

**The Reformist Leviathan:
Centralization of Power and Anti-Corruption Initiatives
in Georgia and Ukraine**

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Dedication

To my parents,
For encouraging me to dream,
And to Mindy,
For making my dreams come true.

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Chapter 1

One of the greatest difficulties many developing countries face is the continuing presence of corruption. Pervasive bribery and graft not only make an economy less efficient but also give rise to feelings of injustice and cynicism among a population. However, the same characteristics that make corruption problematic also thwart attempts at reform. Reducing the level of corruption in society impacts the interests of powerful and well-connected elite groups, and for this reason they will often mobilize to prevent changes from occurring. In addition, as potential leaders make their way through the ranks during their careers, they either become socialized into the norms of the system or excluded from power, and so those who proceed to the point where they have the ability to impact policy are often so compromised that they are no longer willing or able to act on reforms. As a result of these factors, corruption can prove remarkably persistent.

For this reason, the rapid anti-corruption reforms that took place in the Republic of Georgia after the Rose Revolution of November 2003 are worth special examination. When President Mikheil Saakashvili came to power after the revolution, he declared the elimination of corruption to be a major focus of his new administration, and he then proceeded to take several steps to reduce its prevalence. Foremost among these was a sweeping reform of the nation's notoriously corrupt police force, which among other things entailed firing the country's entire traffic police and replacing it with a smaller, well-paid, and better trained agency. The administration implemented other anti-corruption measures as well, such as introducing a national standardized test for the higher educational system to ensure a merit-based selection of students and streamlining the national bureaucracy to reduce opportunities for graft. As a result of these reforms, the levels of petty corruption in Georgia significantly dropped after only a few years.

Why did the Rose Revolution lead to significant changes in Georgia's levels of corruption? Although the genuine will of the Georgian government to make reforms played a part in this decline, to answer this question comprehensively, it is also necessary to explain why corruption did not decline after the Orange Revolution in Ukraine, despite the fact that it brought the similarly reform-minded Viktor Yushchenko to power. During the first nine months after his rise to the presidency, Yushchenko took several actions resembling those of Saakashvili, such as attempting to restructure the country's police force and educational system. However, unlike in Georgia, in Ukraine corruption levels have stayed constant in the years since the Orange Revolution. The attempted reforms led to few tangible benefits, and many of them were quickly reversed. Today, graft remains widespread in Ukraine.

In addition, while the reduction in corruption in Georgia was real and widespread, it was not comprehensive. Although low-level corruption significantly declined during the Saakashvili period, elite corruption continued to persist. During Saakashvili's rule, privatization deals for major government industries were made in a non-transparent fashion, property rights were ignored when they conflicted with the interests of powerful government actors, and the judiciary was pliant towards the wishes of the administration. These different standards generated popular discontent towards the ruling regime and eventually produced an opposition faction, Bidzina Ivanishvili's Georgian Dream, which took control of the Georgian legislature after the October 2012 elections. Given the strong political will of the Saakashvili administration to eliminate low-level graft, this lack of interest from the regime in tackling higher-level corruption is particularly striking.

In my dissertation, I argue that the respective degree of political power each administration possessed after their respective revolution impacted the outcomes of the anti-corruption drives in

Georgia and Ukraine. Saakashvili's political party, the United National Movement, held an overwhelming majority in the country's legislature after the Rose Revolution, while Yushchenko's party, Our Ukraine, was forced to govern in a coalition after the Orange Revolution with two other parties which held different political priorities. This stronger initial political position gave the Georgian government two advantages in pushing through reforms. First, since Saakashvili had a free hand to select his preferred administration, he elevated young, foreign-trained technocrats who shared his desire for reforms. By contrast, Yushchenko needed to take political considerations into account when picking his governing team, and so officials who had already been compromised by the existing "system" ascended to high positions in Ukraine. In addition, Saakashvili moved to marginalize political competitors who could pose a threat to the planned reforms, while Yushchenko was unable to risk overly antagonizing the opposition in this way, as he needed to preserve his options in case his ruling coalition collapsed. As a result, Saakashvili, but not Yushchenko, was able to enact a fundamental shift in the level of corruption in the country.

These factors can also explain why it was that the Georgian government attempted low-level, but not high-level, reforms. Without a check on the power of the ruling regime, there was no incentive for Saakashvili to crack down on the misuse of power by his closest associates. Indeed, the opposite may have been true, as impartially upholding the law would have threatened the cohesion in the government that had helped to push through reforms in other areas. It is interesting in this respect to note that, while corruption declined after the Rose Revolution but not the Orange Revolution, Ukraine became more democratic in the years after its revolution, while Georgia saw less change in this area (Freedom House 2005-2007). In this way, the example of Georgia suggests a paradox for the process of anti-corruption reforms: the very

conditions that might benefit reformers in some areas might also make changes more difficult in other ones.

Some Definitions

Before going further into detail about what determined the scope and outcomes of anti-corruption reforms in Georgia and Ukraine, it is important to provide definitions for a few key terms. The first one that needs to be covered is corruption. An often-used definition for this term, going back to Joseph Nye's work on the subject (Nye 1967), is "the use of public resources for private gain." This definition reflects the specifically political and transactional nature of corruption, moving away from uses of the term that focus on broader issues of social decay, such as greed, dishonesty, materialism, or immoral behavior. By setting a positivist definition of corruption, it also attempts to avoid questions of whether behavior a society tolerates or even celebrates should face the negative connotations of the term. Using this definition, even if such behavior provides beneficial outcomes, it still would be considered corruption if it involves diverting public resources to private uses. As such, it reflects a less normative understanding of the phenomenon of corruption, and it will be the definition used for this study.

In accepting this definition, however, it is important to realize that corruption often occurs alongside a number of other behaviors with which it shares fundamental traits. Such behaviors as crime, tax evasion, backroom deals, clientelism, and identity-based politics may not directly involve the misuse of public goods, but they share with corruption a lack of respect for the rule of law and the norm of equal treatment for all citizens of a country. Instead, they reflect the ability of some actors to disregard universalistic rules and benefit themselves and members of

their personal network at the expense of others. Corruption, then, should be seen as one of a number of behaviors that violate norms of impartiality within society (Rothstein 2011), and sincere anti-corruption reforms can therefore be considered a way to induce government to treat its citizens equally.

To express this concept more clearly, I use the term “impartial” to designate a government that for the most part acts in the same manner towards each of its citizens and thereby represents the ideal of a non-corrupt administration. This should not be taken to mean that such a government will necessarily tend towards a certain ideology or policy preference. Many important political debates, such as the size of the welfare state or the extent of government-mandated environmental regulation, can have a number of potential solutions that do not violate the principle of equal treatment of citizens. Nor should impartial government be taken as a synonym for good government; it is entirely possible for an administration to treat its citizens equally but also act incompetently or shortsightedly. Finally, no government should be understood to be entirely impartial. Even those most committed to equal treatment will give different rights to children than to adults, the mentally ill than to the mentally healthy, or convicted felons than to law-abiding citizens. An impartial government, however, will not be inclined to make such distinctions lightly or for its own personal benefit, but it will instead use other forms of universal rules (such as the need to minimize bodily harm committed to others) to justify acting on these distinctions. The overall distinguishing feature of impartial rule will therefore be that it attempts to preserve equal treatment to the greatest feasible degree. As a corollary, in order to uphold such behavior, it will treat violations of impartiality among its members as a serious violation subject to sanctions.

This admittedly is a normatively charged statement. There is no such thing as an entirely impartial state. A government that treats its citizens equally in one aspect may be by necessity discriminating on another, and thus should not be considered 'clean'. For example, a government that declares itself to be race-blind in its policies may be perpetuating economic inequalities by ignoring the needs of a worse-off minority group that could benefit from government favoritism. Nor is inequality the only principle by which a social order can be arranged. Other cultures, such as Confucian China, historically adopted legal philosophies that focused on the contingent needs of some groups in relationship to other ones, rather than the universal rights all citizens held in common (Ch'u 1961). An examination of the relative merits of a corrupt versus clean system may have normative implications for the benefits of impartiality in a society as opposed to other virtues, such as social harmony.

The Correlates of Corruption

Of course, there is more to the study of corruption and impartial government than these concerns. There are two reasons why understanding the process of anti-corruption reforms is an important positivist theoretical task for the field of political science. For one thing, corruption has a major direct impact on the way that countries function, as it represents a reallocation of resources towards those most able to pay for them, affecting everything from economic efficiency to social stability. The factors that perpetuate or weaken corrupt systems are therefore worthy of study on their own account. Perhaps even more importantly, however, widespread corruption serves as an informal institution that changes the incentives and constraints of members within a society. In political and social systems where corruption is prevalent, the

particularistic nature of corrupt ties will constrain the ability of a state to provide impartial governance to its citizens, even if the public as a whole desires such impartiality. As a result, policies dependent on treating people equally are unlikely to function as they should, even if from a formal standpoint they are identical to those in a less corrupt society. An understanding of the ways that such a system can change over time therefore speaks to the greater theoretical puzzle of when and how such informal institutions can evolve.

Initial investigations of corruption focused on identifying its effects on society. Some early accounts claimed that corruption could be beneficial. According to these arguments, a certain amount of corruption can help to increase efficiency in a country if its formal institutions are overly bureaucratic or stifling, or if they prioritize goals hostile to economic growth (Leff 1964; Bayley 1966; Huntington 1968). In such situations, the payment of a bribe can help officials to focus their time and effort where their services are most valued and necessary rather than forcing them to deal with ineffective regulations. What is more, corruption can provide an incentive for groups that do not have a connection with the central government to take part in the political system rather than becoming alienated from it and seeking to overthrow it by force (Huntington 1968). Since such groups tend to be ethnic or regional minorities, this can lead to greater stability in a country, especially if it is undergoing the transition to modernization. Most of these arguments, however, relied on anecdotal evidence to uphold their theoretical conclusions.

