PUZZLES OF STATE TRANSFORMATION: THE CASES OF ARMENIA AND GEORGIA

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Abstract

The problems of weak state structures, including state territoriality, in the South Caucasus has highly influenced political developments and the building of a democratic state. This paper explains the difficulty of recovering statehood in the cases of Armenia and Georgia, both in the context of post–Soviet state transformation and post–conflict state-rebuilding. It argues that recovering statehood in the South Caucasus meant at once maintaining the status quo within the state structures and managing the highly volatile political and ethnic relations (culminating in armed conflict). In the cases of conflict, elite management impeded conflict solution. In this context, this paper finds that elite power slowed the construction of a democratic and effective state. In particular, elite fragmentation has led to serious impediments for state development and the consolidation of territoriality. In sum, elite-led state development and conflict management hindered the successful consolidation of state territoriality.

Keywords: *Armenia, Georgia, state-building, frozen conflicts, elite fragmentation*

Introduction

In the South Caucasus, questions of state reform and state territoriality have dominated the post-Soviet situation. In particular, the insufficient consolidation of state territoriality has had a great impact on the overall state capacities, often characterized by large military budgets and low social spending. Instable territoriality and separatist tendencies led to military conflicts in both Armenia and Georgia – most recently in Georgia in August 2008. The example of Georgia has clearly shown the importance of territorial questions in post-Soviet political development. The first hot conflict phase in the early 1990s resulted in the heavy destruction of infrastructure and in the degradation of living conditions. In both Armenia and Georgia the development of the state was very slow in terms of institutionalizing democratic state structures and tackling endemic corruption. International organizations such as the World Bank and academic research consent[1] that weak state structures have been an important factor in their negative assessments of the level of development, the management of territorial questions and the state as a whole. In analyzing both the state structures and the territory of the South Caucasian states, it quickly becomes clear that it is difficult to speak of consolidation. In Georgia some territory was regained, such as the quasi-autonomous territory of Adjara, but similar

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[1] See World Bank, *World Development Report 1997: The State in a Changing World* (New York: Oxford University Press, 1997) and Joel S. Midgal, *State in Society. Studying how States and Societies Transform and Constitute one another* (Cambridge: Cambridge University Press, 2001).

political courses of action failed in the cases of South Ossetia and Abkhazia, and the August 2008 war led to the probable loss of those two territories. By contrast, Armenia and Azerbaijan are involved in an international conflict over the Azerbaijani territory of Nagorno-Karabakh, where a large number of ethnic Armenians live. Although the two conflicts have fundamental differences (e.g. international relevance, interested parties and degree of escalation), they are both unresolved and the potential of conflict escalation remains.

Here, the next question arises – of who is responsible for this situation. As regards the August 2008 war in Georgia, international observers have agreed that the Georgian political leadership bears responsibility for the conflict in provoking conflict escalation.[2] Other examples in the South Caucasus have underlined the importance of elite conduct in determining the trajectory of territorial questions and of state-building. In Armenia political leadership has proved a hindrance to democratic state development and the solution of territorial conflict, in terms of not being able to find a solution to the Nagorno-Karabakh issue and in dedicating high attention to security tasks. The political elite are arguably those responsible for non-consolidation after 1991 and the unclear situation, as they offer no clear road maps for conflict resolution. Thus, elite conduct could neither stabilize the state structures nor solve the conflicts in a sustainable way. In this sense, this paper aims to show the linkage between state-building, conflict and the conduct of the political elite.

First, the paper provides a brief overview of the theoretical assumptions on the connection between state-building, conflict and the political elite. It links the frozen conflicts to the character of the elite system and the post-independence achievements in state development of Georgia and Armenia, with a focus on recent developments. The paper also discusses the similarities and differences of both cases regarding state structures, territoriality and separatism and emphasizes the gap between the state reform attempts and the conflict situation the state has to face. The aim is to present some empirical findings on the connection between institutional state and elite structures and conflict. On the effect that the elite have, the paper highlights the role of the respective state presidents regarding conflict resolution. It concludes with a general assessment of the state in an insecure environment.

State-Building, Conflict and the Political Elite

The literature on State Theory has discussed the prerequisites and the intricate ways for building a functioning state, often in the context of contested territories within the state itself. This aspect has been also relevant in the transition of post-Soviet states. However, the academic discussion on post-communist state-building has instead assumed a linear path of state development in regard to the transition and consolidation of political systems.[3] The discussion also centers on the establishment of a civil society–controlled democratic political system and the introduction of market capitalism. As such, the construction of a functioning state has been understood as the institutionalization of central state powers and the inclusion of social powers, and has to some extent neglected the destructive effects of the unsolved question of national security. Therefore, it is of value to account for the insights of classic state theorists who underline the importance of state territory consolidation in order to build a functioning state. They hold that the precondition for building a stable state is the intactness

[2] Independent International Fact-Finding Mission on the Conflict in Georgia, *Report*, 30 September, 2009, http://www.ceiig.ch/Report.html (accessed 30 December 2009).
[3] See the discussions on the transition paradigm, e.g.: Juan J. Linz and Alfred Stepan, "Toward Consolidated Democracies," *Journal of Democracy*, vol 7:2 (1996): 14–33; and Thomas Carothers, "The End of the Transition Paradigm," *Journal of Democracy*, vol 13:1 (2002): 5–21.

of a state, which can be understood as the State having the capability to ensure both the territorial integrity and the security of the population living within its territory. Here, state-building is understood as the institutionalization of central state powers and the reform of old state structures, namely the military, security agencies and other (police) forces. If state-building occurs before nation-building and territorial consolidation, it has the effect that these efforts of institutionalization will face strong constraints.[4]

In this sense, the power of the State becomes important. State theorists hold that a state in which power is centralized and actions are coordinated has advantages in the process of development over a state that does not display such features. To achieve those goals of development, political actors either adhere to infrastructural power, i.e. political elite decisions that are controlled and in line with civil society, or despotic power, which is characterized by paternalistic elite decisions.[5] Overall, a strong and capable state should be characterized by the subordination of political actors, namely the political elite, within the formal institutional framework of a state and a dynamic competition between the elite. However, state-building remains a process that enforces political power upon social and economic spheres, and has to be followed by an overall consensus on the chosen political system, whether that system is democratic or authoritarian. Thus, state-building, to a large extent, depends on the citizens of the State and how they accept and back state structures.

