many including reputable international organizations for its consequences of disproportionate punishment (OECD 2010, pp. 3–4, 22).

Simultaneously the new government, aware of the crucial role the media and civil society played in ousting previous regime, tried to co-opt and gain control over independent media sources. By June 2008 the Saakashvili government had monopolized control over all major television stations in the country (Transparency International 2009). The remaining independent ones, like Kavkasia TV, reported continuous pressure from the authorities. Certainly, this decreased the extent of public awareness of and public control over government activities, allowing the rise of ‘elite corruption.’ There was very little, if any, independent journalistic investigation of corruption cases on the broadcasting companies having nationwide reach (Rustavi 2, Imedi and I channel). The most professional journalistic investigation program 60 minutes on Rustavi 2 was shut down immediately after the Revolution. It is difficult to assess to what extent the resulting low public awareness of high-level corruption contributes to the corruption perceptions in the country, although one needs to be critical when looking at various indices.

The first major crisis the authorities faced since the Rose Revolution was a direct consequence of the arrest of Irakli Okruashvili, a close ally of Saakashvili and former

Defence Minister. Okruashvili broke away in November 2006 and made a political comeback in September 2007, alleging Saakashvili's involvement in corruption and other illicit activities. Okruashvili's comeback sparked a heavy-handed response from the authorities, who raided the most critical TV station Imedi and put it off the air¹⁴; seized the office of Okruashvili's newly formed political party and arrested Okruashvili himself on corruption charges. The arrest of Okruashvili sparked a wave of anti-government protests that culminated in the November 7 dispersal of public demonstrations by the authorities. Okruashvili recanted his charges, confessed, and was released after posting 6 million USD bail. However, after escaping to France he reiterated that everything he said about Saakashvili was true and he was obliged to deny these facts and make a confession under pressure. In short, Okruashvili was the first major insider source that defected from the authorities and his accounts of hidden government practices contributed to the partial verification of numerous other sources' allegations.

In the same period Mikheil Kareli, a close associate of Okruashvili and former governor of Shida Kartli region, was arrested and charged with bribery and illegal business practices. In October 2007, he was released on GEL 200,000 bail (over 122,000 USD) after pleading guilty (Prime News 31 July 2008). These associates of Okruashvili were indeed involved in illicit activities and bribery, but releasing the evidence only after Okruashvili's change of political stance implies using an anti-corruption pretext for political purposes. These moves were aimed at 'silencing dissent' and warning high-ranking officials that their corrupt behaviors would be exposed if they dared to join the opposition (Papava 2008). In 2010 a Georgian businessman was blackmailed by high-ranking law enforcement officials to force him to testify that Zurab Nogaideli, former Prime Minister, who then led the opposition party Movement for Fair Georgia, accepted the large bribe. This businessman received asylum in one of the Western countries now.¹⁵ More recently the anti-crime policies have been operationalized against Bidzina Ivanishvili, politician-cum-billionaire. After this statement of coming to politics, the cash of several million US dollars was confiscated on unfounded money-laundering charges and his associates were suspected or detained on the charges of drugs, illegal carrying of weapons and even smuggling of radioactive materials.¹⁶ The well-balanced anti-corruption and anti-crime fight of the authorities that also target some of its inner cycles makes the political tool better camouflaged.

Hence, the use of anti-corruption for political purposes in Georgia continues. And yet, a shift since the Rose Revolution is apparent: before, anti-corruption policy was mainly used to snatch control over illicit markets and cultivate new bribe opportunities. In the post-revolutionary period anti-corruption policy eliminates political threats to regime stability by cracking down on political opposition.

Anti-corruption campaign: success or failure?

As mentioned earlier the key element of Saakashvili's state building project was fighting corruption. Some researchers point out an impressive level of dedication, vision and optimism that his team brought (Mitchell 2009, p. 175).

The institutions having crucial importance for fighting corruption, such as police, Ministry of Finances and prosecutor's office have been reformed and new institutions have been created, for example financial monitoring service addressing money

laundering. The corruption has been eliminated in the sectors where citizens interact with the state most frequently, such as registry, licensing and tax administration. Some of the key accomplishments include: the reduction of the number of taxes from 21 to 6; introduction of a 'one-window' system that allows businessmen to open a business relatively quickly; reduction of the required licenses and permits; simplification of property registration, trade regime and custom procedures.¹⁷ For instance now an entrepreneur needs 4 days to do all the paperwork and obtain the necessary permits for an import operation compared to 52 days in 2005 (Lezhava 2010). As a result, Georgia's business environment was ranked 11th in the world by most recent Doing Business report of World Bank,¹⁸ putting the country ahead of such dynamic economies as Sweden, Switzerland and Japan.¹⁹

Further the bureaucracy has been cut dramatically. The number of public sector employees was reduced by almost 50 percent and salaries of civil servants increased roughly 15-fold.²⁰ Hence the political will at the highest level of fighting bribery, that is discussed at greater detail below, is complemented with the presence of young bureaucrats at medium level. A number of these young civil servants whom the author knows personally are committed to the idea of integrity and honesty and can be compared to the *bolsheviks* of earlier generations who were dedicated to the idea of building social communism and pursued their goals with rigor and belief. Despite the remaining problems of appointments based on nepotistic relationships and personal or political loyalty rather than professional merit, many young people including those educated in the West have been given the chance to get involved in decision-making on state level. The authorities have offered competitive salaries to attract these individuals who would usually opt for the option of working for private business or international organizations due to better working conditions and better remuneration. The dismissal of older cadres has resulted in some loss of institutional memory and new staff frequently lacked experience but the motivation, new ideas and alternative vision were significant assets having positive impact on the efficiency of government institutions.