By the 1990s, however, a new anti-corruption literature emerged which claimed that the costs corruption imposes on society as a whole outweigh any benefits that come from individual illegal transactions. It argued that the presence of corruption provides an incentive for government to favor the interests of the wealthiest or most powerful rather than the most deserving or needy in society, and as a result corruption has a negative impact on both the economic and political

sectors (Klitgaard 1988; Shleifer and Vishny 1998; Rose-Ackerman 1999). In addition, at this time, more systematic accounts of corruption in developing countries began to emerge, aided by newly available cross-national surveys of corruption perceptions (Mauro 1995; Shleifer and Vishny 1998; Treisman 2000, 2007). As a result, it became possible to use empirical tests to determine the exact impact of corruption on a country.

These studies found that corruption tends to impose direct costs on a country's economic system. When such factors as bribery, red tape, and a partial judiciary predominate, foreign investment in a country falls, as outside interests decide that operating within such a framework will not prove profitable. As a result, highly corrupt countries tend to have lower rates of development and growth (Mauro 1995; Shleifer and Vishny 1998). More indirect effects of corruption can also harm the economy. These include factors such as allowing norms of corruption to spread across agencies, providing incentives for bureaucrats to create additional ineffective regulations so as to generate more points where people will be willing to pay bribes to circumvent the rules, contributing to an uncertain political climate due to variability in procedures, and holding back state reform by creating a class with a vested interest in the status quo (Rose-Ackerman 1999). Finally, corruption and inequality can reinforce each other, as privileged interests disproportionately gain from a corrupt system and thus may attempt to reinforce it in order to preserve their benefits (You and Khagram 2005). All these features can produce results that prevent the emergence of a healthy economic system.

In addition, corruption generates political effects that go beyond the mere misallocation of state resources. When access to economic opportunities depends not on impartial factors but rather on insider connections and the provision of money, elites gain power by mobilizing loyal supporters through the distribution of patronage instead of creating popular and effective policy

proposals (O'Donnell 1986; Della Porta and Vanucci 1999). As a result, in order to win followers over to their side, politicians may distribute public resources mainly or exclusively to their supporters instead of giving them to those who could use them the most (Kitschelt and Wilkinson 2007). This in turn frequently leads the beneficiaries of corruption to perpetuate social cleavages, including ethnic and religious divides, in order to create a more efficient patronage system (Chandra 2004; Posner 2005). When political competition between such groups becomes especially acute, this can even lead to the emergence of violent conflict (Wilkinson 2004). It can also diminish the level of trust and pro-democratic values in society, as people see the system as a cynical means for those people in power to enrich themselves rather than as a way for the state to uphold the common good (Della Porta and Vanucci 1999; Karklins 2005). All these factors can work against efforts to establish an impartial government.

Not only does it seem clear from these findings that the effects of corruption are largely negative, but several plausible strategies for reform in this area seem to exist. In theory, the key to producing impartial government is to change the incentives that attract people to corruption (Klitgaard 1988; Rose-Ackerman 1999; Manion 2004). Robert Klitgaard suggests some strategies which could create clean government, such as hiring honest agents, raising the rewards for honest behavior and the penalties for corruption, obtaining a better information network to identify and sanction corrupt officials, preventing government actors from obtaining monopoly-power over decision making, and changing social attitudes on corruption (Klitgaard 1988). Susan Rose-Ackerman also points out a number of major areas where restructuring government policies might reduce the prevalence of corruption. Such actions include eliminating terminally corrupt programs; establishing a credible privatization process to reduce the rents a government can capture; reforming and streamlining essential public services to limit the sphere for discretion of

individual officials; using internally competitive pressures to upend a corrupt hierarchy in a government bureaucracy; emphasizing the deterrent effect of anti-corruption laws, including regularly enforcing them; and focusing on the process of procurement reform to minimize waste and graft (Rose-Ackerman 1999).

In addition, institutional designs may be able to complement these policy restructurings to further reduce the incentives for corruption. For example, some authors have suggested that parliamentary regimes may be better able to stand against corruption than presidential ones, as the centralization of power makes it easier for presidents to use their bargaining position to obtain rents (Gerring and Thacker 2001; Kunicova and Rose-Ackerman 2005). In addition, electoral systems of proportional representation may lead to more corruption than majoritarian systems, as it is harder to hold individual politicians to account when people elect a party rather than a candidate (Persson et al. 2003; Kunicova and Rose-Ackerman 2005). Finally, the type of legal system may have an effect. Specifically, common-law countries tend to have lower levels of corruption than civil-law ones, possibly because common-law systems were designed to protect the rights of the individual while civil-law ones were used to help build the state (La Porta et al. 1999).

Unfortunately, however, these reform suggestions, while plausible, suffer from a major flaw. They portray the presence of corruption as a principal-agent problem, such as a leader wanting to reduce corruption but facing the potential non-compliance of lower-level officials or a constitution-writer hoping to limit corruption but planning for the self-interested behavior of future officials. This does not necessarily reflect the real state of affairs (Rothstein 2012). Even if reforms would provide benefits to the country as a whole, there is no reason to assume that an executive or state-builder would be any more disposed to honest government than the officials

who operate under him or her. Indeed, those in powerful positions often gain even more from perpetuating a corrupt system than they would from working for the common good (Shleifer and Vishny 1998; You and Khagram 2005). If leaders retain the ability to obtain large bribes from powerful actors, they have strong incentives to preserve corrupt arrangements. This is especially so if advancement in the political sphere is tied to corruption, so that those most inclined to advocate reforms find themselves unable to reach higher office.

Another group of findings, of particular importance for this dissertation, attempts to avoid this problem by assuming actors are self-interested and then modeling the relevant dynamics. These approaches have argued that countries with more veto players in government will produce more impartial government than those with fewer veto players (Hellman 1998; Frye and Mansfield 2003; Andrews and Montinola 2004; Gehlbach and Malesky 2010; Bagashka 2013). According to this reasoning, if only a few actors control the political agenda, they can collude among themselves to stay in power. In addition, external interests who might benefit from incomplete reforms can find it easier to influence politicians to do their bidding, as they need to only pay off a few individuals. By contrast, in a decentralized system, no one leader will have the ability to control the outcome of the political process, and the large number of decision-makers makes state capture too expensive to be feasible. For this reason, actors in the latter arrangement will have more of an incentive to avoid corruption and work for the common good in order to win re-election, as they will not have the alternative of benefitting from self-serving behaviors.

Even a decentralized, democratic system, however, may not lead to changes if identity divides or patronage streams serve as the main mechanism for influencing people's votes and citizens do not consider reform a feasible enough prospect that they reward or punish leaders on their ability to deliver it. In such a case, instead of pushing for impartial rule, leaders are likely to

focus on staying in power by placing the needs of their supporters over the rest of the citizenry. While this may not lead to the optimal outcome for the country in the long term, it creates a powerful short-term incentive for politicians to preserve the present particularistic system. As a result, they will attempt to use their power in order to prevent institutional reforms from taking place, whether by eliminating reformist measures from the political agenda or by cracking down on any individuals who might attempt to change the system. This entrenched bias towards the status quo resembles the problems involved in passing other economic policy reforms which can provide overall welfare benefits to a country, such as a stable exchange rate or an open trade system (Haggard and Kaufman 1992; Haggard and Webb 1994; Rodrik 1996; Frye 2000).

Empirical evidence suggest that progress against corruption is indeed more difficult than much of the pro-reform literature makes it sound. Many countries have indeed embarked on the changes suggested in the above paragraphs, in order to please both the international community and domestic advocates for reforms. However, cross-national quantitative comparisons of corruption levels confirm that corruption levels tend to be static over time (Treisman 2000, 2007). The strongest predictor for corruption in a country is its level of GDP, a factor that is hard to change over the short term. One cross-national survey shows that the level of GDP in a country in 1900 or even 1820 is a powerful predictor of its present-day corruption (Treisman 2007). This reflects the different growth paths of countries: those that began to develop after 1700 saw a reduction in their corruption levels, whereas those that did not saw no such change. Although this supports the idea that corruption can decline over the extreme long term, it is a pessimistic finding for the hope that any short-term policy action can reduce corruption in a country.

Treisman's other findings also support the idea that corruption is relatively unchangeable.¹ Some factors associated with corruption, such as a British colonial history, a Protestant religious heritage, or the reliance of a country's economy on fuel exports, are difficult or impossible to change. Others have a more complicated relationship with corruption. Democracy, for example, can predict a lower rate of corruption, but only if it is long-lasting. While firmly established democracies are much more likely to be clean, and extreme autocracies are more likely to be corrupt, levels of openness have no significant effect on corruption for transitional or newly established democracies. Developing democracies do not necessarily have any advantage over liberalizing autocracies in reforming corruption (Sun and Johnston 2009). Institutional effects are also muted. The differences between parliamentary and presidential regimes become insignificant when the effects of being a Catholic or Latin American country are controlled for, and those between plurality and PR electoral systems also become questionable when controls are introduced. In addition, a long history of following the rule of law is more important for predicting corruption levels than the specific type of legal system used in a country. Perhaps the only factors with an effect on corruption that can be changed through short-term policies are a country's press freedom (Brunetti and Weder 2003) and openness to trade. Even here, however, concerns over endogeneity bias remain, and the effect of trade is rather minimal.

In addition, different regions of the world possess varying amounts of corruption, and the former Soviet bloc suffers from very high levels of corruption compared to other areas. Of the six world regions mentioned in the latest Transparency International report, Eastern Europe and Central Asia is one of the two most corrupt (Transparency International 2014).² The historical

¹ Unless noted elsewhere, the references in this paragraph come from Treisman 2007.

² 95% of the countries in Eastern Europe and Central Asia had scores below 50 on a scale of 0 to 100. The other regions mentioned are the Americas, Asia and the Pacific, EU and Western Europe, Middle East and North Africa,

legacy of communism plausibly explains the high prevalence of corruption in this part of the world. Because citizens of these countries associated Soviet institutions with repression and illegitimacy, many of them came to feel that such institutions would never act for the public good and that it was therefore acceptable to break the law and engage in illicit activities (Karklins 2005, 15). These behaviors have persisted in the post-communist states, leading to a good deal of cynicism about the potential for reform in the region.

