

“ARMENIA & GEORGIA: CORRUPTION, THE STATE, AND CHANGE”

Interview with Dr. Christoph H. Stefes*

Conducted by Jesse Tatum, Interview Editor of CRIA



CRIA: *With regard to your comparative study of corruption in Georgia and Armenia, can you explain its different levels – i.e. where it takes place and in what way – in society? Whom or what does it affect most? Why?*

Stefes: Let me first state that my research on corruption in Georgia focused primarily on the Shevardnadze era. I lived, worked, and researched in Georgia from February 1998 until June 1999. From what I could gather, under Georgia’s current president, Mikhail Saak’ashvili, the situation seems to have improved dramatically. Yet we have to keep in mind that Georgia started from an extremely low level of accountability. Under President Shevardnadze, corruption was the rule rather than the exception throughout the entire state apparatus, from the bottom to the top, from a rural police station to the Minister of Interior. State officials solicited and extorted bribes, misappropriated state funds, and protected corrupt colleagues from prosecution. It was truly a “system of corruption”, taking into account that corrupt activities were not only widespread but that these activities also followed numerous informal rules and norms that were embedded in myriads of networks connecting officials with each other as well as officials with citizens. It was generally understood that “lucrative” positions in the state administration – i.e. those positions that allowed officials to amass illegal income – were not given to the most qualified candidates but to relatives and individuals who paid for getting these jobs. Moreover, state officials colluded with each other. For instance, police, prosecutors, and judges shared bribes from citizens standing trial in return for an acquittal or a lower sentence. Citizens knew the rules of the game as well. Anyone who wanted to start a business, get a passport, avoid a ticket, or receive medical help in a brutal prison system knew how much (s)he had to bribe.

The situation in Armenia was very similar. I conducted field research in Armenia about six years ago. Yet I can state with some confidence that the situation has not changed much. Armenia continues to suffer from systemic corruption. The main difference between Armenia and Shevardnadze’s Georgia has been the level of government control over the informal networks of corruption, or what I call the “centralization” of corruption. In post-Soviet Armenia, corruption is widespread but the political leadership has succeeded in keeping corruption within limits. It has also

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made sure that these informal networks of corruption would support the government and not be used to form a powerful opposition to the government. It has prevented corruption from discouraging potential investors. Bribes still need to be paid, but they are predictable and officials who take the bribes usually live up to their end of the deal. Unlike Georgia whose state structures and political authority disintegrated in the wake of a turbulent post-Soviet transition, Armenia has seen a less disruptive transition from Soviet rule, which has allowed Armenia's post-Soviet leadership to keep the state structure intact and loyal, tightly controlling the formal institutions and informal networks. The weakness of the Georgian state and the country's decentralized system of corruption thereby formed a vicious cycle, which was only stopped and reversed in the wake of the country's Rose Revolution in 2003. In contrast, the Armenian government could always rely on a more coherent and loyal state apparatus.

Systemic corruption pits citizens who lack resources, such as money and personal contacts, against the state apparatus. As they encounter state officials, they will always get the short end of the stick. Citizens with resources, on the other hand, might do quite well under conditions of systemic corruption. In general, the informal institutions of corruption, such as collusion and clientelism, undermine the formal institutions of democracy and market economies, increasing the gap between those who are wealthy and/or powerful (in corrupt systems this often goes together) and those who have neither. A centralized system of corruption, like the Armenian one, might at least moderate the negative economic consequences of systemic corruption, providing a somewhat predictable business environment. On the other hand, the merger of political power and economic resources in a centralized system of corruption does not bode well for consolidating democratic rule. It can be a perfect tool for the government to revert to authoritarian rule. In Shevardnadze's Georgia, this merger did not take place, which provided the opposition with resources, guaranteeing some degree of political pluralism which eventually culminated in the demise of the Shevardnadze regime. Yet the Georgian economy suffered terribly from a system of corruption that ran out of control.

CRIA: You have stated that Armenia suffers from “centralized” corruption, while Georgia has a more “decentralized” form of it. Can you briefly define how the respective national governments can tackle these two forms of corruption, and what progress (or lack thereof) has been made over the past two years, especially Saak'ashvili's campaign in Georgia?

Stefes: For Armenia, change could come from above – probably, only from above, taking into account the weakness of Armenia's civil society and political opposition. If the political leadership was ready to fight corruption, it would have the ability to do so. However, this system of corruption has in many ways empowered and enriched elected government officials and top-level bureaucrats. Without outside prodding, the Armenian leadership has few incentives to change anything radical in how the government conducts business. And where should that prodding come from? Most certainly not from Russia whose control over the Armenian economy has rapidly increased in recent years mainly through shady deals. The irony is that it was clearly in Shevardnadze's interest to fight corruption, and he certainly tried, but his leadership was so weak that he largely failed. Not so his successor Saak'ashvili. By

purging corrupt officials and radically reforming parts of the state structure (e.g. the police and tax administration), he dramatically reduced corruption and increased citizens' trust in the state. There are still state agencies that are heavily affected by corruption – notably the court system – but the Saak'ashvili government has certainly cleaned up quite a bit in a relatively short time. The Rose Revolution, which in large ways was motivated by Georgia's endemic corruption, provided Saak'ashvili with the opportunity to tackle corruption head on. In so doing, Saak'ashvili has not always followed the rule of law. Yet Georgians have not only tolerated but expected from their new government that it would attempt to eradicate systemic corruption no matter what.

CRIA: How do the two forms of corruption affect centre-periphery relations, that is, how local-level and national-level governments work together?