The reform of the institutions, policy of economic liberalization and cutting red tape had enormous impact on reducing corruption. According to the 2008–09 economic survey of the EBRD, only 14 percent of companies report that they are expected to pay bribes to public officials for 'getting things done' compared to 31 percent in Ukraine and 39 percent in Russia.

However some concerns remain. In general, the new authorities failed to create a well-functioning court system. A TI report shows that while corruption is no longer a problem in the court system after the Rose Revolution, freedom of judges is questionable. The judges are continuously pressured by the authorities to rule in their interest. This unlawful intrusion has increased since 2003, the report says (Transparency International 2008). A report on judicial reform by the American Bar Association also posits that the major problem in the Georgian judiciary is 'improper influence from the executive branch and the procuracy' that is said to have increased since the Rose Revolution (ABA/CEELI 2005, p. 1). This practice is informed by the Soviet legacy when the prosecutor controlled the outcome of cases when political interests were involved and Communist Party leaders instructed judges how to decide a case. Nowadays judges are pressured through the use of *compromat*, the threat of removal, etc (ABA/CEELI 2005, pp. 6, 38–39).

Some lawyers refer to the Supreme Court as a 'department of the General Prosecutor's office' pointing out the dependency of court rulings on the Prosecutor. Lawyers also commonly state that 'judges have become like notaries: they write what they are told to.'²¹ In late 2005, three judges, described by the Georgian media as 'rebel judges,' resigned with the public statement that 'every time the Supreme Court considers cases in which the authorities have an interest, the judges are instructed on how to rule under pressure from the Prosecutor General' (Civil Georgia 8 December 2005). Recently some steps were made toward ensuring more independence of the courts, however the problems remain.

Another question mark was the presence of private funds setup by several state agencies, including the main funding-destination ministries of Defence and the Interior (Rimple 2006). These funds were obtained through confiscation of the property of corrupt officials or plea bargaining deals. The allegations were that the official accounts of money received that were released to the press differed from the real, unofficial accounts. For instance, one respondent claimed that Akaki Chkhaidze paid 70 million USD instead of the 3 million reported to the press. Reportedly the money went to Saakashvili's Nationalist Party coffers and private funds.²² This practice was encouraged since in the administration's view, it was mobilizing additional sources of income and returning stolen money and property back to the state. Yet the funds were not subject to public scrutiny (Papava 2008). The financial monitoring program conducted by the Georgian Young Lawyers Association of the foundations of regional governors demonstrates that both the incomes and spending of these foundations are arbitrary and obscured from public view, and often controlled by government pressure.²³ Okruashvili (2008) said in his interview with Kavkasia TV that roughly USD 80 million was accumulated in the fund for development of law enforcement structures. This money was mainly spent on repairing buildings and purchasing cars for officials of the Ministry of the Interior and Prosecutor's office. Hence the new rulers have risked laying a basis for new corrupt structures. The practice continued until spring 2005 when the extra budgetary accounts were closed under pressure from the IMF (Papava 2008).

Another problematic sector was the government contracts that remained largely corrupt. The GYLA report demonstrates that public purchase contracts are made in a *force majeure* manner through directly contracting companies, in gross violation of the law on public tenders. The regional administrations state that this practice has been used under direct orders of the president for the sake of rapid development.²⁴ Transparency International (2007b) in 2006 found that 30 percent of all procurements conducted by the ministries were the sole source variety. A confidential source informed me that a close university friend of one of the ministers has, under this *force majeure* absence of public scrutiny, won a food supply contract and profited from it enormously.²⁵ The problem of corruption in public procurement is confirmed by recent arrest of the Deputy Minister of Health.²⁶

Earlier on the high prevalence of corruption in the procurement sector was demonstrated by the Okruashvili case. As Minister of Defence, he arranged with businessman Kibar Khalvashi, the former owner of Rustavi-2 Television and his close friend, to form a construction company, International Building Company, that later received three defense ministry contracts worth some 85 million USD (Owen and Corso 2008).

Downloaded by [Linnaeus University] at 05:27 16 October 2014

28 A. Kupatadze

The 2008 Human Rights Report by the US Department of State acknowledges that in Georgia, petty corruption decreased while ‘high-level corruption remained a persistent concern’ with an anti-corruption policy based on ‘prosecution as opposed to prevention...and ad hoc rather than systemic’ (US State Dept. Bureau of Democracy 2008). In fact, until nowadays Georgia lacks an independent law enforcement structure that would be able to target high-level corruption (OECD 2010, p. 4, 15). The Global Integrity Report puts Georgia on the watch list of countries with large corruption problems. Nevertheless the ranking on public perception of corruption index of TI has improved significantly and this improvement is corroborated by World Bank’s control of corruption index.²⁷ Moreover, according to World Bank Georgia is more than two times ahead of regional average (Chart 1).