For these reasons, a radical reevaluation of the root causes of corruption is necessary. It is insufficient to think of corruption as primarily a *policy* problem, which emerges when a government uses an ineffective strategy to contain or reduce it. Instead, corruption should be seen as a *political* and *institutional* problem, where the dynamics of the current power structure determine the level of graft within society. As a result, when attempting to predict when and how anti-corruption reforms can be successful, greater emphasis should be placed on the characteristics of the leadership in a country, as well as the characteristics of the political system as a whole. For example, are top politicians inclined to push for reform? Do they hold enough control over the political process to attain their intended goals? Are there entrenched interests, whether among different sectors of the political elite or other groups within society, who prefer the status quo to reform and are willing and able to use their clout to block proposed changes? It is my contention that these factors, rather than the precise nature of the policies or institutions in play, are the ones most likely to determine the success or failure of reforms.

One note of caution should be raised here. It is all too easy to characterize this approach as claiming the key to the success of anti-corruption reforms is “political will.” This is to some

and Sub-Saharan Africa. Sub-Saharan Africa is the only region to have comparable corruption statistics to Eastern Europe, with 91% of its countries scoring below 50. However, one must also remember that the average African country is much poorer than the average Eastern European country.

extent an accurate statement, as the willingness of a government to embark on reforms will obviously have a major impact on its future success in lowering corruption. However, focusing only on political will runs the risk of simply providing an *ex post* justification for a positive or negative outcome, rather than holding true causal explanatory power (Persson and Sjöstedt 2012). To avoid this, it is important to look at the exact reasons, such as previous socialization or ideological alignment, that induce a leader or government to act against corruption. What is more, even the most reform-inclined executives may find themselves in a position where they are unable to realize their intended goals, such as having political allies who are too weak to offer necessary support or opponents who are strong enough to block any proposed changes. As this dissertation will show, the most important explanation for the divergence between the Georgian and Ukrainian reform efforts was not the individual policy preferences of Saakashvili and Yushchenko, but rather the constraints they faced within their respective political systems.

Methodology

In order to test this theoretical proposition, I largely rely on a detailed comparison of two “most similar” countries, Georgia and Ukraine. Both these former Soviet countries shared a historical legacy and similar institutional design, and each of them had suffered from high levels of corruption during the 1990s and early 2000s. Partly due to this, widespread discontent led to the so-called “Color Revolutions”, in which popular protests swept the former leader in each country from power and installed a new, pro-Western administration. Among other things, both these new governments promised to reduce their country’s level of corruption. At this point, however, the outcomes in the two states diverge. In Georgia, corruption rapidly fell, as

institutions such as the police force, the government bureaucracy, and the educational system stopped demanding bribes and instead began to operate along impartial lines. In Ukraine, by contrast, the proposed reforms stalled, and corruption remained pervasive throughout the country. The impact of these varying outcomes is still present in these countries a decade after their revolutions took place.

Given the findings that have emerged from the large amount of cross-national anti-corruption research (Treisman 2007), the value of a single case study may seem less important. Without multiple data points for confirmation, it is impossible to say for sure that the events of Georgia do not represent an idiosyncratic outlying case.³ Nevertheless, much value still exists in studying the anti-corruption reforms in Georgia and Ukraine. Most importantly, Georgia represents an example of an “extreme” case that deviates from the norm (Gerring 2007). Very few countries with high levels of corruption have managed to reduce graft significantly, and so the success of Georgia in this area deserves examination. In doing so, it may be possible to generate hypotheses involving the conditions under which reforms can succeed in least-likely situations, which could then be further tested against additional cases. In addition, the comparison between Georgia and Ukraine, two largely similar countries, allows for greater precision in identifying the true causes of reform success or failure, as it eliminates many factors common to both cases that may have seemed plausible drivers of change. For example, while the presence of a “Color Revolution” might have appeared to be a good explanation for the decline in corruption, the divergence between post-revolutionary Georgia and Ukraine shows this variable is insufficient to predict such an outcome.

³ Chapter 6 extends the findings of the dissertation to additional countries that fit the pattern of Georgia and Ukraine, although even here the number of cases is small when compared with typical large-n research.

I use a number of different types of data to evaluate the causal chain of events in Georgia and Ukraine. The core empirical evidence of my dissertation comes from over a year of fieldwork I conducted in Georgia and Ukraine, most importantly ten months I spent in Georgia on a Fulbright-IIE grant from September 2011-July 2012. I also took part in some pre-dissertation research in Georgia during July-August 2010, and I did comparative research in Ukraine from May-July 2013. During these times, I was mainly based in the respective capitals (Tbilisi and Kyiv). However, in each country I also traveled to one mid-sized regional city (Kutaisi and Lviv) in order to obtain a local perspective on the post-revolutionary events.

In each country, the major focus of my fieldwork consisted of interviews with people knowledgeable about the anti-corruption reform drives in the two countries. I interviewed 63 people total, 50 in Georgia and 13 in Ukraine. These interview subjects included current and former members of the national and local government, politicians (both from pro-government and opposition parties), NGO workers, think tank members, academics, and journalists. The interviews, which typically lasted about an hour in length, were held in either English or Russian. In them, I worked off of a semi-structured framework, in which I had a few common questions I asked of each subject but also tailored questions to their background and elicited information which only they could provide me.⁴ I mainly selected interview subjects through a snowball method, where I first started with a few known contacts in each country and then asked them whether they knew of anyone else who could be helpful for my research. In a few cases, I directly solicited an interview with a subject. For the most part, people were happy to talk with me about my research, especially in Georgia where the government had heavily promoted the

⁴ Interviews were carried out under an IRB-approved protocol. A list of interviews are included in the appendix. When citing information obtained from interviews, this dissertation refers to this list of interviews to identify the relevant sources.

success of its anti-corruption drive. (In Ukraine, I had less success in meeting with high-level contacts, although this may have been just as much a function of having spent less time in the country as an unwillingness of elites to meet with me.)

In order to support the information I obtained from these interviews, I gathered several sources of data which could further flesh out the story of the anti-corruption reforms in these two countries. I used quantitative data from surveys such as the World Bank's Business Environment and Enterprise Performance Survey (BEEPS), Transparency International's Global Corruption Barometer, and polls from the National Democratic Institute and International Republican Institute to indicate corruption trends in Georgia and Ukraine. These materials went beyond general perceptions of corruption to ask specific questions involving graft, such as whether an individual or a firm had paid a bribe in the past year. While the possibility for people to lie in response to such inquiries needs to be taken into account, by comparing answer rates between Georgia and Ukraine and plotting out trends over time, I was able to establish that these two countries had indeed undergone separate trajectories.

Another goal of my research was to obtain information on the backgrounds of Georgia and Ukraine's leadership. To do this, I created a database of every cabinet-level official in the Yushchenko and Saakashvili administrations, in which I noted salient features of their biographies, such as previous study or work in America or the European Union, former employment positions before joining government, previous ministry or legislative experience, and age at the time of accession to the cabinet post. I obtained this information from a variety of sources. For Ukraine, a non-governmental organization, K.I.S., provided detailed biographies of every former cabinet minister.⁵ For Georgia, no one source existed that summarized all this

⁵ This site can be found at dovidka.com.ua. Cross-checking this information against alternate sources provided me with great confidence in the accuracy of its information.

information, but I was generally able to obtain it from checking a variety of sources, such as official biographies on government websites of ministers currently serving in the executive or legislature, resumes posted by the individual in question on their personal website or social media platforms such as LinkedIn, or third party biographies from academic or international government sources. Since I only counted an attribute for an individual politician if there was firm evidence that he or she possessed it, it is possible that this could have caused me to underestimate certain trends in Georgia as opposed to Ukraine. At the same time, since the factors I most focus on (such as young ages or Western training) were more prevalent in Georgia than in Ukraine, the direction of this bias, if present, would only further strengthen my findings that these attributes are associated with Georgia's success.⁶

One more focus of my research was to conduct process tracing on the lead-up to and execution of the anti-corruption reforms in Georgia and Ukraine. This allowed me to follow the causal chain that resulted in the different outcomes between the two countries, as well as to identify the points where key divergences took place. In order to accomplish this goal, I compiled relevant news articles from sources such as Civil Georgia and Radio Free Europe. For periods in time where such information was patchy or not available (such as the early 1990s), I used secondary sources as a supplement.

Plan of the Dissertation

⁶ The one area where an attribute was more common for Ukrainian ministers than Georgian ones – former service in Parliament – is not an area where I am worried about undercounting for Georgia, as the Georgian government officially publishes the names of all its former legislators.

My dissertation is arranged as follows. Chapter 2 further develops my theoretical argument to look at how institutional features of political systems can continue to influence corruption in a country no matter what administration is in power, and it discusses the conditions under which anti-corruption reform drives can counteract these pressures and succeed. It first characterizes corruption as an informal institution that socializes political actors into certain patterns of behavior, so that by the time that they have reached positions of significant responsibility they have become more inclined to support the status quo. It then contrasts such leaders with those who had received their professional training from outside the corrupt system, and who thus may be more amenable to reform. The second part of the chapter looks at the factors that can help or hinder reformists to achieve their goals if they do come to power. Drawing on veto player theory, it shows that if leaders possess the political will to reform, a monopoly on governmental power through such measures as maintaining cohesion within the administration and driving opposition members from the political sphere can in fact aid the fight against corruption. This finding contrasts with previous theoretical accounts that argued that the dispersal of power was a more effective reform strategy but that did not distinguish between characteristics of different administrations, and so it suggests a new avenue for the study of informal institutional change.