Concerning the political elite, they have a considerable weight as they are capable of building and influencing state structures more directly than ordinary citizens, namely in their function of directly taking and enforcing political decisions. If the political elite of a given state guarantee and agree on the prerequisites of democratic state-building and enforce them, then the essential prerequisites for a dynamic state transformation are set.[6] But it is not only elite consensus that play an important role, elite consensus has to be enduring, and the elite that ensures the construction of a strong state have to remain in office and act according to the formal institutional framework – notably according to formal legislation that supports the build-up of a strong state.

The opposite phenomenon can be described as elite fragmentation: Elite fragmentation is a situation in which there are strong differences apparent within the governing elite and serious problems between the governing and the oppositional elites.[7] This includes trench-mentality and the positioning of elites into "enemy-categories". In an atmosphere of elite fragmentation, oppositional elite lack serious political oppositional power and instead focus on extra-political activities to generate power. Such behavior is only one example, but it is a strong indicator that the political elite themselves are fragmented and have serious problems within the institutional framework. On an institutional level,

[4] Charles Tilly, *Coercion, Capital and European States, AD 990-1992* (Oxford: Blackwell, 2002); and Charles Tilly "War Making and State Making as Organized Crime," in *Bringing the State Back In*, ed. Peter D. Evans et al. (Cambridge: Cambridge University Press, 1985), 169.
[5] Charles Tilly, "Western State Making and Theories of Political Transformation," in *The Formation of National States in Western Europe* (Princeton: Princeton University Press, 1975), 10; and Michael Mann, "The Autonomous Power of the State. Its Orgins, Mechanisms and Results," in *States in History*, ed. John Hall (Oxford: Basil Blackwell, 1986), 113. See also the example of Armenia in the article of Lucan Way, "State Power and Autocratic Stability. Armenia and Georgia compared," in *The Politics of Transition in Central Asia and the Caucasus. Eduring Legacies and Emerging Challenges*, ed. Amanda E. Wooden and Christoph H. Stefes (London: Routledge, 2009).
[6] Nicole Gallina, "The Impact of Political Elite Conduct on State Reform: The Case of Ukraine," *CEU Political Science Journal*, vol. 3:2 (2008): 183–200; and Anna Grzymala-Busse and Pauline Jones Luong, "Reconceptualizing the State: Lessons from Post-Communism," *Politics & Society*, vol. 30:4 (2002): 529–554.
[7] John Higley and György Lengyel, *Elites After State Socialism. Theories and Analysis* (Lanham: Rowman & Littlefield, 2000).

elite fragmentation signifies the discord of the political elite over the requirements for building a democratic system. Elite fragmentation as such is based on the overall principles of informality and power proximity and focuses on personalized relationships which stand diametrically opposite to the requirements for a democratic system, but which function well within autocratic political frameworks. Elite fragmentation poses serious challenges for transformation toward democratic systems, and generally efficient state institutions.

"Frozen State Developments" in the South Caucasus

Elite fragmentation between different elite groups was clearly evident in the perestroika years and as a result of the disintegration of the Soviet Union in 1991. A new nationalist elite emerged in the Caucasus and challenged the communist-based powers in different ways. In Armenia the national movement assumed power after independence and formed a coalition with the communist-based elite, but was destabilized in the long term by the Nagorno-Karabakh conflict and the attempts to resolve it. As a consequence, the old communist elite resumed power by relying at once on the national factor and strong power networks. In Georgia the attempt by the nationalist-inclined elite to overtake the independent state failed and led to a civil war. According to theorists on Caucasian conflicts,[8] post-Soviet Caucasian polities were susceptible to violent conflicts because they were characterized by power struggles on central and sub-national levels, most notably in Georgia. Here, ethnic groups were demanding autonomy, on the one hand, and on the other hand, central state structures were almost non-existent (e.g. the state was unable to provide public goods and did not have a monopoly over the police and the military).[9] Additionally, stability was challenged by the nationalist elite on national and sub-national levels. The structures of the disintegrating Soviet Empire proved too weak to contain nationalist developments in the initial period while new structures did not work, and a state-building process in the above-mentioned sense did and could not take place. As a result of conflict and the weakened nationalist elite, the old communist-based elite took their chance and could step in again. They succeeded in building a strong power elite, but the elite system remained unreformed as such and, therefore, could not serve as a base for democratization and state reform.

In Georgia the different levels of elite fragmentation are also present. The result of armed conflict in Georgia was that the old communist leader Eduard Shevardnadze was able to assume the position as president, and remained there with his old garniture until the so-called Rose Revolution in 2003. In contrast to Armenia, where the communist-based elite managed to include the nationalist elite within the power structures, in Georgia the nationalist Georgian elite had discredited themselves in the early 1990s, and lost power in favor of Shevardnadze. The presidencies of Eduard Shevardnadze and Mikheil Saakashvili largely put an end to internal elite fragmentation, i.e. the political opposition remained weak and could not provide political input. However, the elite system in Georgia continued to be fragmented, i.e. founded on principles of informality and power proximity. In this sense, both the post-communist and the nationalist-inclined political elite proved incapable of assessing the

[8] The reasons for conflict in the Caucasus have been discussed by, among others, Christoph Zurcher in *The Post-Soviet Wars: Rebellion, Ethnic Conflict, and Nationhood in the Caucasus* (New York: New York University Press, 2007); and Svante Cornell, *Small Nations and Great Powers. A Study of Ethnopolitical Conflict in the Caucasus* (London: Routledge Curzon, 2005).

[9] Here, the legacy of Soviet ethno-federalism may be important. In this system, territory was linked to an ethnically defined titular group. As central power disappeared, this system would be increasingly questioned. In particular, two Georgian entities – South Ossetia and Abkhazia – have sought independence before and after the break-up of the Soviet Union. In Armenia it has been the Nagorno-Karabakh conflict that has strongly influenced politics since 1988.

potential of corruption or conflict situations to escalate within the country (and, put slightly differently, they provoked the re-escalation of territorial conflict).