Hence despite all the critics it is clear that corruption, especially petty bribery, has decreased substantially. The following sections attempt to explain Georgia’s achievement.

Why Georgia is successful in fighting corruption?

Firstly we need to consider the implicit contract between the masses and elites crafted during the public uprising in November 2003 that was the source of legitimacy for the new regime, which was supposed to eliminate rent-seeking. Rose Revolution is also known as ‘anti-corruption movements’ or ‘anti-crime revolutions’,²⁸ sparked by a popular rejection of rampant corruption, clan structures and deeply-rooted organized crime, in line with the Giraldo and Trinkunas model (2007, pp. 347, 346–367). The fight against corruption was expected by the citizens as a political good deliverable by the new authorities, a guarantee of the new ‘social contract between ruler and ruled’ (Rotberg 2004, pp. 2–3). As Steven Jones says in his article in this volume ‘Rose Revolution drew its moral force from its rejection of corruption.’

One of the key variables here is the political will of the committed leadership that is viewed as the key to the success of any anti-corruption campaign in the academic literature.²⁹ As mentioned earlier Saakashvili showed clear willingness to pursue anti-corruption agenda. The most important question here is ‘what motivates elites and leaders to undertake or shy away from the tough anti-corruption reforms’ (Heller 2009). Again, this needs to be explained through the lenses of regime’s legitimation of itself and using anti-corruption policy for consolidating power. However there is much more to explore.

First there was a clear understanding in Georgian leadership that the country, lacking valuable natural resources or large industrial enterprises, is in a desperate need for foreign investment that could boost economy. One of the crucial factors that would make the investment flow possible was the decrease of corruption together with general liberalization policies. Saakashvili said in 2010 that Georgia’s ‘highly favorable investment climate was based on three key factors: minimal economic regulation, low taxes, and strong anti-corruption enforcement.’³⁰ He reiterated several times that the investors would not have to pay the additional taxes for paying off public officials what they are usually required to do in other post-soviet countries. In Barcelona on the meeting with the businessmen Saakashvili called on them to invest in Georgia, which he said is now a ‘stable’ country where corruption had been

rooted out and with 'little bureaucracy and low taxes' (Civil Georgia, 18 Feb 2009). The FDI (foreign direct investment) has increased from 340 million USD in 2003 to 1.56 billion in 2008.³¹

The influence of 'the West' is a significant variable here. It has been a factor of allure in Georgia and it was widely understood that the rule of law is a prerequisite for conforming to Western and European social and legal standards. The adoption of democratic model of governance observed in different European countries is a factor of consensus between different factions of political elites, current authorities and political opposition alike. The absolute majority of the respondents from political parties interviewed in 2010 looked positively at the integration in the EU (AIR 2010). Becoming part of the European Union is a clear-cut goal of Georgia hence it is a major 'push' and 'pull' factor.

As various researchers argue the anti-corruption measures in post-Soviet Eurasia was largely delineated by external pressure from international organisations such as World Bank, EU, Council of Europe (CoE) and others (Grodland 2010, pp. 239–240). CoE is regularly monitoring the anti-corruption progress in post-Soviet states through GRECO (Group of States against corruption) for instance. The implementation of the recommendations are frequently portrayed as the issue of international prestige (Di Puppò 2010) and hence the tool for legitimation in the eyes of EU and European leaders. Hence the 'pro-Western' leaders are largely concerned with their image as anti-corruption crusaders and actually try to fight corruption on the ground.

Ironically Saakashvili pursued anti-corruption policies but opted for rather more authoritarian mode of governance that is more characteristic for Russia or Central Asian states rather than for Western countries. The non-pacted nature of the Rose Revolution gave free hand to new authorities to clean the house (unlike Orange Revolution in Ukraine) but on the other hand resulted into the concentration of power in a small group of people. This was particularly worrisome considering Saakashvili's emphasis on state-building rather than on democratization (Mitchell 2009).

Despite lots of criticism of Saakashvili because of his adoption of Putin-like authoritarian means, there is evidence of some efforts of Georgian leadership to build Georgia as 'alternative model of development in post-Soviet space.'³² In 2009 Saakashvili (quoted in Khelashvili 2009) said 'our tenets of freedom from corruption and freedom from the government-controlled economy and from the tyranny of bureaucracy are so different from the principles of our neighbor [Russia].' Hence the extent of corruption is emphasized in many speeches of Saakashvili as a significant distinction between the two countries. He told openDemocracy after the August war in 2008 'you know them [Russia] and their corruption. You can imagine what horrible consequences there would be if we followed their political and economic model.'³³ Certainly the more Georgia drifts away from Russian orbit of influence, the more it tries to transform its institutions. Saakashvili reiterated several times that Georgia's response to Russian aggression will be more reform.³⁴

Conclusions

Hence the previous discussion suggests several key variables that motivated Georgian leadership to fight corruption. The internal drivers would include drawing legitimacy

30 A. Kupatadze

from anti-corruption campaign; using anti-corruption measures for consolidating power and silencing political opposition; integrating anti-corruption campaign in general liberalization policies and for attracting more investment to resource-poor country. The external drivers are ‘the West’ as push and pull factor and attempt to build alternative model of post-Soviet governance that fundamentally differs from Russia. In EU’s neighborhood Georgia represents a modernizing case trying to escape its Soviet legacy and ‘europeanize.’