The next three chapters test these theoretical claims against the background of the post-Color Revolution administrations in the former Soviet Union. Chapters 3 and 4 use a tightly paired comparison of the aftermath of the Rose Revolution in Georgia and the Orange Revolution in Ukraine to investigate why corruption significantly declined over the next few years in Georgia but remained at its former level in Ukraine. Chapter 3 shows that, due to the strong initial position of Georgian President Mikheil Saakashvili's government, it was able to choose an administration whose members possessed distinctive features, such as young ages and Western

training, which made them more inclined to push through reforms. It then built on these advantages through further centralizing power within the country, sidelining opposition figures, and making sure it kept firm control over the political agenda. By contrast, Chapter 4 demonstrates that, in order to gain power, Ukrainian President Viktor Yushchenko needed to create a party base of established Ukrainian politicians and then enter into a coalition with other parties that held different political priorities than his own. The ensuing administration had greater ties to the former system and therefore was much less inclined to push for reforms. What is more, the fragility of this arrangement meant that the government could never completely block the opposition from power, as it represented an alternate governing partner with whom Yushchenko could ally in case the ruling coalition fell apart. As a result, the Ukrainian government was never able to generate the momentum necessary to have the reform drive triumph over the pressures supporting the status quo.

Chapter 5 returns to the events in Georgia in order to look at a different and more troubling component to that country's transition: the persistence of weak rule of law and elite-level insider dealings in the country despite its fall in petty corruption. It draws upon the arguments of the previous chapters to argue that, rather than simply indicating an incomplete or flawed transition, these contrasting trends in high- and low-level corruption were linked to each other. The close government cohesion and concentration of power that enabled the Saakashvili administration to push through reforms also allowed it a free hand to engage in self-serving behaviors. As a result, many of its members gave into the temptations of absolute power, even when they were implementing changes that made government more impartial in its dealings with the majority of the population. The end of this chapter investigates the impact that the 2012 and 2013 elections,

in which power passed into the hands of the opposition for the first time since the Rose Revolution, are likely to have on this state of affairs.

The last two chapters extend this dissertation beyond its empirical core. Chapter 6 looks at comparative case studies to suggest that my theoretical model holds validity in other parts of the world. It uses two comparisons, one between modern-day Rwanda and Liberia and one between Chile in the 1970s and Mexico in the 1980s, to replicate the patterns present in the Georgian and Ukrainian cases. Finally, Chapter 7 concludes the dissertation by recapitulating the major strains of its argument, as well as examining more closely its public policy and normative implications.

Chapter 2

One reason why corruption proves so difficult to eliminate is that it perpetuates itself. When a country operates under a corrupt political system, members of the political elite can use these additional resources in order to reward their supporters and restrict access to the political system for their opponents. As a result, those who might want to change this state of affairs find it impossible to obtain the necessary power to do so. In turn, average citizens often come to accept corruption as simply the way politics operates, even if they would prefer to live under a more impartial government. In this way, as with other informal institutions, corruption serves as a “system” that patterns people’s behavior. For this reason, the study of how anti-corruption reforms can be successful relates to the question of how informal institutions can change over time.

In order to explain how such a shift could come about in Georgia over only a short period of time, this dissertation looks at two factors. The first involves a change within the preferences of the country’s leadership, from one socialized in Soviet norms to one reflecting a more Westernized outlook. Large-n surveys have shown the impact of norms on corruption. For example, countries with British or Protestant heritages or those that privilege self-expressive over survival values tend to have lower levels of corruption, even when additional factors are controlled for. However, changing the belief system of an entire country is a difficult endeavor that may require decades, if not centuries, to accomplish. Since the cultural traits found in post-Soviet countries, including both Georgia and Ukraine, make them poor candidates for successful corruption reform, culture itself cannot explain the decline in Georgian corruption. On the other hand, a new elite cadre holding different norms than its predecessor may emerge relatively

quickly, especially in times of crisis. It could then use its position to push for changes that coincide with its vision for society. In the Georgian case, the young, Western-trained technocrats who staffed the Georgian administration were socialized into a less corrupt, Sovietized system than either their immediate predecessors or the members of the post-Orange Revolution government. As a result, they may have been more likely to push for reforms than either of these latter groups.

Even if an administration operating under a different normative framework comes to office, however, it still may not be able to effect change. Members of the old guard remaining in prominent positions may mobilize to block the threat that reformers from outside the “system” represent to their position. Along with the focus on leadership culture, this dissertation therefore argues that a second factor, sufficient political power, is necessary to explain the decline in Georgia’s corruption. Borrowing from veto player theory (Tsebelis 1995, 2002), but contradicting other theories of economic reform in the post-Soviet context (Hellman 1998; Frye and Mansfield 2003; Andrews and Montinola 2004; Gehlbach and Malesky 2010), I argue that change is more likely to take place when members of the reformist administration control all centers of power and have the ability to put their reforms into practice.

A key insight here is that, for successful change to take place, both a reform-prone administration and strong political control are necessary conditions. Without leaders inclined towards reforms, the concentration of power may simply allow a government to extract rents more effectively, and without firm control over the political system, reformers may find their push for change thwarted. Only when both these conditions are met can reforms take place in otherwise least-likely situations. This account also suggests certain limitations to such a strategy. Given the tendency of power to corrupt, even the most motivated and culturally conditioned

reformers may become tempted to use their position to benefit themselves rather than society at large. Under such conditions, a two-tiered approach to managing corruption may result, where leaders take reformist actions in areas that do not affect their own interests while preserving corruption in ones that more directly impact them.

The “Corruption Trap”: Corruption as an Informal Institution

As discussed in the previous chapter, several promising strategies could in theory help to eliminate corruption and establish impartial government, largely by changing the incentives that lead people to behave corruptly (Klitgaard 1988; Rose-Ackerman 1999). Such moves as enforcing anti-corruption laws more consistently, using liberalization and privatization tactics to eliminate potential venues for corrupt exchanges, and providing rewards such as higher salaries to lessen the temptations of corruption might appear to be obvious steps towards making partial options less attractive than impartial ones. In particular, an independent anti-corruption agency that could coordinate and enforce measures to prosecute corrupt actors would seem to provide clear benefits in the fight against graft. Indeed, such an agency played a major role in reducing the amount of corruption in Hong Kong during the 1970s (Manion 2004).

In practice, however, corruption has remained prevalent throughout much of the world, despite the use of the above strategies. When reforms have been attempted, they very often have failed to accomplish their stated goals. Anti-corruption policies have run into insurmountable difficulties when they suffered from low or inconsistent funding, required the cooperation of other government departments which preferred the status quo, or depended on external or international support that is vulnerable to fluctuations over time. Few anti-corruption agencies,

even those modeled on the Hong Kong example, have managed to achieve measurable success against corruption, as their recommendations have become toothless when the other institutions in a country were too weak to implement reforms (Meagher 2005; Doig, Watt, and Williams 2007). What is more, in many countries, government leaders have not even attempted to take action against corruption. When senior politicians have relied on patronage networks for support and retained the ability to obtain large bribes from powerful actors, they have had strong incentives to preserve corrupt arrangements (Shleifer and Vishny 1998; You and Khagram 2005). In such cases, they have been likely to use their power instead to prevent institutional reforms from taking place, whether by eliminating reformist measures from the political agenda or by cracking down on any individuals who might attempt to change the system.

The persistence of corruption is therefore not only connected to bad political policies but also a harmful informal institutional framework. Institutions can be thought of as the rules of the game that structure social behavior (North 1990), and informal institutions are a subset of these rules that operate through unwritten codes of behavior and are created, communicated, and enforced outside officially sanctioned channels (Helmke and Levitsky 2006). Different types of institutional frameworks, whether formal or informal, affect individual preferences by shaping payoffs for decisions (North 1990; Aoki 2001; Greif 2006). As such institutions persist over time, patterns of behavior become “locked in” as different institutional systems support certain types of appropriate actions that their constituents internalize (March and Olsen 1989). If someone attempts to deviate from this state of affairs, he or she is likely to run into opposition from those with a stake in the system, making such a course of action unlikely to succeed and therefore counterproductive. As a result, these frameworks are likely to be resilient, resisting efforts at reform.

The dynamics within highly corrupt societies follow these characteristics of informal institutions (Scott 1972; Manion 2004). By allowing illicit payoffs to determine how goods and services are provided, corruption changes the incentives of actors in society. When corruption is prevalent, isolated individuals attempting to act impartially are likely to have no effect on the broader system. In addition, corruption is also typical of many institutions in that it tends to privilege the interests of the powerful over those of society as a whole (Knight 1992). As with other inefficient outcomes, an actor who personally benefits from corruption may very well prefer the current state of affairs to one in which gains are more equitably dispersed across society. For this reason, existing power asymmetries may make future reforms less likely, as those at the top will work to lock in their advantages rather than focus on the common good.

Due to this combination of a weak institutional framework and a self-serving elite class, an entire economic and political system can easily fall into a corruption trap (Scott 1972; Correani 2005; Rothstein 2011; Persson, Rothstein, and Teorell 2012). In such a situation, any person who considers fighting against systemic corruption knows his or her own actions will have little to no chance of changing the behavior of the government as a whole. However, if he or she still chooses to oppose the corrupt elite, they may in turn move to cut the would-be reformer out of the system. As a result, such an individual soon realizes it is in his or her best interests to accept the way things are rather than attempt in vain to push through reforms, even if he or she would prefer to work towards making government more honest. Over time, the inhabitants of such a society likely will become socialized into seeing the possibility of reforms as unrealistic and accepting corruption as the way of the world, although they may still morally disapprove of it.

For this reason, a strategy for corruption reform which focuses on a government improving its anti-corruption policies, by means such as increasing penalties for taking part in bribery or

introducing new formal institutions designed to investigate graft, will likely prove ineffective in reducing corruption. An administration might implement these measures for a number of reasons, such as to gain aid from the international community or to appease domestic criticism. Unless the authorities also possess a genuine will to reduce corruption, however, such moves will remain largely symbolic, as pressures from entrenched interests will prevent the policies from having their intended effect and allow the status quo to prevail. The question of how best to reform corruption is therefore not simply a *policy* one but a *political* one, which rests upon the need for genuine reformers to come to power and direct the anti-corruption drive. This poses an additional challenge to successful anti-corruption reforms, as it means that, for such reforms to succeed, there must be some actor who is willing to pursue them. However, in an informal institutional structure that favors corruption, it is difficult for a person who favors reform to reach the high-level post necessary to implement changes.