In general, contested state territory is a highly volatile political factor that has a strong impact on the quality of the state system. States have to cope with a highly insecure environment when facing secession of territorial entities or territorial conflicts with neighboring states. As the old state structures of the Soviet Union had disappeared, former Soviet entities gained their independence, and several ethnic groups within states such as Georgia claimed more autonomy, if not independence (which was also due to awakening nationalism).[10] Accordingly, unstable situations emerged and state performance was low, characterized by incertitude, short-term politics and corruption. Violent conflict did not lead to territorial consolidation, but to consolidation in the elite sphere, mostly in terms of maintaining old (post-communist) elite structures. The cases of Armenia and Georgia show the impact of the territorial factor on the political elite. In Georgia the nationalist governing elite headed by Zviad Gamzakhurdia was ousted by opponents after proving incapable and old power structures reinstalled under Eduard Shevardnadze. In Armenia the nationalist and post-communist elite formed a strong coalition, being inclined to use measures that can be described as autocratic to remain in power.

In the following sections, this paper explains that on an institutional level those both variants of elite rule affected the development of the state negatively – both in terms of institutional performance and of the nature of the political system.[11]

Formally, the fragmentation between the nationalist and the post-communist elite has ceased in both Georgia and Armenia. According to theory, such a unified elite should lay the prerequisites for socio-economic development. Consulting development data, a rather bleak picture appears. In the recently published 2009 Human Development Index, out of 177 countries, Armenia is ranked 84th, and Georgia 89th.[12] Thus, the question is whether there are structures beyond the formal consolidation of nationalist and post-communist elite that influence state development. Comparing Armenia with Georgia, Armenia displays an autocratic elite which leads a strong state. Despite the strong character of the state in Armenia, institutional performance remains weaker than in Georgia as expressed in the 2009 Transparency Corruption Perceptions Index, with Armenia given a rating of 2.7, and Georgia one of 4.1.[13] The more corrupt a state, the weaker its institutions, which are meant to provide common goods, as well as the distribution of common goods in terms of infrastructure (energy, roads, etc.) and welfare. Elite system–based categories impeding institutional development might include the importance of personal networks and clientelistic structures and the degree of personalization of public office. Here, the principle of informality and the necessity of proximity to power structures to

[10] See footnote 8 on conflict theorists for Caucasian countries and their explications for internal conflict.
[11] See Way's article (footnote 5) on how the political party elite have influenced the formation of an autocratic (Armenia) or pseudo-democratic regime (Georgia).
[12] UNDP, *Human Development Report 2009*. Fact Sheet Armenia, 2009, http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_ARM.html; (accessed 30 December 2009); and UNDP, *Human Development Report 2009*. Fact Sheet Georgia, 2009, http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_GEO.html (accessed 30 December 2009).
[13] On the Transparency International Indices "10" is the rating for the least corrupt and "1" for the most corrupt. Transparency International, "Transparency International Corruption Perceptions Map," 2009, http://media.transparency.org/ imaps/cpi2009/ (accessed December 6, 2009). On Armenia read "Armenia Again Slides In Global Graft Rankings," *Azatutyun*, November 17, 2009, http://www.azatutyun.am/content/article/1880702.html (accessed December 6, 2009).

provoke decisions of any kind are very relevant. This phenomenon can be also called *frozen elite structures*.

Another question is whether post-conflict containment could be explained by the nature of elite structures. The linkage between frozen elite structures and the fact that the territorial conflicts go unresolved is an interesting point. In any case, the Nagorno-Karabakh conflict between Armenia and Azerbaijan as well as the Georgian territorial conflicts in South Ossetia and Abkhazia have become frozen conflicts, i.e. conflicts where the central state does not recognize the secession of a given territory and where political settlement cannot be achieved. Such conflict is "stalled", and the situation is one of conflict perpetuation, with the risk of new conflict escalation being real – as the example of Georgia has proved.[14] The relation between elite structures and conflict will be elaborated underneath in more detail for the example of the role of the state presidents and conflict management. The following section examines the linkage between the elite and institutional system. It will concentrate on the institutional and on the policy-making (political elite) levels. In this context, the next paragraphs shall give an impression of the linkage between weak state development, elite conduct and the overall imperative of the territorial question for the leading political elite.

The Institutionalization-Elite Nexus in Armenia and Georgia

Considering post-Soviet political developments, the two countries have certain similarities. Both have to face post-communist political realities, i.e. economic decline, state structures that do not function for the public's well-being and questions of territorial inclusion and exclusion. Unresolved issues of territoriality stand beside the necessity for the development of the institutional system and the state as a whole.[15] The territorial conflicts are of a different nature. In Armenia the state authorities succeeded in exercising control over the national state and the disputed region of Nagorno-Karabakh that formerly had not been part of the Armenian state.[16] The conflict on Nagorno-Karabakh and surrounding territories can also be treated as an external problem, but it has determined political and economic development of Armenia decisively. In Georgia problems are connected to territories that legally were part of the Georgian state. The Georgian political leadership had, and has, to face a quasi-disintegration of the contested territories, sc. South Ossetia and Abkhazia. The conflicts have been handled in a similar manner, i.e. there have been military rather than political attempts to resolve them. In general, those conflicts led to the "nationalization" of politics. In Armenia, for example, the elite from Nagorno-Karabakh became the leading political force, and determined the issue, in particular in its degree of politicization. Here, the Nagorno-Karabakh military elite managed to grasp important political power positions in Armenia, and thus provoked a merger between the military and political elite, a recent example of which is the presidency of Serzh Sarkisian. In Georgia the military nationalist elite of the early 1990s could not establish themselves in such a way, as they

[14] On conflict theory see Zurcher (above); Kalevi Holsti, *The State, War, and the State of War* (Cambridge: Cambridge University Press, 1996); and Aytan Gahramanova, "Peace strategies in 'frozen' ethno-territorial conflicts: integrating reconciliation into conflict management. The case of Nagorno-Karabakh" (working paper, University of Mannheim, 2007), www.mzes.uni-mannheim.de/publications/wp/wp-103.pdf for frozen-conflict theories and the Nagorno-Karabakh problem. Authors that apply the frozen-conflict term do not consent on the factors that determine whether peace or war will succeed.