Clearly Georgia has made a breakthrough and now emerged as one of the least corrupt countries in post-Soviet Eurasia. This achievement was made possible through government’s liberalization policies, cutting red tape and reshuffling public officials at all levels. The absence of pact between incoming and outgoing elites allowed new authorities to clean the house but the absence of balancing political groups led to government’s unrestrained and sometimes extrajudicial behavior. In spite of the remaining problems, Georgia’s standing internationally as the top reformer and anti-corruption crusader has only improved.

The key remaining problem though, is the use of anti-crime and anti-corruption means for the political purposes, dangerous practice having detrimental effects for the rule of law and for the environment of political competition. This may contribute to ‘authoritarization’ of the government that is just the opposite of what international community expects to see in Georgia.

Despite the significant progress, the sustainability of achieved results are under question. Firstly, in order to have long-lasting effects, the policy of erratic and proactive response needs to be substituted with the policy, directed toward understanding and addressing underlying conditions that create corrupt incentives. The entrenched culture of corruption is the key challenge now and it may re-emerge as the key corrupting factor of political system if the state weakens or if the ruling elites change and less committed leadership comes to power. The success of anti-corruption campaign is reservable unless cultural revolution has not been consolidated. There are still reoccurring cases of favoritism and appointments by political loyalty. Nepotism is considered as moral obligation to relatives, friends and family rather than illicit act. The saying ‘one man’s bribe may be another man’s gift’ (Underkuffler 2009, p. 27) is still applicable to Georgian context although it may take several years and even a decade for the cultural revolution to be considered accomplished. The authorities need to ensure that free media develops and civil society strengthens what will provide oversight and serve as important watchdogs for any future wrongdoing of political leaders.

Notes

1. Personal communication, 23 June 2010, Odessa, Ukraine.
2. See for instance Russian Forbes (2010) and RenTV (2010).
3. For the purposes of this article corruption is defined as personal rent-seeking by government officials in derogation of the duties that they have to their principals (higher officials, the public) as established by law (Rose-Ackerman 1999). This approach makes sure that some of the corrupt practices that are not necessarily considered as illegal by local population are also included.
4. See for instance Kaufmann (2004).
5. Many researchers argued that there is a direct negative correlation between the extent of corruption and investment. See for instance Mauro (1995), Sarkar and Hasan (2001),

- Mathur and Singh (2007), Ndikumana and Baliemoune-Lutz (2008). On corruption and economic growth see Rose-Ackerman (1999, p. 3), Schleifer and Vishny (1993), p. 599).
6. See for example Kaufman (2003), Hellman and Kaufmann (2002), Hellman *et al.* (2000).
 7. See for instance EuroMed (2006, pp. 5–8). See also the summary of Barcelona Declaration.
 8. For more information on GRECO see http://www.coe.int/t/dghl/monitoring/greco/general/about_en.asp
 9. See Merabishvili's quote in Baker (2001).
 10. See Prosecutor's office of Georgia, briefing on Gelbakhiani's 1973 court sentence.
 11. See Prosecutor's office of Georgia, briefing on Khabeishvili's 1985 court sentence.
 12. This is not to imply that Shevardnadze did not care at all about public opinion, even though he governed in a totalitarian system. Suny (1983, p. 381) reports that as Minister of Internal Affairs in 1966, he organized an Institute for the Study of Public Opinion.
 13. See for instance Esadze (2004).
 14. For a comprehensive account of these developments see Human Rights Watch (2007).
 15. Personal communication, 1 October 2010.
 16. IWPR (2011).
 17. See for instance US department of State (2010) and Lezhava (2010).
 18. For the 2010 report see <http://www.doingbusiness.org/features/Highlights2010.aspx>
 19. Radio Free Europe Radio Liberty (2010).
 20. Presentation by Lezhava (2010).
 21. Author's personal communication with lawyers, July 2006, January 2009, Tbilisi, Georgia.
 22. Author's personal communication with lawyers and bankers, June–August, 2010, Tbilisi, Georgia.
 23. See for instance GYLA (2006); Dolidze (2007a, 2007b).
 24. See note 23 above.
 25. Author's personal communication with lawyer, 19 July 2006, Tbilisi, Georgia.
 26. For more information on the case see Civil Georgia (16 Sept 2010).
 27. See World Bank (1996–2010).
 28. See for instance Shelley and Scot (2003); Nodia (2005, p. 99); Kandelaki (2006, p. 3).
 29. See Rotberg (2009), Rose-Ackerman (2008).
 30. Presentation by President Mikheil Saakashvili (Sept 2010).
 31. See the 2003 figure see data available on Investment Guide for Georgia and for 2008 figure see Civil Georgia (16 March 2010).
 32. Remarks of Mikheil Saakashvili, (4 Sept 2010).
 33. Georgia's President Saakashvili (11 August 2010).
 34. See for instance Civil Georgia (16 Sept 2008).

Notes on contributor

Alexander Kupatadze is a scholar with numerous years of experience in studying organized crime and corruption issues in post-Soviet Eurasia. He obtained his PhD in International Relations from the University of St Andrews, UK and has held teaching and research positions at the Transnational Crime and Corruption Center (TraCCC), Georgian Institute of Public Affairs in Tbilisi, Georgia, OSCE academy of Central Asia in Bishkek, Kyrgyzstan, and Elliott School of International Affairs of George Washington University, USA.