A few theories of informal institutions have looked at how such a political transition could take place. Helmke and Levitsky point to three processes that can cause informal institutions to develop over a short period of time: formal institutional changes, changes in the underlying distribution of power and resources, and changes in shared beliefs and collective experiences (Helmke and Levitsky 2006). The first of these focuses on the effect that formal institutions can have on the incentives that undergird informal institutions, the second on shifts that remove from power those who benefit from the informal institutional framework and replace them with those with a preference for change, and the third on evolving perceptions of the durability and utility of existing informal institutions as opposed to alternatives. Although Chapter 1 discussed the general inability of formal institutional changes to lead to shifts in patterns of corruption, the other two of these factors played a major role in the events of Georgia: the second one directly,

when the Rose Revolution put in place a new administration, and the third indirectly, as the members of this administration had undergone a different pattern of socialization that made them more likely to push for reform.

Understanding two theories of informal institutional change can set the scene for the Georgian reforms, providing an explanation for how the Rose Revolution brought a new leadership to power and why it was more inclined to reform than the one in Ukraine after the Orange Revolution. Greif and Laitin's theory of "quasi-parameters" focuses on small changes that can accumulate over time to lead to a tipping point in society (Greif and Laitin 2004). It states that marginal changes in political bodies can occur without any noticeable shifts taking place, but the cumulative effects of these changes over time can lead to significant institutional transformations. Greif and Laitin use the example of the different outcomes in medieval Genoa and Venice to illustrate this; the quasi-parameter in this case was the mechanism that preserved mutual deterrence between clans. In Genoa, this depended on maintaining a balance of relative strength between factions, while in Venice, this focused on providing them with an even distribution of resources. Both these factors managed to preserve stability in the short term, but as each of the cities gained influence, the resulting power asymmetries in the government destroyed the Genoese system while making the Venetian system even stronger.

Exogenous shocks can also reshape informal institutions. A situation of extreme political discontinuity, such as the defeat of the Axis powers in World War II, may cause enough disruption to bring leaders to power who aim to take society in a new direction. Such leaders may have connections to international actors, who hold different preferences as to the direction of the country than those of former domestic elites. The new government may therefore become more devoted to reforms than the previous one. International groups may also directly attempt

change by using external pressures, such as foreign aid, to influence an administration whose members would not push for reforms on their own. Institutions such as the Millennium Challenge Corporation and a large number of non-governmental organizations have followed this approach in distributing money as a reward to well-performing governments while withholding it from ineffective ones.

To a large extent, these factors are complementary. Quasi-parameters are useful for understanding long-term shifts that may have occurred before the major events of a political transformation, serving as critical antecedents (Slater and Simmons 2010) preparing the way for an eventual divergence, while exogenous shocks may result in the critical junctures (Collier and Collier 1991) associated with the transformation itself. Both these factors have echoes in the Georgian reform drive. As an example of quasi-parameters, chapters 3 and 4 describe how Georgia and Ukraine had begun to diverge even before the Color Revolutions. In the 1990s, the reformist bloc in the Georgian parliament was much larger and more cohesive than in the Ukrainian one, allowing it a greater chance of putting itself in a position to take control. On the other hand, without the events of the revolution itself, the Saakashvili government would have had no clear path to power, demonstrating the importance of an external shock in accomplishing leadership turnover.

Quasi-parameters and external shocks can overcome the first problem associated with corruption reform: how an administration prepared to oppose the status quo can come to power. However, an emphasis on these factors is not sufficient to explain how reforms actually happen, as they do not take place simply because a government has the will to bring them about. Even if a political leader attempts to make changes in society, other members of the elite with a stake in the existing order would have a strong incentive to mobilize in order to block the reformer. With

their ability to make use of the privileges they have traditionally enjoyed and preserve the status quo, they would seem to hold an advantage in the ensuing power struggle. What is more, no guarantee exists that the politicians who came to office desiring change will not become corrupted themselves once they are in power and fail to push for reforms. In order to explain how and why reforms take place, it is therefore necessary not only to look at how a reformist government comes to power but also at how it operates once in office.⁷ As a result of such challenges, meaningful reforms face slim odds of success, a dynamic that Chapter 1 shows accurately describes many highly corrupt countries.

Scholars have looked at some potential pathways for how reformers could overcome a “corruption trap,” should they manage to come to office. Some have advocated for a comprehensive and coordinated “big bang” approach of making multiple reforms at once (Rothstein 2011; Persson, Rothstein, and Tabellini 2012). Under such a model, different aspects of a highly corrupt status quo reinforce each other, so that if gradual changes are implemented in one area at a time, pressures from other parts of the political and social system will soon blunt any of their effects. For example, if a government creates an independent anti-corruption bureau,

⁷ In addition, there is another issue with relying solely on external pressures in order to leverage anti-corruption reforms. Alesina and Weder show that corrupt governments receive no less, and in some cases more, developmental aid than relatively cleaner ones, making such assistance unlikely to serve as a factor that can pressure governments into good behavior (Alesina and Weder 2002). Even more direct forms of outside attempts to shape informal institutions have often fallen short of success. For example, during the recent American military operations in Iraq and Afghanistan, traditional patterns of behavior proved to be remarkably resilient, to the point of undermining shifts in formal institutions designed to produce an impartial government. This failure of outside attempts at restructuring patterns of behavior should not be surprising, as foreign actors will almost always operate at a disadvantage when dealing with national elites who prefer the status quo. While those figures are immersed within their own societies and aware of their complexities, international groups enter from the outside and do not have as good a knowledge of the specific political, economic, and social nuances of the country. In addition, they may find that outside pressures from their own domestic interests or private donors restrict the courses of action they can take. As a result of these difficulties, they may not have the necessary discretion to put in place impartial policies over the objections of entrenched corrupt interests.

but vested interests control the rest of the political system, the bureau will be unable to complete its mission when the judiciary ignores its prosecution recommendations and the legislature cuts off its funding. As a result, if change is to take place, it will not be through a gradual process, but rather a coordinated effort to eliminate all corrupt structures at the same time and replace them with new, more effective institutions. Chapter 3 shows that such a course of events to a large extent describes the anti-corruption reforms in Georgia.

This account leaves an important theoretical question unanswered. For a government to be able to coordinate such a “big bang” successfully, it would have to have a strong hold over the workings of power in the country, or else interests representing the status quo would be able to derail this concentrated effort. In other words, it would need the reform-making body to serve as a sole veto player over government policies (Tsebelis 1995, 1998). Veto player logic suggests that an institutional system with fewer key players, or one in which all the players share the same preferences, will be more conducive to achieving change than one in which many different factions have the ability to block policy initiatives. In terms of corruption, this would mean that, when there are multiple veto players, the status quo situation will be upheld, which in corrupt systems would be beneficial for vested interests but would stymie attempts of actors to implement impartial rule (Rose-Ackerman 1999, 144-145).

However, it is not clear why, in a system with few veto players, such a dominant administration would choose to work for the common good once it took control, rather than simply using its monopoly of power to place itself in a better position for collecting rents. Indeed, empirical tests of how Eastern European countries navigated the transition away from the Communist economic order have found the opposite effect, namely that countries with more, rather than fewer, veto players have created stronger economies and less corrupt systems

(Hellman 1998; Frye and Mansfield 2003; Andrews and Montinola 2004; Gehlbach and Malesky 2010; Bagashka 2013). According to these accounts, in systems with few veto players, the ruling regime managed to implement a partial transition from Communism that largely benefitted itself and its wealthy allies at the expense of society at large. On the other hand, when there were many veto players, it was too difficult for outside interests to capture all the relevant actors, and so members of the government instead promoted full-scale reforms to win support from the general public and avoid being seen as both obstructionist and ineffective.

On the other hand, while the findings of Hellman and his followers might suggest the importance of democracy and dispersed power for good government reforms, it is not clear that such measures actually have led to lower levels of corruption in most countries (Sun and Johnston 2009). Instead, decentralized democracies with poor economic development and no history of impartial government may simply fall capture to different forms of corruption than autocracies (Johnston 2005). For example, India has held an admirable history of democratic practice and strong federalism since its independence, but its political system consistently functions as a patronage-democracy where politician-brokers provide clientelist benefits in exchange for votes, rather than one where individual leaders are rewarded or punished for the quality of their governance (Sun and Johnston 2009; Chandra 2004; Auerbach 2013). Treisman also finds that only a long history of democratic practice, rather than a democratic or decentralized political system *per se*, is correlated with a lack of corruption (Treisman 2007). The factors that Hellman points to may instead reflect certain features unique to the Eastern European case, such as the impossibility of maintaining the Communist status quo and the ability of many countries to apply for European Union membership if they made democratic reforms.

To summarize, a difficult paradox faces attempts at reforming an institutionally corrupt system. Without concentrating their control, reformers may be unable to triumph over the status quo and push through changes. If they do centralize power, however, the temptations of using this power for self-dealing ends may overwhelm any more publicly-oriented motives. That being said, cases do exist where corruption levels managed to fall. Despite the apparent difficulty in doing so, some countries, including late-19th century United States (Hoogenboom 1961) and Sweden (Rothstein 2011), Singapore in the 1960s (Root 1996), and Hong Kong in the 1970s (Manion 2004), have managed to escape the corruption trap, reducing corruption over only a short period of time. A study of how these countries succeeded therefore speaks not only to the field of corruption studies but also the bigger question of informal institutional change. If it is possible to figure out the mechanisms by which the norms of impartial governance can replace those of corruption in a society, they may point to the ways that other such shifts can develop over time, such as the move from a limited access order to an open access order (North, Wallis, and Weingast 2009).⁸

I suggest that it is necessary to take into account additional qualities associated with the background and socialization of a country's leadership class that may strengthen their commitment to reform. Often, the study of informal institutions such as corruption uses an approach that assumes the preferences of all politicians are indistinguishable. All else equal, one leader will be just as likely as another to push for corruption reforms or extract self-serving rents; any variation among these outcomes derives from changes in the associated institutional structure that makes one strategy or the other more profitable for the actor. For this reason, both examinations of reform incentives (Hellman 1998; Andrews and Montinola 2004) and

⁸ I examine some additional cases of anti-corruption reform besides that of Georgia in Chapter 6.

suggestions for potential reform strategies (Klitgaard 1988; Rose-Ackerman 1999) ignore the qualities of leaders to focus on their surrounding structure. This dissertation instead claims that such an approach is mistaken, and that factors leading to variation in individual preferences for reform need to be taken into account when investigating the possibility for institutional change, especially when the interaction with veto points is considered. While administrations inclined to corruption will find it easier to perpetuate a corrupt system, ones with members disposed to impartial rule can use a concentration of power to have a greater chance of implementing reforms.