[15] Jon Elster, Clauss Offe and Ulrich K. Preuss, *Institutional Design in Post-Communist Societies. Rebuilding the Ship at Sea* (Cambridge: Cambridge University Press, 1988).

[16] See a timeline of the Nagorno-Karabakh conflict on Radio Free Europe/Radio Liberty, "Nagorno-Karabakh: Timeline Of The Long Road To Peace," *rferl.org*, February 10, 2006, http://www.rferl.org/featuresarticle/2006/02/908366e9-f535-4958-9383-09f351a1ef0c.html (accessed December 6, 2009).

were out-powered by the political elite attached to Shevardnadze. Nevertheless, after the Rose Revolution President Mikheil Saakashvili made the issue of the secessionist regions a top priority, and emphasized military-political issues.[17]

The political framework of both countries cannot be called a consolidated democracy. Armenia is considered semi-authoritarian, while Georgia is rated a little better.[18] If a weak democratic framework is in place, then this leaves room for corruption and elite pacts that go uncontrolled by formal structures. Analysts of post-Soviet countries have observed an inclination toward authoritarian policy-making, as self-interested politicians look for institutions that provide them policy-making posts and control over the policy process.[19] In addition, local observers have criticized the gap between formal legislation and actual political deeds.[20]

Armenia formally established a semi-presidential system in 2005 based on an amendment made to the 1995 Constitution.[21] This included the formal strengthening of the rule of law, that is, legislation on civic freedoms. For example, the Law on the Freedom of Information was formally ratified, but practically not implemented. The formal strengthening of the control of institutions and provisions on rule of law and civic freedoms stand in contrast to practical politics. A first and important point is that executive agencies dominate the country (the role of the president will be analyzed in detail below). In Armenia a powerful police and security apparatus is employed to strengthen the current elite system, for example, in suppressing oppositional unrest and activities. Powerful executive agents go hand in hand with the use of administrative resources to ensure support for the governing party (viz. the Republican Party). The army still is estimated (real numbers are a state secret) to include over 40,000 soldiers, for a population of three million, and military expenses account for a significant portion of the budget.[22] Questions of armed conflict often take precedent over questions of state

[17]For the military-political aspects in Georgia, see, for example, Vicken Cheterian "Georgia's arms race", *Open Democracy*, July 4, 2007, http://www.opendemocracy.net/conflicts/caucasus_fractures/georgia_military. And on the Armenian political elite's link with military, see "Armenia: New Government Takes Shape," *rferl.org*, April 17, 2008, http://www.rferl.org/content/article/1109586.html (accessed December 27, 2009).

[18]Freedom House Nations in Transit Reports. Freedom House, "Country Report Georgia (2008)," *Nations in Transit*, http://www.freedomhouse.org/template.cfm?page=47&nit=452&year=2008 (accessed December 6, 2009); and Freedom House, "Country Report Armenia (2008)," *Nations in Transit*, http://www.freedomhouse.org/template.cfm?page=47&nit=444&year=2008 (accessed December 6, 2009).

[19] Philip G. Roeder, "Varieties of Post-Soviet Authoritarian Regimes," *Post-Soviet Affairs*, vol. 10:1 (1994): 61–101; and Marina Ottaway, *Democracy Challenged. The Rise of Semi-Authoritarianism* (Washington DC: Carnegie Endowment for International Peace, 2003).

[20] Former Armenian foreign minister Vartan Oskanian in an interview with *azatutyun.am*. (Karine Kalantarian, "Oskanian Questions Government Commitment To European Values," *azatutyun*, November 11, 2009, http://www.azatutyun.am/content/article/1875502.html [accessed November 29, 2009].) On a more general level, Nicole Gallina discusses the gap between formal legislation and informal practices in *Political Elites in East Central Europe* (Opladen: Budrich, 2008).

[21] Alexandr Markarov, "Macroinstitutional Political Structures and their Development in Armenia," *Demokratizatsiya*, vol. 14:2 (2006): 159–170.

[22] Find some information in: Sargis Harutyunyan, „Ex-Official Concerned Over Actual Military Budget Cut," *Radio Free Europe/Radio Liberty*, 6 October 2009, http://www.armenialiberty.org/content/ article/1845045.html (accessed 30 December 2009). As a consequence of the tight military-political elite nexus, the relationship between the army and the State remains problematic in Armenia. See, for instance, Philipp Fluri and Viorel Ciboratu (eds.), *Defence Institution Building: Country Profiles and Needs Assessments for Armenia, Azerbaidjan, Georgia and Moldova* (Geneva: The Geneva Centre for the Democratic Control of Armed Forces, 2008). The 2009 World Development Indicators list the following military expenditures: Armenia, 18.1% of central government expenditures (2007). Georgia, 32.7% of central government expenditures (2007). International Bank for Reconstruction and Development: World Development Indicators (Washington, D.C.: The World Bank, 2009).

reform, as security issues are an overarching and recurring theme. The territory in question and the future of the country runs counter to the institutionalization of central state power in terms of government, parliament and jurisdiction, including police, tax administration or basic social welfare.

Compared to president's powers, other political institutions remain weak (namely Parliament). Prime minister enjoys relatively little power. In theory, however, they should be important political players since Armenia has a semi-presidential system. Political parties have little to offer beyond national rhetoric, and could be considered informal associations to secure individual needs and power. The opposition has seen its role reduced to post-election protests ("institutionalized" since 1995), being almost invisible in between. The fact that single persons dominate the political landscape underlies the importance of leader-figures and personalized relations to generate proximity instead of the necessary institutional development and democracy.[23]

The fact that Armenian parties in general are passive can be also explained by their informal ties to the governing structures. In this context, the elite fragmentation on public display between the governing and the oppositional parties would be only part of the game, and efficiently conceal back-door agreements. Indeed, informal ties between party members exist, but formally, government and opposition parties blame each other for political failures and electoral fraud, and maintain the formal picture of party fragmentation.

Another interesting aspect is that politicians provoke unrest during elections and channel popular unrest. For example, in March 2008 the Armenian government restricted the citizens' right to freedom of assembly and allowed the authorities to prosecute demonstrators. In between elections, the political elite are left to their own resources. In those periods, parliamentary representation mostly follows business interests and lobbies for their respective interests. In Armenia, for example, speaker of the parliament Hovik Abrahamian is also well known for being an important businessman. MPs can also be reproached for voting "on demand".