References

- ABA/CEELI (American Bar Association's Central European and Eurasian Law Initiative), 2005. *Judicial reform index for Georgia*. Washington, DC: American Bar Association.
- AIR (Association for International Relations), 2010. *Looking through the party lenses, a comparative study of Georgian political parties' views on foreign and national security policies*. Tbilisi, GA: AIR and Friedrich Ebert Stiftung.
- Aldis, A. and Herd, G., 2004. Managing soft security threats: current progress and future prospects. *European security*, 13, 169–186.

32 A. Kupatadze

- Anderson, J. and Gray, Ch., 2006. *Anticorruption in transition 3: who is succeeding, and why?* Washington, DC: International Bank for Reconstruction and Development/The World Bank.
- Baev, P., 2003. Civil wars in Georgia: corruption breeds violence. In: J. Koehler and Ch. Zürcher, eds. *Potentials of Disorder*. Manchester, UK: Manchester University Press, 127–144.
- Baker, P., 2001. A hero to the west, a villain at home: Shevardnadze leads Georgians to hardship, *Washington Post*.
- Barcelona Declaration, [online]. Available from: http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/mediterranean_partner_countries/r15001_en.htm
- BBC Monitoring Former Soviet Union, 2001. *Ex-minister of justice says country sinking into morass of corruption*. UK: BBC monitoring service.
- BBC monitoring service, 2000. Spokesman denies corruption in president's immediate family, July 15, UK: BBC monitoring service.
- Black Sea Press (information agency), 2003. 14 February news section. Available from Factiva newscontribution databse. Accessed 6 May 2006.
- Börzel, T.A., Stahn, A., and Y. Pamuk, (2010). The European Union and the fight against corruption in its near abroad: can it make a difference? *Global crime*, 11 (2), 122–144.
- Bull, H., 1982. Civilian power Europe: a contradiction in terms? *Journal of common market studies*, 21 (2), 149–164.
- Chamber of Control of Georgia, 2006. *Report on Economic Activity in 2005*, Tbilisi: Chamber of Control.
- Chiaberashvili, Z. and Tevzadze, G., 2005. Power elites in Georgia: old and new. In: P.H. Fluri and E. Cole, eds. *From revolution to reform: Georgia's struggle with democratic institution building and security sector reform*. Austrian Federal Ministry of Defence (BMLV), Vienna, Geneva: Geneva Centre for the Democratic Control of Armed Forces (DCAF), 187–208.
- Christophe, B., 2003. Bringing culture back into a concept of rationality, state society relations and conflict in Post-Socialist Transcaucasia. In: J. Koehler and C. Zürcher, eds. *Potentials of disorder*. Manchester. UK: Manchester University Press, 193–207.
- CIA World Fact Book, 2002. *Georgia Profile*. Available from: <http://www.facts.org/docs/factbook/geos/gg.html> [Accessed 1 December 2007].
- CIPDD (Caucasian Institute for Peace, Democracy and Development), February 1997. *The Georgian chronicle monthly bulletin* [online]. Available from: http://www.cipdd.org/files/61_265_985706_GeorgianChronicle-February97.pdf [Accessed 10 February 2005].
- Civil Georgia. (news website), 5 Aug 2004. [online]. Available from: <http://civil.ge/eng/article.php?id=7777&search=NGOs%20Protest%20against%20Arrest%20of%20Newspaper%20Editor> [Accessed 10 August 2004]
- Civil Georgia. (news website), 13 Mar 2005. [online]. Available from: <http://www.civil.ge/eng/article.php?id=9333> [Accessed 16 March 2005].
- Civil Georgia. (news website), 30 Aug 2005. [online]. Available from: <http://www.civil.ge/eng/article.php?id=10642> [Accessed 1 September 2005].
- Civil Georgia. (news website), 8 Dec 2005. [online]. Available from: <http://www.civil.ge/eng/article.php?id=11305> [Accessed 9 December 2005].
- Civil Georgia. (news website), 27 Mar 2006. [online]. Available from: <http://www.civil.ge/eng/article.php?id=12191> [Accessed 28 March 2006].
- Civil Georgia, 16 Sept 2008. [online]. Available from: <http://www.civil.ge/eng/article.php?id=19526>
- Civil Georgia. (news website), 18 Feb 2009. [online]. Available from: <http://www.civil.ge/eng/article.php?id=20444> [Accessed 19 February 2009].
- Civil Georgia, 16 Sept 2010, [online]. Available from: <http://civil.ge/eng/article.php?id=22675>
- Civil Georgia, 16 March 2010, [online]. Available from: <http://civil.ge/eng/article.php?id=22090>
- Clark, W.A., 1993. *Crime and punishment in Soviet Officialdom: combating corruption in the political elite 1965–1990*. Armonk, NY: M. E. Sharpe.
- Council of Europe, 2006. *Evaluation report on Georgia*. GRECO (Group of State Against Corruption).