In arguing this, I am not merely saying the fairly trivial claim that good leaders are better than bad ones. Of course, it is not a particularly controversial statement to say that, in the real world, some administrations are more effective, honest, and savvy than others. However, by itself such a proposition is rather atheoretical. For this reason, variation in the quality of leadership tends to be treated as part of the error term, a feature that might affect individual cases but does not change our understanding of politics as a whole. On the other hand, if different aspects of leaders' backgrounds have a systematic impact on the outcomes of anti-corruption reforms, it would be a more important finding. I contend that such a systematic variation indeed exists, and it originates in the previous socialization process of elites.

Culture, Leadership, and Reform

If political leaders do not act interchangeably, their preferences must be taken into account. A government staffed with members sharing a genuine desire for reform is much more likely to accomplish change than one whose members claim to want reforms but in reality are happy

maintaining the status quo. Greater attention must therefore be paid to the factors that shape the past preferences of actors, especially in cases, such as those in Georgia, where direct means of calling leaders to account were absent. This could help to explain why it was that the Georgian government used its power to push through reforms, while other such dominant administrations instead focused on extracting rents for themselves.

Apart from self-interest, the primary source of political preferences is culture. As people adapt to their environments, rather than calculating the most advantageous course of action for themselves in every given situation, they tend to internalize dominant social procedures, as following them provides the most likely avenue for personal benefits. Over time, they may no longer even consciously reflect on their actions. In such a way, people engage in a social construction of reality (Berger and Luckmann 1966) that serves to perpetuate and strengthen the behavior patterns of society. This is especially true for those individuals who aim to rise to a position of power, as those who act in situationally inappropriate ways are unlikely to gain the support of those who control the means of advancement, whether voters (in a democracy) or superiors (in a hierarchical authoritarian state). As a result, culture functions as another example of an informal institution that can have an impact on a country's governance.

Many studies have shown that a country's culture impacts its quality of government. Several of the factors that Treisman identifies as beneficial for reducing corruption, such as Protestantism and British colonial heritage, are closely linked to culture. A sub-national investigation of the mechanisms linking historical patterns and growth rates in Western Europe shows that cultural similarities, rather than formal institutions, are what predict a country's growth rates, the largest correlate of corruption (Tabellini 2010). Additional works have found a correlation between higher corruption levels within a society and Hofstede's cultural dimensions of power distance

and uncertainty avoidance, and potentially those of high masculinity and low individualism as well (Husted 1999; Licht et al. 2007). These findings evoke the literature on social capital (Putnam 1993; Banfield 1967) in suggesting that a public that trusts others, values individual liberties, and is willing to take action for the common good will be more likely to fight successfully against corruption than one that is apathetic and mainly seeks stability.

The cultural dimensions of corruption also relate to the parameters studied in the World Values Survey, namely traditionalism/secularism (the degree to which a society believes in God and values authority) and survival/self-expression (the degree to which a society prioritizes security as opposed to personal freedoms and diversity). In particular, the increased trust and liberty associated with self-expressive values resemble the cultural traits connected to lower corruption levels. Not surprisingly, a study found that self-expression, and, to a lesser degree, secularism closely predicts a country's level of corruption, with an R^2 of .73 if former Communist countries are taken out of the equation (Sandholtz and Taagepera 2005). Indeed, of the cultural blocs identified in the World Values Survey, "English-Speaking Countries" (all of these former British colonies) and "Protestant Europe" are the two that score the highest on self-expression values, which has clear implications for corruption given the literature on its correlations mentioned earlier. By contrast, both Georgia and Ukraine, along with other former Soviet countries, tend to score highly on survival values, a trait that may be a legacy of the severe social disruptions that took place in the area both during the Soviet period and the transition to independence.⁹ As a result, cultural factors would predict that both these countries would suffer from high levels of corruption, as was the situation prior to the Color Revolutions.

⁹ In the 2000 survey, the values for Ukraine were traditional/secular-rational .90 and security/self-expression -1.72. For Georgia, they were traditional/secular-rational -.02 and security/self-expression -1.31. Positive scores indicate an inclination to secular-rational and self-expression values and negative ones the reverse.

Along these lines, one of my interviewees told me that, the year before the Rose Revolution, she had written her master's thesis on how Georgians were culturally disposed to corruption, thereby making reform impossible.¹⁰

These cultural traits are connected to the informal institutional constraints noted earlier. If a population operates more along survival-oriented than self-expression lines, as often happens in countries with low standards of living, its members will be more concerned with ensuring stability and meeting their immediate needs than pushing for potentially risky reforms. Along these lines, if members of this society hope to ascend into positions of leadership, they will need to focus first on providing the benefits that keep their potential support base secure. In order to do this, especially in a case of limited resources, they may have to divert funds so that they can function as powerful patrons, a process that is unlikely to follow norms of impartial governance (Charron and Lapuente 2010). What is more, having come of age in a system where corruption is seen as “normal,” such leaders may hold less reservations about acting in self-serving manners, and the population as a whole may also be less likely to hold them to account over such behavior. As a result, the democratically-driven mechanisms that Hellman and others describe may not lead to optimal outcomes in countries such as Georgia and Ukraine, both of which have high survival tendencies.¹¹

It is important to note that this does not necessarily imply that people in these societies find corruption acceptable. They may still feel moral outrage over how benefits flow to the elite or

¹⁰ Interview number 21 (see appendix for list of interview numbers).

¹¹ While Saakashvili won a dominant victory in the elections after the Rose Revolution, much of his support came from his personal charisma, his tirelessness in campaigning (he was the only politician to travel to the rural areas of the country in the run-up to the 2003 elections (Mitchell 2008, 57)), and the general discontent with the Shevardnadze regime, to which he represented the most visible alternative. His success did not represent a massive popular desire for liberal rule in the country. Other politicians associated with the reform wing of government, such as Zurab Zhvania, did not obtain the same degree of support; Zhvania only had the support of 19.6% of the population (Wheatley 2005, 181).

how government institutions do not work as they should. Even leaders may take part in corruption not purely due to venality, but at least in part due to the need to provide for their supporters. In many African countries, for example, the citizenry expects the ruler to be a “big man” (both literally and metaphorically) who can demonstrate the necessary resources to look after those dependent on him (Schatzberg 2001). Inherent in this system, however, is the expectation that the supply of patronage is an integral duty of a leader. Those who manage eventually to come to power are those best equipped to serve this function, thereby setting the beliefs of the next generation.

The expectations, however, are likely to be most powerful for those operating within the “system.” By contrast, people who seek professional advancement through alternate channels may find themselves encountering a different sort of behavioral expectation. Public policy, law, or business schools in America or the European Union, or those in other countries that are influenced by their model, train their students in impersonal, technocratic methods rather than particularistic ones. International organizations are likely in turn to promote those showing a command of these practices. Citizens of a survival-oriented country who turn to careers abroad or in the international sector may therefore find themselves developing a different set of norms than those following a more traditional path to power in domestic politics.

As an example of this dynamic, Marina Zeloznaya has found that private universities in Ukraine aiming to prepare their students for careers in international organizations did not demand bribes from their students in exchange for good grades, while this was a common practice in equally prestigious public universities that focused on training students in areas such as politics or domestic law. To a large extent, this was because the two schools catered to different markets after graduation. In the first case, potential employers wanted to hire from

schools that would make sure to transmit concrete skills to their graduates, while in the second case, employers were more interested in the connections of their hires than their abilities. This in turn affected whether professors focused on training their students or extorting them.¹² As a result, it is highly likely that students in each of these paths would develop different professional habits, ones that might then shape their preferences on the desirability of reform.

For this reason, while a country as a whole is unlikely to change its culture, it is entirely possible that some of its most ambitious citizens may seek out career trajectories which foster different political preferences than those of the reigning social elites. In addition, these attitudes might strengthen even further if such people frequently interact with each other. Personal connections can bind individual leaders together and create an atmosphere of trust conducive to a unified vision (Krackhardt 1992). People who share a common background might also be more likely to agree on certain issues (Erickson 1988). Finally, a shared institutional culture can provide cues to actors for making sense of their organization's mission and spreading that sense to others (Ravasi and Schulz 2006). As a result, should a cohesive administration emerge consisting of such people, it may be able to successfully coordinate actions that would not have been possible if each of its members had behaved as an individual. Not only might these officials be more inclined to push for impartial rule due to their personal value systems, but the experience of being fellow members in a minority group might sharpen their common commitment to reform.