The judiciary, which is another pillar of the institutional system that should lay the backbone for institutional development, is largely dependent on the political leadership. The 2007 Global Integrity Index speaks clearly on this issue: It allocated 34 (out of 100) points to Armenia for law enforcement, stating that despite having a respectable legal framework, the implementation of laws is lacking.[24] The media faces intimidation, especially in times of elections. During the 2008 presidential election campaign, most broadcast media failed to give an objective picture of the campaign and were harassed if trying to do so.[25]

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[23] Political parties are mostly the creations of single political leaders. For a discussion of this topic regarding Georgia see Ghia Nodia and Álvaro Pinto Scholtbach, *The Political Landscape of Georgia. Political Parties: Achievements and Prospects* (Tbilisi: Caucasus Institute for Peace, Democracy and Development, 2006).

[24] The overall impression of the system was "very weak" (Global Integrity "Armenia: 2007," http://report.globalintegrity.org/Armenia/2007 [accessed December 5, 2009]). Georgia scored similar rates, having a very large implementation gap: Global Integrity "Georgia: 2008," http://report.globalintegrity.org/Georgia/2008 (accessed December 5, 2009).

[25] Observations of the author in Armenia 2008, and Blanka Hancilova and Olga Azatyan, "Armenian Presidential Elections Decided by the Past?" *CACI Analyst*, February 6, 2008, http://www.cacianalyst.org/ ?q=node/4788 (accessed November 29, 2009).

As far as the institutionalization of democratic institutions and the role of executive forces and security agencies are concerned, similar political constellations can also be observed in Georgia.[26] A major difference between Georgia and Armenia, however, has been that the Georgian population managed to question the trajectory of state transformation after independence from the Soviet Union, as well as that of the communist-based political leadership installed in the early 1990s. As the political elite turned increasingly authoritarian and self-assertive, popular protest showed its discontent with the old guard in 2003. This elite power replacement – of Shevardnadze for Saakashvili – gave hope to the Georgian public for breaking the vicious circle of unresolved conflict, undesirable institutional developments and elite fragmentation. Indeed, the new governing elite initiated a serious discussion on state transformation, such as tackling organized crime and political corruption, and managed to pacify executive agencies that had become increasingly uncontrollable (in particular the traffic police and customs officials).[27] Georgia was thus seen as a hope for democracy based on elite change in the Caucasus. The constitutional amendments enacted in February 2004, however, spoke another language.

In contrast to Armenia, which decreased the formal (but not the actual) power of the executive structures, the amendments strengthened the power of the Georgian President. As such, he is allowed to dissolve parliament twice within one (five-year) presidential term. Since 2008 the role of the president was also strengthened in light of a possible military conflict. In particular, he was given the right to dismiss ministers, such as those of the justice, the interior and the defense, which gave him power over military decisions. The frequent amendments to the Constitution in both countries might prove that the Constitution has not been regarded as a document laying the foundations of an institutionally strong state but as an instrument to ensure political power. Another interesting fact in this respect was the transfer of the Georgian Constitutional Court to Batumi in July 2007, where it has been "forgotten" ever since. The concentration of power in the hands of the executive branch in Georgia has consequences for the use of administrative resources and emergency instruments.[28] The use of administrative resources has been widespread in the form of electoral engineering in order to influence presidential and parliamentary elections, e.g. to allow only the minimum period of two months to organize the election campaign. An important emergency instrument was the power to declare a state of emergency that was used against demonstrators, as in November 2007.[29]

In Georgia, institutional powers which should function as instruments of democratic control, namely Parliament and the Prime Minister are weak. The ruling party (the UNM – United National Movement) currently has a two-thirds majority in Parliament, which enables it to pass legislation and constitutional amendments. Such a political constellation is also facilitated by a favorable election framework and the reallocation of constituencies approved by Parliament. Ministers and prime

[26] Charles King, "Potemkin Democracy: Four Myths about Post-Soviet Georgia," *The National Interest*, No. 63 (2001): 93–104; Ghia Nodia, "Georgia: Dimensions of Insecurity" in *Statehood and Security: Georgia after the Rose Revolution*, ed. Bruno Coppieters and Robert Legvold (Cambridge: MIT Press, 2005); and Jaba Devdariani, "Georgia: Rise and Fall of the Façade Democracy," *Democratizatsiya*, vol. 12:1 (2004): 79–115.
[27] Nodia 2005 (footnote 23).
[28] Zurab Chiaberashvili and Gigi Tevzadze, "Power Elites in Georgia: Old and New," in *From Revolution to Reform: Georgia´s Internal Struggle with Democratic Institution Building*, ed. Philipp, H. Fluri and Cole Eden Vienna: National Defence Academy and Bureau for Security Policy, 2005), 187–207. David Darchiashvili, "Power Structures in Georgia," in *IDEA, Building Democracy in Georgia. Power Structures, The Weak State Syndrom and Corruption in Georgia*, (Discussion Paper No. 5, International Institute for Democracy and Electoral Assistance, Stockholm, 2005), 8–15.
[29] International Crisis Group, "Georgia: Sliding towards Authoritarianism," *Europe Report N°189*, December 19, 2007, http://www.crisisgroup.org/home/index.cfm?id=5233&l=1 (accessed November 29, 2009).

ministers are appointed on the grounds of loyalty and have little expertise; they are also changed rather quickly.[30] In addition, the volatility of MPs does not allow for long-term political reforms and concepts to be developed and implemented by the legislative bodies. An elite system composed of both nationalist and communist-based elite and rooted in the executive agencies dominates the scene. This is also demonstrated by the fact that Parliament has been used to approve legislation in favor of the President and his party. Political parties, especially the opposition parties, have not succeeded in unifying and are highly polarized and fragmented. Mutual antagonisms impede the emergence of a strong oppositional bloc. Moreover, opposition parties have boycotted parliamentary work after the 2008 elections, and stuck to extra-parliamentary opposition connected to demonstrations, with little effect. In contrast to Armenia, Georgia regularly experiences high-level political scandals, such as the death of Prime Minister Zurab Zhvania, the arrest of the politician Irakli Okruashvili and the intimidation of the owner of the Imedi television station, the late Badri Patarkatsishvili. The conduct of the political elite in Georgia more openly includes harassment, intimidation and criminal methods.[31]