- Di Puppò, L., 2010. Anti-corruption interventions in Georgia. *Global crime*, 11 (2), 220–236.
- Dolidze, A., 2007a. The battle over the state procurement agency, *Georgia Today*, no. 345.
- Dolidze, A., 2007b. A closer look at the progress of reform in Georgia, *Economic Reform Feature Service, Center for International Private Enterprise*.
- Dziociolowski, Z., 2010. *Georgia's President Saakashvili*, 11 Aug 2010. *On the eve of war, openDemocrac* [online]. Available from: [http://www.opendemocracy.net/comment/reply/45766?quote=1#comment-formGeorgianTimes\(newspaper\)](http://www.opendemocracy.net/comment/reply/45766?quote=1#comment-formGeorgianTimes(newspaper)), 14 Jun 2007.
- Esadze, L., 2004. *The organized nature of corruption in the post-Soviet space and challenges of donors: a case study of Georgia*. The Development Partnership Forum: Improving Donor Effectiveness in Combating Corruption, OECD Development Assistance Committee and Transparency International.
- Eurasia Net, 2 April 2003. *Georgia daily digest*, 2 [online]. Available from: <http://www.eurasianet.org/resource/georgia/hypermail/200304/0007.shtml> [Accessed 10 May 2003].
- EuroMed, 2006. Soft-security within the Euro-Mediterranean partnership, Go-EuroMed Working Paper No. 0611, EuroMed, CEU San Pablo University: Madrid, Spain.
- Feldbrugge, J.M., 1984. Government and shadow economy in the Soviet Union. *Soviet studies*, 36 (4), 528–543.
- Freizer, S., 2004. The pillars of Georgia's political transition, *openDemocracy*, Feb.
- Galeotti, M., 2002. The challenge of 'soft security': crime, corruption and chaos. In: D. Averde and A. Cottey, eds. *New security challenges in postcommunist Europe*. Manchester: Manchester University Press, 151–171.
- Giraldo, J. and Trinkunas, H., 2007. Transnational crime. In: A. Collins, ed. *Contemporary security studies*. New York/Oxford: Oxford University Press, 346–367.
- Godson, R., et al., 2004. Building societal support for the rule of law in Georgia. *Trends in organized crime*, 8 (2), 5–27.
- Grodeland, A.B., 2010. Elite preceptions of anti-corruption efforts in Ukraine. *Global crime*, 11 (2), 237–260.
- GYLA (Georgian Young Lawyers Association), 2006. *Anti-corruption monitoring report, Georgian Young Lawyers Association (GYLA)*. Prepared through the financial assistance of USAID, The Eurasia Foundation, Global Conflict Prevention Pool, Tbilisi.
- Heller, N., 2009. Defining and measuring corruption: where have we come from, where are we now and what matter for the future. In: R.I. Rotberg, ed. *Corruption, global security and world order*. Washington, DC: Brookings Institution Press, 47–65.
- Hellman, J., Jones, G., and Kaufmann, D., 2000. Seize the state, seize the day: state capture, corruption and influence in transition, World Bank Policy Research Paper 2444.
- Hellman, J. and Kaufmann, D., Dec 2002. *The inequality of influence* [online]. Available from: SSRN: <http://ssrn.com/abstract=386901> or doi:10.2139/ssrn.386901 [Accessed 20 December 2007].
- Human Rights Watch, 2007. *Crossing the line: Georgia's violent dispersal of protestors and raid on imedi television* [online]. Available from: <http://www.hrw.org/en/reports/2007/12/19/crossing-line> [Accessed 14 January 2008]
- Investment Guide for Georgia, [online]. Available from: http://www.investmentguide.ge/index.php?sec_id=145&lang_id=ENG
- IWPR (Institute for War and Peace Reporting), 4 Aug 2004. *Georgia in the black, for once*, Caucasus Reporting Service no. 245.
- IWPR, 2011. *Institute for war and peace reporting, caucasus reporting service*, Georgian authorities try to clip businessman's wings, No. 616, 8 Nov.
- Kandelaki, G., July 2006. *Georgia's Rose Revolution, a participant's perspective*. United States Institute of Peace. [online]. Available from: <http://www.usip.org/pubs/specialreports/sr167.pdf> [Accessed 15 January 2007].
- Katz, R.S., 2006. *The Georgian regime crisis of 2003–2004, a case study in post-Soviet media representation of politics, crime and corruption*. Stuttgart: Ibidem-Verlag.
- Kaufman, D., Mar 2003. *Rethinking governance empirical lessons challenge orthodoxy*. World Bank Institute, Discussion Draft.
- Kaufmann, D., Oct 2004. *Corruption, governance and security: challenges for the rich countries and the world* [online]. Available from: SSRN: <http://ssrn.com/abstract=605801> or doi:10.2139/ssrn.605801 [Accessed 4 April 2010].