A few notes of caution are in order here. First of all, even if people previously socialized into impartial norms of behavior might be more inclined to make reforms than those used to

¹² Marina Zeloznaya, "Ukraine at the Crossroads: Informal Economies in the Context of Political and Bureaucratic Duality," talk at the Center for Russian, East Europe, and Central Asia (CREECA), University of Wisconsin-Madison, 2/27/2014.

particularistic systems, taking this principle to an extreme, such as the colonization of a high-corruption society by a low-corruption one, would likely lead to alternate pitfalls. The mass public would probably treat such an alien government with distrust and resentment, and perhaps even with open rebellion. Upholding such a regime would be impossible in a democratic society; even in an authoritarian one the need for repression would almost certainly blunt the success of the reformist program. In addition, the divide between the government and the governed might incline the ruling class to treat the citizenry with disdain, eventually leading them to abandon reform commitments and focus on their personal well-being.¹³

A more effective approach to introducing pro-reform norms into a cultural and social system with a high tolerance for corruption may therefore come from a domestic leadership class that possesses both local and international characteristics. Typical members of such a group may be born and raised in the country as citizens, speak the local language at a native level of fluency, identify with the nation, and practice the dominant religion. They can therefore connect with the average citizen at a deeper level than could someone from the outside. At the same time, these individuals may have spent a significant period of time outside of the country for such reasons as post-secondary education or employment in an international organization, and during this period they may have encountered and potentially adopted a different set of practices than those of their home society. This experience with the international community may also have prevented them from becoming socialized into the status quo system of their country, especially if they are

¹³ Recently, an unexpected event may have led to a potential way to test this proposition. In 2014, the Petro Poroshenko government in Ukraine nominated several non-Ukrainian citizens with reformist backgrounds to cabinet posts and other prominent positions. The ability of these figures to push for reforms without facing nationalistic protests against their rule or pushback from other parts of the government will signify the extent to which foreign leaders can influence the direction of reform efforts.

younger. As chapter 6 shows, this type of elite group did not only exist in Georgia, but it made similar reforms in other countries which saw a decline in corruption, such as Rwanda and Chile.

In addition, not every such person may want to combine two belief systems. Some might oppose international norms even more intensely after encountering them. For example, Sayyid Qutb, the influential Islamist philosopher, chose to reject Western values after studying in Colorado and perceiving American culture as materialistic and dissolute (Berman 2003). Others may choose to leave their home culture behind completely, instead seeking to assimilate as a foreigner and eventually immigrate to another country. Nor would every person from this background have the talent or the inclination to enter politics. At the same time, at least some such individuals may seek to create a synthesis of the two cultural systems, making them more likely candidates to push for reforms if they did choose to get involved in government.

Even if such potential candidates for office emerge, they are still likely to face several challenges before being able to make changes. One major hurdle is that they must be able to take power in the first place. Established politicians may rightly see them as a threat to the status quo and so may mobilize in order to block their entry into office. The old guard could use patronage to win over the public, and they could demonize the foreign connections of their challengers in order to portray them as a Trojan horse for outside interests. On the other hand, as discussed earlier in this chapter, some situations may prove especially conducive for a changeover in power to a new type of leadership. In particular, a revolution that leads to the fall of a hated former regime may elevate the profile of leaders who hold to an alternative method of governance.

Note that the revolution itself is not the key independent variable here. In all too many cases, including the Orange Revolution, a change in government brings a new leadership to power that

promises reform but quickly adopts the same characteristics as the former status quo, as it encounters the institutional pressures that influenced the former regime. However, even if such changes occur only infrequently, a revolution or other radical shift in power (such as a wave election) can provide the space for a new government to take control that holds certain characteristics, such as shared norms, which make it more likely to push against the previous system and lead the country in a new direction. In this way, the situation coincides with Ann Swidler's idea of an "unsettled culture", in which a breakdown in "common-sense" understandings of the world provides a potential space for new ideologies to arise and construct a different conception of everyday life (Swidler 1986). In other words, if it is able to overcome external opposition, a cohesive group holding different norms than those of the status quo may thereby be able to effect changes even when the broader public is not mobilized to take action, by combining its distinct yet internally shared culture with its control of state institutions.

This argument suggests an additional dimension to the question of veto players and anti-corruption reforms discussed earlier. The claims of Hellman and others that more veto players in a country aid reform rely on the idea that all actors in equivalent positions are utility maximizers holding similar preferences. When comparing a leadership cadre that rose through the ranks in a corrupt system with one trained in a country where corruption is the exception rather than the rule, such assumptions may not hold. In this case, the number of veto players does not by itself explain the success of reforms. If the veto players are already inclined to be corrupt, the concentration of power simply aids them in this goal, as can be seen in several former Soviet countries. On the other hand, a situation of few veto players can provide a mechanism for *reformist* leaders to achieve their goals. By contrast, if many veto points exist, supporters of the status quo equilibrium can block changes from going forward if they can securely control just

one of the critical positions. In this case, a system of multiple vetoes is more likely to frustrate reformers, as they would need to control more sectors of government. As a result, the combination of cultural considerations and Tsebelis's framework may explain why real-world instances of anti-corruption reform have happened in places with concentrated power such as Georgia.

The Theory in Practice: Georgia and Ukraine

As chapters 3 and 4 spell out in greater detail, the dynamics considered above can explain why reform took place in Georgia but not in Ukraine, despite both countries having an avowedly pro-reform leader come to power through a revolution. The Georgian anti-corruption reforms did not emerge out of a bottom-up push for change, but rather from the top-down initiative of an unchallenged ruling administration. While the Rose Revolution did use mass support to bring Saakashvili to power, this mainly reflected general popular dissatisfaction with the previous regime, in a similar manner to the Orange Revolution in Ukraine (Hale 2005). The divergence between the two settings emerged in the aftermath of the revolutions. Exogenous factors meant that Saakashvili held complete control over his government, while Yushchenko was forced into a power-sharing agreement with other political factions in the country. As a result, Saakashvili had a free hand in staffing his administration and launching a political program, while Yushchenko was much more constrained in this area.

For Saakashvili, this meant that he could form a government of pro-Western reformers. Saakashvili himself had received a LL.M. from Columbia University prior to entering Georgian politics, and a majority of the cabinet ministers he chose also had previously studied or worked

in the West. In addition, the average age of these key officials was under 40, meaning that Communist norms had not been the dominant factor shaping their careers. As a result, the Georgian leadership likely had much less of an attachment to traditional post-Soviet culture and much more of an international outlook than did the average Georgian citizen, a feature that created an organizational practice shaped as much by Western as by Georgian norms. Although it would be an exaggeration to say that the ruling class was no longer culturally Georgian, its average member came from a different background, and most likely held a different worldview compared to most Georgians. For this reason, the Saakashvili administration was more inclined to push through top-down anti-corruption reforms than might have been expected of a representative Georgian government.

In addition, the success of the Georgian government in making reforms did not only come from the presence of “good-type” politicians in the administration, but it also emerged because this faction managed to control the government and prevent its rivals from having an impact on politics. In a situation such as that of pre-revolutionary Georgia, where the reformist bloc was only one of several factions in government, its impact on policy outcomes was minimal. Once the Saakashvili regime gained power, however, it took steps to sideline potential challengers before it embarked upon its reforms, strengthening its position as the sole veto player in Georgian politics. This does not suggest a strong commitment to the democratic process, a factor that may reflect how much of the previous external socialization of the administration’s members was in technocratic, rather than representational, positions. At the same time, it helped give the government the leverage to overcome supporters of the status quo and make changes in society.

A comparison with the situation of Ukraine after the Orange Revolution further underlines the importance of the above factors. As in Georgia, the Orange Revolution mobilized general

popular discontent with the previous regime, and it brought the pro-Western reformer Viktor Yushchenko to power. However, due to the existing balance of power in the Ukrainian legislature that was not overturned in the aftermath of the revolution, Yushchenko did not have the same free hand as Saakashvili to form his own government. In particular, he had to name an administration consisting of representatives from other large political parties, most of whom held different political priorities from Yushchenko and had already adapted themselves to the corrupt Ukrainian system, rather than one dominated by young, Western-trained technocrats. What is more, the precarious nature of his hold on power meant that he did not have the same discretion to marginalize the opposition, as the possibility always existed that he would need their support if the existing coalition collapsed (as indeed it did in September 2005). For these reasons, the Ukrainian government had less of an ability to push through sweeping anti-corruption reforms than the Georgian one did, and the country made no significant progress in the move towards impartial rule.

Conclusion

The difficulties anti-corruption reforms often face stem from the way corruption functions as an informal institution that structures people's behavior. As citizens realize that the present order rewards corruption and provides little chance for reform, they often feel that their best personal course of action is to buy into the "system", even if that precludes long-term change. As a result, two conditions are necessary in order for short-term reforms to succeed. The first is the creation of a leadership cohort whose members share features, such as experience in low-corruption societies, which may make them normatively more disposed to push for reforms than the average

leader in the country. The placement of multiple such figures within an administration can further sharpen these preferences. Even this is not enough, however, if anti-reform factions within society have the ability to block any changes the reformers propose. As a result, following the logic of veto player theory, it is also necessary that such a government possesses a secure hold on power. Such an arrangement provides the best chance that anti-corruption reforms will succeed, even though some forms of elite-level corruption may still manage to persist due to the lack of checks and balances within the government.

The next three chapters provide an empirical case study that illustrates this argument. Chapter 3 shows how the government of Mikheil Saakashvili used both a Western-oriented administration and a tight hold on power to lower the level of corruption in Georgia after the Rose Revolution. Chapter 4 examines a negative case, demonstrating how divisions within the Ukrainian political system prevented a similar process to Georgia's from occurring in Ukraine after the Orange Revolution. Finally, Chapter 5 looks at a typology of corruption in Georgia to demonstrate how the same system that favors reforms in some areas also discourages them in others.

Chapter 3

At the turn of the 21st century, corruption was prevalent in almost every Georgian institution. Among other examples, the country's police force was notorious for taking bribes, officials in the state bureaucracy frequently used their position to shake down citizens in exchange for providing services, and applicants to the higher education system needed to rely on graft in order to secure a place in a government-run university. This widespread corruption prevented the government from functioning as an effective unit and threatened to generate social instability. A decade later, the situation in Georgia had changed. After the Rose Revolution brought President Mikheil Saakashvili to power, he embarked on a series of reforms that dramatically reduced the level of petty corruption in the country. The new government sent the police force through a major restructuring that eliminated its reputation for bribe-taking, cut excess layers of the bureaucracy in order to reduce the opportunities for corrupt exchanges, and put in place strategies, such as a standardized exam for college admissions, designed to make sure government services were allocated more fairly. The results of these changes were reflected in the Transparency International rankings: while Georgia was one of the ten most corrupt countries in the world in 2003, by 2014 Georgia had risen to the top third of countries worldwide for clean government (Transparency International 2003-2014).