Stefes: In Georgia, President Shevardnadze experienced an utter fragmentation of the state apparatus. This fragmentation included the regional and local administration. He was forced to strike deals with powerful clans outside the capital. These deals provided the clans with a free reign as long as they did not openly oppose the central government and delivered the votes for the president and his party through various illicit practices such as vote buying and the intimidation of opposition candidates. Yet in terms of formulating and implementing coherent economic, fiscal, and social policies, the reach of the Shevardnadze government did not extend beyond Tbilisi. This situation has changed under President Saak'ashvili who has dramatically limited the power of peripheral clans, as Julie A. George elaborates in more detail in her forthcoming book. Concerning the situation in Armenia, the country's centralized system of corruption, which links regional clans to clans tied to the central government, has helped the political leadership to exert its authority over the local and regional administrations. It should also be mentioned that constitutional changes have increased the formal authority of the central government over regional and local administrations. In short, as my colleague Babken Babajanian convincingly shows in his studies, formal and informal institutions increase the centre's leverage over the periphery in Armenia.

CRIA: Can you describe any recurrent strains of authoritarianism in these two countries, especially in light of the past two years in which both governments harshly repressed public protests (e.g. Nov. '07 in Georgia and March '08 in Armenia)?

Stefes: I would argue that in both countries the turn towards and consolidation of democratic rule is an uphill battle. I thereby largely support Steven Fish's argument. Super-presidentialism, a weakly organized and fragmented opposition, and the adverse impact of authoritarian neighbors – especially, Russia – have been strong barriers to democratization in these two countries. Armenia's authoritarian leadership can furthermore benefit from a merger of political power and economic resources, as I mentioned earlier, and it can rely on a well-trained and loyal coercive apparatus that has turned out to be a steadfast supporter of the incumbent government in times of crisis (e.g. in 1996, 2004, and 2008). I believe that Georgia has a better chance to establish democratic rule. Western countries' strong criticism of the Georgian government's crackdown on peaceful demonstrators in March 2008 has certainly left

an impression on President Saak'ashvili. Facing a similar situation this year, he has skillfully let the opposition run out of steam, abstaining from using force. Unlike the Armenian leadership, which can rely on Russia for military, diplomatic, and economic support, Georgia can only turn towards the West for support. After last year's war with Russia, Georgia cannot find any other foreign allies but the US and European governments and at least the Europeans have at times been sharply critical of authoritarian tendencies under Saak'ashvili. Today, I would classify Saak'ashvili's regime as semi-democratic; whereas Armenia's current regime under President Sargsyan is at best semi-authoritarian or "competitive authoritarian", as my colleagues [Steve Levitsky and Lucan Way](#) would call it. I don't see that this might change anytime soon.

CRIA: *Finally, regarding your upcoming book, can you talk about the rhetorical battle between Russia and Georgia?*

Stefes: If we analyze the rhetorical battle that Russia and Georgia have fought before, during, and after the war in 2008, it becomes very clear that the war was not just fought over the future of Georgia's two breakaway regions, South Ossetia and Abkhazia. Surrounding the active war, a tremendous rhetorical battle has been fought on all sides. For instance, both Russian and Georgian government officials have written op-ed pieces for numerous newspapers (e.g. *International Herald Tribune* and *The Wall Street Journal*), appeared on TV talk shows (such as CNN), and employed professional PR and legal firms to spread their messages as widely and as convincingly as possible. Russian and Georgian governments have thereby tried to communicate with their own people, with each other, and with the outside world (especially with the governments in the United States and in Europe). Recurring references to international rules and norms are thereby meant to support specific storylines that legitimize the actions that each party took during the active war. Yet it is also about constructing particular narratives that outline specific understandings of the international system, the role of the adversaries in this system, and one's own role in this system.

Starting with Russia, the Kremlin has clearly intended to draw a line in the sand. The Russian government feels betrayed, as all promises that were given during the 1990s by the West about respecting Russia's national security interests have been subsequently ignored by the Bush administration. Russia has repeatedly expressed its worries that international treaties and laws would become meaningless in a unipolar world that is dominated by the United States. Of course, comparing Georgia and its president frequently to Nazi Germany and Adolf Hitler has not really helped to mend any fences. For Georgia, on the other hand, this war has had a deeper meaning, as it has been primarily fought over Georgia's sovereignty. This is not surprising, as Georgia has just emerged as an independent state from Russia's colonial empire – otherwise known as the Soviet Union. In the 1960s, we saw similar reactions from the government of newly independent states in Africa and Asia. And Georgia has had good reasons to be worried. For instance, Russia has repeatedly violated Georgia's airspace for the past ten years.

Now, what does this all mean for the international efforts to find peace, and not just a ceasefire, in the region? First, there seems to be a preoccupation with finding out

which side we should blame for the outbreak of this war. Who shot first? I don't think that this detective work does us any good. After all, which of the many shots fired counts as the first shot? There have been skirmishes along the borders for years. The recent report by the European Union blames both Russia and Georgia for escalating tensions to a point where there was almost no way back. It is probably wise to leave it with that. Instead, the more difficult work of creating a new security architecture in the region needs to start as soon as possible. This new security structure needs to account for Russia's legitimate political and economic interests in the region but also has to guarantee the sovereignty of the successor states of the Soviet Union. In addition to these countries, the new security structure needs to include the European Union and its member states as well as the United States. Frankly, I don't know if we can achieve this kind of structure anytime soon. I am particularly worried about the uncompromising leaderships in Tbilisi and Moscow. However, it is also clear that in this part of the world, we need a lot more cooperation and confidence-building measures. Otherwise, we will see a resumption of violent hostilities not only in South Ossetia and Abkhazia but also in Nagorno-Karabakh, which could essentially mean that the entire South Caucasus goes up in flames.