34 A. Kupatadze

- Khabeishvili, S., 1992. *Interview re-published in Imperia strakha: Prestupnyi mir, mafia, vory v zakone, reket, shulery, stukachi: Nezashchishchennyi mir-khristianskoe slovo, poeziia lagerei, pogublennye sudby* [Empire of fear: criminal world, mafia, thieves in law, racketeering, cardplayers and informers]. Moscow: Zelenyi Parus.
- Khelashvili, G., 13 Oct 2009. *Saakashvili Offers further Liberalization of the Economy*, Jamestown Foundation [online]. Available from: <http://jamestownfoundation.blogspot.com/2009/10/saakashvili-offers-further.html> [Accessed 15 November 2009].
- Kikabidze, K. and Losaberidze, D., 2000. *Institutionalism and clintelism in Georgia*. Series of discussion materials, UNDP.
- Kim, B.-Y., 2003. Informal economy activities of Soviet households: size and dynamics. *Journal of comparative economics*, 31, 532–551.
- Kleimenov, I., 2009. *Mozhna li doveriat indeksu vospriatia korrupcii. Sledovatel*, 6, 28–30.
- Lezhava, V., 19 April 2010. Head of the advisors group to the Prime-Minister of Georgia, *Fighting corruption, History of success, Georgia's experience in combating corruption: eligibility for Ukraine*, Open Ukraine Arsenyi Yatseniuk Foundation [online]. Available from: <http://www.openukraine.org/en/programs/young-generations/anticorruption> [Accessed 5 June 2010].
- Lindley-French, J., 2004. The revolution in security affairs: hard and soft security dynamics in the 21st century. *European security*, 13, 1–15.
- Loader, I. and Sparks, R., 2007. Contemporary landscapes of crime, order and control: governance, risk and globalization. In: M. Maguire, R. Morgan, and R. Reiner, eds. *The Oxford handbook of criminology*. Oxford, UK: Oxford University Press, 78–102.
- Manners, I., 2002. Normative power Europe: a contradiction in terms? *JCMS*, 40 (2), 235–258.
- Mathur, A. and Singh, K., 15 May 2007. Foreign direct investment, corruption, and democracy, American Enterprise Institute, working paper #135.
- Mauro, P., 1995. Corruption and growth. *The quarterly journal of economics*, 110 (3), 681–712.
- Mitchell, L.A., 2009. Compromising democracy: state building in Saakashvili's Georgia. *Central Asian survey*, 28 (2), 171–183.
- Ndikumana, L. and Balamoune-Lutz, M., May 2008. *The growth effects of openness to trade and the role of institutions: new evidence from African countries*, Working Papers 2007–2005, University of Massachusetts Amherst, Department of Economics.
- Nodia, G., 2002. Putting the state back together in post-Soviet Georgia. In: M.R. Beissinger and C. Young, eds. *Beyond state crisis? Postcolonial Africa and post-soviet Eurasia in comparative perspective*. Baltimore, MD: Johns Hopkins University Press, 413–444.
- Nodia, G., 2005. Breaking the mould of powerlessness: the meaning of Georgia's latest revolution. In: J.V. Wertsch, ed., *Enough! the Rose Revolution in the Republic of Georgia 2003*, ed. Z. Karumidze. New York: Nova.
- Nodia, G., 2006. Georgia, dimensions of insecurity. In: B. Coppieters and R. Legvold, eds. *Statehood and security. Georgia after the Rose Revolution*. Cambridge, MA: MIT Press.
- OECD, 2010. Anti-corruption network for Eastern Europe and Central Asia, Istanbul anti-corruption action plan, second round of monitoring for Georgia [online]. Available from: http://www.oecd.org/document/17/0,3343,en_36595778_36595861_37187921_1_1_1_1,00.html [Accessed 3 March 2011].
- Okrushvili, I., 2008. Interview with Kavkasia TV, recorded in France, aired on Mar 7.
- Papava, V., 2008. Georgia's hollow revolution: does Georgia's pro-western and anti-Russian policy amount to democracy? *The Harvard International Review*, February 6. Available from: <http://hir.harvard.edu/georgia-s-hollow-revolution> [Accessed 10 December 2008].
- Prime News (information agency), 31 July 2008.
- Prosecutor's office of Georgia, briefing on Gelbakhiani's 1973 court sentence [online]. Available from: www.pov.gov.ge [Accessed 22 February 2010].
- Prosecutor's office of Georgia, briefing on Khabeishvili's 1985 court sentence [online]. Available from: www.pov.gov.ge [Accessed 22 February 2010].
- Radio Free Europe Radio Liberty, 8 Jan 2010. [online]. Available from: http://www.rferl.org/content/Is_Georgias_Business_Environment_As_Good_As_It_Looks/1924264.html [Accessed 10 January 2010].