The judiciary is also largely dependent on the elite system, a fact that completes the picture of executive dominance (or its takeover by the unified nationalist, communist-based elite). The Office of the Public Defender, or the Ombudsman, was installed, but its ability to act as a counterweight and whether his reports criticize Georgia's lack of judicial and electoral independence highly depends upon the personality of the ombudsman.[32] International reports, such as the Global Integrity Report, underline the lack of the independence of the judiciary, and point out that the pressure on judges and attorneys to act in a certain way is high.[33] Independent media coverage has been regularly hindered, with a focus on nationwide media. A particular case was the closing of the independent television channel Imedi in November 2007.[34] As a consequence of the tensions and the war of August 2008, Russian TV stations and websites were closed and blocked in Georgia.[35] Such decisions, not only in

[30] For example: Zurab Noghaideli – 2005–07; Lado Gurgenidze – 2007/8; and Grigol Mgaloblishvili – 2008/9. Since independence (1991) there have been sixteen different prime ministers (fourteen in Armenia).
[31] Both opposition and government elite receive death threats. A recent case was that of the Georgian businessman Badri Patarkatsishvili who died under suspicious circumstances in February 2008 ("Georgia: Sudden Death of Opposition Billionaire Stirs Political Pot," *Radio Free Europe/Radio Liberty,* February 13, 2008, http://www.rferl.org/featuresarticle/2008/2/879500E9-589E-4DC3-97BC-17C3E8915F48.html [accessed November 29, 2009]).
[32] Sozar Subari, the Georgian Ombudsman from 2004 to 2009, turned into a prominent critic of the Saakashvili government, and complaints to the office jumped from 1,400 to 5,100 annually (Tara Bahrampour "Georgia's Counterweight to Power. Ombudsman Thrives Even as President Increases His Control," *The Washington Post*, July 24, 2009, http://www.washingtonpost.com/wp-dyn/content/story/2009/07/24/ ST2009072400097.html [accessed November 29, 2009]). His successor was determined to "be an assistant to state structures" ("Incoming Public Defender Speaks of Priorities," *Civil Georgia,* July 31, 2009, http://www.civil.ge/eng/article.php?id=21312 [accessed November 29, 2009]).
[33] Another interesting point was the October 2008 merger of the Office of the Prosecutor General and the Ministry of Justice. The official is empowered to start criminal proceedings against all high political officials (only the President is empowered to dismiss him). The Ombudsman claimed that the Office of the Prosecutor General and the Interior Ministry had become repressive political instruments, in particular to apply pressure on the courts.
[34] See the reports in RFE/RL and Freedom House: Claire Bigg "Georgia's Neighbors On Edge After Week Of Unrest," *Radio Free Europe/Radio Liberty*, 9 November 2007, http://www.rferl.org/featuresarticle/ 2007/11/35A73AAC-67DF-4329-B748-D25F465FAAAA.html (accessed November 29, 2009). On general scores that are both low for Georgia and Armenia, see the IREX Media Sustainability Index: "Media Sustainability Index - Europe and Eurasia," IREX, http://www.irex.org/programs/MSI_EUR/2009/exec.asp (accessed December 5, 2009).
[35] IFJ/IFEX, "IFJ endorses joint Russian and Georgian demand to end media restrictions," 10 November 2009, http://www.ifex.org/georgia/2009/11/10/ media_restrictions/ (accessed 30 December 2009). For the August 2008 situation see: RSF/IFEX, "Several Georgian, Russian websites blocked following attack by rival groups, hackers," http://www.ifex.org/georgia/2008/08/14/several_georgian_russian_ websites/ (accessed 30 December 2009).

Georgia but also in Armenia, underlined that the conflict situation worked in detriment to institutional development, and was used by the political elite to maintain and generate political power. The elite-system supports strong executive structures that have overtaken the institutional system and are personalized by the President. The next section will show in more detail the effects of political leadership, institutional control and conflict escalation for the cases of Armenia and Georgia.

Strong Leadership and State Integrity

In general, unconsolidated democratic political systems, but also authoritarian-inclined political systems, do not rely on formal structures but on informal networks and on persons who present themselves to the public, for example, as charismatic or decisive rulers, and have in common that they personalize political power – and that this is the only possibility for achieving stable rule. The façade of "all is under control" is filled with populist rhetoric and the use of administrative resources. Such methods of ruling fail to consolidate the State but often succeed in maintaining the picture of a political leadership that is in control of power and the political agenda. Within the context of elite fragmentation, a strong political leader plays an important role. He has to ensure his power over his networks and resources to defeat any real or imagined opponents. In a setting of formal elite fragmentation, the political leader has to ensure that either side will be satisfied with their resource allocation. In a conflict-prone setting of fragmentation, strong leadership becomes especially important to unify the elite against opponents and to ensure success. Armenia is an example of successful elite unification in order to dominate territory for the Armenian side, while Georgia is not. Independent of the outcome, in conflict-ridden societies the role of the political leader has developed into an especially important one. Indeed, his role is a double-edged one: his leadership can lead to the resolution of conflict, but also its escalation, while other institutional powers can do little to prevent the escalation of both conflict situations. In a setting of weak institutionalization and strong leadership, it is the President who provides crucial incentives for conflict resolution. In this respect it is important to examine the role of the Armenian and Georgian political leaders in conflict resolution.

The problem-solving capacities of Georgian presidents are ambiguous. The first post-independence president Zviad Gamsakhurdia did not prevent the rise of paramilitary groups in South Ossetia and Abkhazia. President Shevardnadze could stabilize the country after the post–independence civil wars, but he could not solve the conflicts, which turned into "frozen" ones.[36] The third Georgian president after independence, Saakashvili, was determined to find a resolution both to the state and territorial crises. He established supra-presidential control over the political institutions, as well as with respect to resolving the territorial conflicts of the country. In regard to conflict resolution, he chose a thoroughgoing way for dealing with the separatist territories. His methods were accompanied by rhetoric ("with a heavy hand") and high military spending. The political instruments applied were mainly nationalist rhetoric and the accusation of the opposition or oppositional criticism as unpatriotic. He used these methods to retain and consolidate power. The presidential policy was arguably partly justifiable as Russia supported Abkhazian and South Ossetian secession ambitions, e.g. by distributing passports to the population in Abkhazia and South Ossetia, or imposing an economic embargo on Georgia. President Saakashvili demonstrated a stick-and-carrot approach combining democratic and autocratic elements including threats to use force, but not showing a clear line to resolve the conflict. The Georgian political leadership did not define long-term strategies and a

[36] See R.G. Suny on elite problems of Georgia in the 1990s: "Elite Transformation in Late-Soviet and Post-Soviet Transcaucasia, or: What Happens When the Ruling Class Can´t Rule?" in *Patters in Post-Soviet Leadership*, ed. Timothy J. Colton and Robert C. Tucker (Boulder, Colorado: Westview, 1995), 141–167.

road-map for state development and conflict resolution.[37] The stick-and-carrot approach was not helpful in settling the territorial conflicts for either side, and the result was the August 2008 war.

In Armenia, Robert Kocharian played a decisive role in the occupation of the wider Nagorno-Karabakh territory. As a result of the conflict and the war, the political elite from Nagorno-Karabakh were able overtake the elite system and play a decisive role in the management of the conflict, leading to its current situation. The period between 2003 and 2008 was characterized by a political stalemate, with the opposition boycotting the Parliament, and the President having an open field to act without (even if limited) parliamentary control. When it came to Nagorno-Karabakh, the issue was used politically to camouflage urgent structural tasks and state problems, and used to distract attention from other issues. The Nagorno-Karabakh conflict has been highly emotionalized in Armenia, in particular in presenting it as one of the most urgent national problems, and has been the source of sharp rhetoric on both sides.[38]

The conflict afforded legitimacy to the political leadership and excuses for power accumulation and the application of political instruments, such as the declaration of the state of emergency by outgoing president Robert Kocharian in March 2008. In Armenia the support of and need for strong political leaders is emphasized by Armenian researchers.[39] However, those strong leaders did little for real conflict resolution. Instead, they relied on the prevailing institutional fragility and the existing power gap between the executive and all the other political branches. This political constellation did not support the management of the conflicts toward a sustainable solution for the involved parties. Even if the conflict-setting suggested that the presidents acted for the sake of national interest, much self-interest was involved in influencing state development and national security policy.[40] To date, the presidents, mainly in Armenia, managed to satisfy group claims, but this so far did not work in favor of sustainable state integrity and a reconciliation concerning Nagorno-Karabakh.

Conclusion

In sum, the analysis of the role of the political leaders in Armenia and Georgia and their actions to resolve the frozen conflicts and to prevent them from turning "hot" does not provide a very positive image. Presidents strongly focus on their role and image as a strong political leader to manage both domestic and external threats. The actions of the Armenian and Georgian presidents have mainly proved that security threats can cause a political stalemate and impede fundamental state transformation.

In Georgia and Armenia, heated debate on inclusion and exclusion of both elite and territory influences political discussions and the building of state structures. The "specialty" of the political

[37] Interview with the Georgian analyst Ghia Nodia in Radio Free Europe/Radio Liberty: Robert Parsons, "Georgia: Analyst Ghia Nodia Assesses Saakashvili's Attempts To Transform Country," *Radio Free Europe/ Radio Liberty*, June 15, 2006, http://www.rferl.org/featuresarticle/2005 /6/404C8894-8F48-4403-8045-BFDA6D4764EE.html (accessed November 30, 2009).
[38] Levon Zourabian, "The Nagorno-Karabakh Settlement Revisited: Is Peace Achievable?" *Demokratizatsiya*, vol. 14:2 (2006): 252–265.
[39] Vahe Sahakyan and Artur Atanesjan, "Democratization in Armenia: Some Trends of Political Culture and Behavior," *Demokratizatsiya*, vol. 14:3 (2006): 347–354.
[40] Richard Giragosian, "Redefining Armenian National Security," *Demokratizatsiya*, vol. 14:2 (2006): 223–234. Also, the above-cited Cornell/Starr work underlines that the nationalist movement in Armenia co-opted the clan structures, while the nationalist movement was to a large extent ousted in Georgia.

elite is that they rely on populism and nationalist slogans to reach their political goals, but are not capable of resolving the territorial questions. An example has been the rhetoric of the Georgian President Saakashvili about South Ossetia and Abkhazia before and after the August 2008 war. However, an interesting turn of events is the recent attempts of rapprochement and signing of protocols between Armenia and Turkey (which has caused tensions in Azerbaijan fearing that the Nagorno-Karabakh conflict would be solved to the detriment of the country). But the fact is that decades after the eruption of the tensions none of the conflicts has been solved by a formal peace treaty and mutual reconciliation.

The conflicts of Georgia and Armenia are of different nature, taking place in different institutional and elite settings. But both Georgia and Armenia were so far unable to reform their states, and one reason has been that they are confronted with questions of external and domestic integrity. State development must remain incomplete in this insecure environment, and the task of territorial consolidation dominates political decisions and structures explicitly or implicitly. Unsolved territorial and ethnic minority issues most often were not new but a legacy from Soviet times, and they developed into serious problems in the late years of the Soviet Union and afterward. Here, it could be suitable to speak of a political and a cultural-ethnic fragmentation that has severely impeded state-building. Questions of unresolved territorial issues, identity, nation and ethnicity are confronted with weak state institutions. The general situation in both states is characterized by low spending on public goods related to health, infrastructure and education, and high spending on goods related to combat readiness. The structures that are necessary to found a stable state are not strong enough to support state-building efforts, especially in terms of the judiciary and the rule of law, central political institutions, Parliament and political opposition. From a state-building point of view, the goal of constructing a state that provides a minimum of social welfare, guarantees sustainable economic development – i.e. in supporting productive industries or services – and generates infrastructure has not been achieved.