- Remarks of Mikheil Saakashvili*, 4 Sept 2010. *Civil.ge* [online]. Available from: <http://www.civil.ge/eng/article.php?id=22640>
- RenTV, May 2010. *Kak gruzia pabedila korupciu* [online]. Available from: <http://sakhalin.tv/movie/16489/> [Accessed 1 June 2010].
- Rimple, P., 11 Jan 2006. Georgian NGOs: cash trail for detainee fines tricky to track, Eurasia insight. [online]. Available from: <http://www.eurasianet.org/departments/insight/articles/eav011106.shtml> [Accessed 15 January 2006].
- Rose-Ackerman, S., 1999. *Corruption and government: causes, consequences, and reform*. Cambridge: Cambridge University Press.
- Rose-Ackerman, S., 2004. Establishing the rule of law. In: R.I. Rotberg, ed. *When states fail: causes and consequences*. Princeton, NJ: Princeton University Press, 182–221.
- Rose-Ackerman, S., 2008. Corruption and government. *International peacekeeping*, 15 (3), 328–343.
- Rotberg, R.I., 2004. The failure and collapse of nation-states, breakdown prevention, and repair. In: R.I. Rotberg, ed. *When states fail, causes and consequences*. Princeton, NJ: Princeton University Press.
- Rotberg, R.I., 2009. How corruption compromises world peace and stability. In: R.I. Rotberg, ed. *Corruption, global security and world order*. Brookings Institution Press, 1–27.
- Russian Forbes (newspaper), 6 July 2010, *Poriadak pa gruzinki* [online]. Available from: <http://www.forbes.ru/ekonomika-column/vlast/52396-poryadok-po-gruzinski> [Accessed 10 July 2010].
- Saakashvili, M., 2009. *State of nation address*. Available from: <http://civil.ge/eng/article.php?id=20421> [Accessed 25 February 2009].
- Saakashvili, M., 4 Feb 2004. Speech at John Hopkins University [online]. Available from: <http://www.president.gov.ge/?l=E&m=0&sm=3&id=171>
- Saakashvili, M., Sept 2010. *Remarks at New York State University* [online]. Available from: http://www.president.gov.ge/index.php?lang_id=ENG&sec_id=228&info_id=5492 [Accessed 5 November 2010].
- Sampson, S., 1988. May you live only by your salary!: the unplanned economy in Eastern Europe. *Social justice*, 15 (3–4), 135–159.
- Sarkar, H. and Hasan, M., 2001. Impact of corruption on the efficiency of investment: evidence from a cross-country analysis, *Asia-pacific development journal*, 8(2), 111–116.
- Schleifer, A. and Vishny, R.W., 1993. Corruption. *Quarterly journal of economics*, 108, 599–617.
- Schroeder, G.E., 1983. Transcaucasia since Stalin – the economic dimension. In: R.G. Suny, ed. *Transcaucasia*. Ann Arbor: University of Michigan Press, 461–479.
- Shelley, L.I., and Scot, E., 2003. Georgia's 'Revolution of Roses' Can Be Transplanted, Washington Post, 20 November. Available from: <http://www.washingtonpost.com/ac2/wp-dyn?pagename=article&contentId=A20186-2003Nov28¬Found=true> [Accessed 25 November 2003].
- Shelley, L.I., 2007. *Organized crime and corruption in Georgia*. New York: Routledge.
- Sherr, J., 2004. Strengthening 'soft' security: what is to be done? *European security*, 12, 157–167.
- Shevardnadze, E., 2000. Transcript of speech on Georgian Television, delivered in Georgian, Tbilisi, Georgia, 1500 gmt, 6 July. Available from Factiva newscontribution database, [Accessed 10 June 2007].
- Smith, K., 2008. *European Union foreign policy in a changing world*. Cambridge: Polity.
- Stefes, C.H., 2006. *Understanding post-Soviet transitions: corruption, collusion and clientelism*. London: Palgrave Macmillan.
- Suny, R.G., 1983. On the road to independence: cultural cohesion and ethnic revival in a multinational society. In: R. Suny, ed. *Transcaucasia: nationalism and social change: essays in the history of Armenia, Azerbaijan, and Georgia*. Ann Arbor: Michigan Slavic Publications, 377–400.
- Suny, R.G., 1989. *The making of the Georgian Nation*. London: I.B. Tauris.
- The Messenger* (newspaper), 5 Feb 2004.
- Transparency International, Sept 2007a. Alternative progress report on the implementation of the OECD ACN recommendations by the Georgian government.

36 A. Kupatadze

- Transparency International, 2007b. Sabazro konkurencia saqartveloshi.
- Transparency International, June 2008. *Refreshing Georgia's courts, trial by jury: more democracy or a face-lift for the judiciary?* [online]. Available from: http://www.investmentguide.ge/files/101_93_986150_TrialbyJuryENG.pdf [Accessed 19 September 2008].
- Transparency International, 2009. *Television in Georgia – ownership, control and regulation* [online]. Available from: <http://transparency.ge/en/content/television-georgia-%E2%80%93-ownership-control-and-regulation> [Accessed 10 January 2010].
- Underkuffler, L.S., 2009. Defining corruption: implications for action. In: R.I. Rotberg, ed. *Corruption, global security and world order*. Brookings Institution Press, 27–46.
- US Department of State, Bureau of Democracy, Human Rights, and Labor, 2008. *Human rights report: Georgia*. 2008 Country Reports on Human Rights Practices, 25 Feb 2009. [online]. Available from: <http://www.state.gov/g/drl/rls/hrrpt/2008/eur/119080.htm> [Accessed 10 December 2009].
- US department of State, Country Profile, 21 June 2010. [online]. Available from: <http://www.state.gov/r/pa/ei/bgn/5253.htm> [Accessed 17 September 2010].
- Voslensky, M., 1984. *Nomenklatura, the Soviet ruling class*. New York: Doubleday.
- World Bank, 1996–2010. *Worldwide governance indicators* [online]. Available from: <http://info.worldbank.org/governance/wgi/index.asp>
- Zhvania, Z., 2005. Interview. In: Z. Karumidze and J.V. Wertsch, eds. *Enough! The Rose Revolution in the republic of Georgia*. New York: Nova, 1–20.