Analyzing the cases of Georgia and Armenia, one can observe common points that are important: elite characteristics and interpretation of political rule, and patterns of elite leadership that prevent conflict resolution. In this context, according to state theorists that elite determination in building up a functioning state within a consolidated territory should be carried out without the use of the tactics of informality – namely informal, personalized structures and the necessity of power proximity. The observation in both countries is that the decision-making processes are not transparent, and are highly personalized – as well as that the influence of democratic political institutions (which could serve to drive conflict resolution) is marginal. The personalization and concentration of power in the hands of the state presidents, and executive branches, such as the resilience of authoritarian politics are the visible outcomes of undemocratic thinking of the political elite. It is possible that the understanding of politics as a power struggle, in which the highest political representative is not allowed to make concessions, greatly contributed to the inability to resolve the frozen conflicts in both Georgia and Armenia. The general political atmosphere in both countries is tense and characterized by the polarization between the governing elite and the political opposition, and an overall lack of political alternatives. Moreover, in the course of instable political developments, informal structures – namely the elite system – have undermined formal provisions and the political institutions such as Parliament. The corruption rates, for example, show that both states are not ready to accept the formal regulations of the political framework that restrict individual governing.[41]

[41] The issue of wide-spread corruption remained crucial for national security. One can even speak of the systemic corruption that undermines the state together with presidential power and unresolved conflict. If corrupt structures have

A common feature has persisted in both countries: The political elite, in general, do not feel compelled to adhere to a democratic code of conduct. Thus, the conviction prevails that the elite can do whatever they feel like, even with regard to conflict resolution. In this context, self-criticism and the capability for compromise between political leaders is unimaginable. Political transparency, openness and creativity are rather understood as power-endangering. The political landscape has been dominated by a lack of dialogue, political compromise and respect for political diversity.

Furthermore, the ruling elite use conflicts as political instruments in order to render legitimate a politically strong leader who acts and makes decisions that are incompatible within a democratic political framework. Military intervention has gone hand in hand with additional legitimacy of political leadership, being best observed in Armenia, where the Nagorno-Karabakh political elite dominate the Armenian elite system. Securing regime continuity becomes more important than proposing future visions of state composition and development. In the long-run an understanding of politics as based on conflict and elite fragmentation has a negative impact on the political culture and on conflict settlement. Thus the unresolved conflict has strengthened authoritarianism vis-à-vis democratic policy-making.

In Georgia the inclination to oust President Saakashvili after the war of August 2008 and the subsequent political developments have not been very successful. Questions of political power and state development that surfaced in the mid-2000s were set back, as the future of the whole state is still contested. In Armenia a fundamental political change seems desirable neither for the political elite nor for the Armenian population until Armenia and Azerbaijan have resolved the Nagorno-Karabakh problem.[42] In the end, those conflicts slow the modernization of the state and lead to a frozen state development. But this slowly undermines the legitimacy of the whole state (even if the elite refer to such conflicts to generate legitimacy).

This connection of conflict, the elite and state development could be called a vicious circle. The question is how to break this circle that provokes long-term instability – even if the South Caucasian states cannot be regarded as failed states at the moment, especially Georgia, which confronted periods of territorial, social, economic and political disintegration and partial collapse.

One solution could be political elite reform. It is crucial how and if the political leadership succeeds to subdue under a formal institutional framework for the sake of state-building. Unfortunately, there have been not very many efforts toward this requirement. The Presidents of Armenia and Georgia have so far demonstrated little political commitment for peaceful conflict solution, and we get a dubious picture of political leadership in both countries. Mutual mistrust among the political elite prevails, and informal networks and patron-client relationships are used to retain political power. In this context, a strong political leader who relies on strong informal groups, police forces, and security agencies is perceived as necessary to guide the country through an insecure environment.

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proved their efficacy in controlling economic resources, political decision-making and the manipulation of political and social opponents, they are hardly changed.

[42] The respective sites offer lengthy and recurring articles on the topic, e.g. the homepage of azatutyun.am, http://www.azatutyun.am/. An example of an article is Jamil Bayramov, "Double Standards Hinder Karabakh conflict settlement," *News.az*, November 21, 2009, http://www.news.az/articles/3043 (accessed November 25, 2009).

If we examine contested territoriality and weak state structures, it is additionally interesting to ask what impact those factors have on public behavior, and if their toleration for weak state structures correlates with the intensity of conflict. In Armenia when political protests occurred, they were not about Nagorno-Karabakh but against political corruption. Here, a part of the population protested, mainly tied to the Armenian political opposition, for example, in April 2004 or in February 2008 as a reaction to the results of the presidential election. However, those protests largely aimed at the transfer of political power from one power-network to another. In Georgia the population in general unified with the government against the secessionist population. When public protests broke out, they had the goal of a real change in the political culture and conceptions of power. The protests did not include the territorial issues in the first place. For example, one can recall the protests in 2003/4 that led to a transfer of power in January 2004.[43]

In the context of the August 2008 war, the situation changed to a certain degree, as President Saakashvili was blamed for having contributed to conflict escalation. But he managed to stay in office on account of, among other factors, the public's tendency to avoid demanding a change in the political leadership when territorial conflict is perceived as a direct threat. Again, the vicious circle becomes visible: If conflict settlement has developed into a prerequisite for fundamental political change and the development of state structures, there is a need for constructive proposals and serious negotiation (it also requires the same willingness to negotiate on the side of the adversaries). One hope here has been the recent rapprochement between Armenia and Turkey, which has proved that at some point elite change is possible. Also, the defection of some high-level government officials to the opposition in the aftermath of the presidential election in February 2008 in Armenia proved that the elite are not a coherent bloc, and changes might be possible.

However, institutional changes and reforms remain fragile as long as questions of territorial integrity are unresolved. In particular, social and economic reforms cannot be called sustainable if the threat of an armed conflict is acute and great portions of the state budget are dedicated to the military and adjacent agencies (or disappear in diffuse channels). In this sense, public unrest might bring changes for elite renewal, even if former attempts have failed. Maybe it is up to the public to remind the political elite that the resolution of unresolved territorial conflicts remains at the heart of state reform in the South Caucasus.

[43] Jonathan Wheatley, *Georgia from National Awakening to Rose Revolution. Delayed Transition in the Former Soviet Union* (Aldershot: Ashgate, 2005).