How did Georgia significantly decrease its corruption levels in only a few years? This chapter argues that the Saakashvili government used its combination of an administrative inner circle disposed to reform and a monopoly on political power in order to reduce corruption. Much of the new government's leadership had started their professional careers after the fall of the Soviet Union and had previously studied or worked in the West. As a result, they had been

socialized into a different system than the former elite, many of whom still operated according to Soviet norms, and so the new leaders were more amenable to making reforms. In addition, the lack of a strong oppositional force in the country gave the administration wide latitude to enact its preferred changes without facing pushback from vested interests. As a result, the Georgian government could take steps to reduce corruption that might not have been possible elsewhere.

Paradoxically, the very weakness and fragmentation of the former government allowed for this confluence of factors to develop. Under the former President Eduard Shevardnadze, infighting between different factions paralyzed the government, making it difficult to rule over the country. Due to this lack of cohesion within the administration, once Saakashvili came to power in the Rose Revolution, no opposition faction existed that was strong enough to prevent him to take complete control of the political system. As a result of this veto power, when forming his government, Saakashvili could select only members who supported his policy priorities instead of having to recruit portions of the opposition into a broad coalition. He could also sideline his opponents before attempting the reform process. The advantage these steps created for the reform push dissipated only after the central coalition began to fracture at the end of the decade.

In this chapter, I first establish that corruption significantly declined during the Saakashvili period from the extreme highs it had reached under Shevardnadze. I then trace how Saakashvili rose to power, explaining how the attempts of Shevardnadze to oversee a personalist political system created a power vacuum which Saakashvili exploited in the Rose Revolution. After this, I examine the ways that Saakashvili built on his initial dominance: first by using his personal connections and ideological alliances to create a highly cohesive and technocratic administration,

and then by taking quick action to remove potential threats to his position from power. By doing this, I show how these steps led to the success of the anti-corruption reform efforts.

The Decline of Corruption in Georgia

The reform drive in Georgia led to a decline in its corruption levels, an unusual outcome for a developing country suffering from widespread graft. As has been discussed in the previous chapters, most poor, corrupt countries tend to stay corrupt over time, a trend which would not predict the success that the Saakashvili government had in curbing corruption across numerous sectors of the country after only a few years. Georgia therefore represents an outlying case that can help to generate new theories of how best to limit corruption (Gerring 2006). It should of course be noted that theory generating is not the same thing as theory testing, and that providing an accurate causal account of the sequence of events that led to corruption reform in Georgia is not the same as establishing which factors are likely to lead to the decline of graft everywhere, although the comparisons with Ukraine (chapter 4) and other reformist countries (chapter 6) in this dissertation somewhat strengthen the robustness of my findings. Still, a close examination of the events in Georgia can provide an important contribution to the broader field of anti-corruption reforms, as they illustrate how a least-likely candidate was able to accomplish reforms fairly successfully.

The first step in examining corruption in Georgia is to establish that corruption did in fact decline in the country. After the Rose Revolution, the country improved its position on multi-national indexes of corruption, such as the Transparency International Corruption Perceptions Index. This rise indicates Georgia's move from one of the ten most corrupt countries in the world

Georgia's Position on the Corruption Perception Index, by Year

Year	CPI Value	CPI Percentile
2002	2.4	17
2003	1.8	7
2004	2.0	9
2005	2.3	18
2006	2.8	39
2007	3.4	56
2008	3.9	63
2009	4.1	63
2010	3.8	62
2011	4.1	65
2012	5.2	71

Source: Transparency International

in 2003 to only a moderately corrupt country in the 2010s. Even though the results indicate that more room for reform remains in Georgia (as will be discussed in greater detail in Chapter 5), this still represents the largest improvement of any country in the history of the Transparency International rankings (Transparency International 2003-2013).

To be sure, one should not take the Corruption Perception Index, by itself, as a definitive measure of reform. For one thing, the methodology behind the index, which compares the relative position of countries to each other within any given year and relies upon varying sample sizes of perceptions for each country, does not lend itself to time-series analysis of a country

across different years (Lambsdorff 2005). Even though the sharp rise in Georgia's position when compared to other countries is still notable, as is suggested by the jump in its percentile rating, it does not convey precise information about the extent of its anti-corruption reforms. In addition, perceptions of corruption can be unreliable in measuring the true extent of corruption in a country (Olken 2009). The visibility of high-profile scandals, which may or may not reflect the true level of graft, and a lack of verifiable information mean that people often will misjudge the extent to which corruption is present within their society. For this reason, to make the claim that corruption has indeed fallen in Georgia after the Rose Revolution, it is also necessary to look at the results of surveys and other evidence that captures direct experience with illicit transactions.

Such statistics suggest that corruption, especially in its low-level and mid-level forms, fell under Saakashvili's rule. Before the Rose Revolution, endemic corruption had spread throughout all branches of the Georgian state. One of the worst culprits was the Interior Ministry, which oversaw the police force. Although the number of police officers in the country had increased from 25,000 in 1991 to 50,000 a decade later (Stefes 2006, 110), the official salary of an average policeman was only \$35-40 a month, and it was often not paid on time (Wheatley 2005, 114). Not surprisingly, the police force, especially the traffic police, became notorious for turning to corruption to supplement their incomes. One survey from 2000 showed that 7 out of 10 traffic stops in Georgia resulted in the motorist paying a bribe (GORBI 2000). At the same time, only 1.8% of total GDP was spent on preserving law and order in the country (Wheatley 2005, 114). As a result, most crimes remained unsolved, and organized criminal groups, the so-called *vori v zakoni* (thieves-in-law), operated with impunity, very often proving to be more reliable arbiters of disputes than the police. For these reasons, the police force became known as both the most

corrupt institution in the country (Transparency International 2004b) as well as the most despised (Waters 2005, 11).

The influence of corruption was not limited to the police, however, but extended to the interactions of ordinary Georgians with other bureaucrats. In 2003, 32% of Georgians admitted to having given cash to officials in return for services at some point in the previous year (GORBI 2003). Bribes were customary for applicants to gain admittance to higher educational opportunities, and they often ran to significant amounts of money for the most desirable positions. For example, a spot as a student in the law department of Tbilisi State University cost up to \$30,000 (Rostiashvili 2004). Mismanagement of the energy sector, as well as pervasive energy theft, led to frequent blackouts across the country. The private sector also faced demands for bribes from government: 38% of Georgian firms claimed to have frequently made unofficial payments to government authorities, the third-highest rate among former Soviet countries (World Bank 2002).

Not surprisingly, this pervasive corruption made it difficult for the state to function. Georgian tax collection rates were extremely low, consisting of only seven percent of GDP in 2003 (World Bank 2003). Economic activity migrated instead to the shadow economy, which one estimate put at 60-70% of total economic activity in the country (King 2004). Largely as a result of this ineffective governance, popular support for Shevardnadze plummeted, reaching a level of near five percent shortly before the Rose Revolution (Fairbanks 2004). Most Georgians, however, remained pessimistic that meaningful change could take place in their country, and many of them considered corruption to be an integral part of Georgian society. 55% of Georgians in 2003 expected corruption to increase over the next few years, with 35% expecting it to increase “a lot” (Transparency International 2003b).

After the Rose Revolution, however, corruption trends reversed in Georgia. In the run-up to the Rose Revolution, Saakashvili made the promise of “Georgia without corruption” a central theme of his political campaign. In his inaugural address, he repeated this point, vowing he would be “extremely strict” in fighting corruption (civil.ge 1/25/04). To the surprise of many, over the next few years, he managed to make good on these claims, and the level of petty corruption in Georgia indeed began to decline. By 2007, the administration had managed to reduce significantly the presence of graft in many important institutions in the country.¹⁴

Saakashvili’s most prominent reform was a complete overhaul of the police force. In July 2004, the government fired all 16,000 members of the traffic police in a single day. It then created a new unit, the Patrol Police, which was much smaller in size but which gave its members a significant boost in pay and held them to a higher standard of professionalism. At the same time, the Interior Ministry, which oversaw the police, put in place a zero-tolerance policy for future acts of graft. If a Patrol Police officer was reported to have taken a bribe, his superiors would observe the actions of the suspect, and, if they were corroborated, they would arrest the guilty party in front of other police officers at department-wide meetings in order to send the message that bribery would not be tolerated.¹⁵ Although some of the fired policemen tried to contest their dismissal in the courts, as a group they were unsuccessful in doing so. They therefore tended either to enter the private sector after being let go or, in a few cases, leave the country to avoid further prosecution.¹⁶ Other police departments were also downsized in order to eliminate excess capacity as well as opportunities for corrupt exchanges. These measures led to a

¹⁴ For a more detailed examination of the different anti-corruption reforms after the Rose Revolution, see World Bank 2012.

¹⁵ Interview number 36.

¹⁶ Interview number 36.

dramatic decline in the amount of petty corruption involving the police force while simultaneously boosting its effectiveness. In the spring of 2005, a majority of Georgians said for the first time in the country's history that they trusted the police (Kukhianidze 2009). In 2010, only one percent of Georgians reported having paid a bribe to the police, well below the average for former Soviet countries and comparable to those in Western Europe (World Bank and EBRD 2011). By 2011, the police force had become the second-most popular institution in the country, supported by 88% of the population and trailing only the Georgian Orthodox church in popularity (International Republican Institute 2011).

Another major focus of the reforms involved reducing the levels of bureaucracy in the country. The architect of this change, former Economic Development minister Kakha Bendukidze, saw this as an essential step in reducing the level of corruption, as the Shevardnadze-era bureaucracy was not providing results but instead merely wasting resources.¹⁷ As a result, the government embarked upon a course of radical liberalization, in which all agencies had to justify their use of regulations to an advisory group led by Bendukidze (World Bank 2012). If the group found them to serve no legitimate role or to function inefficiently due to rampant corruption, it moved to eliminate them. If it ruled them essential, it directed them to replace and retrain their staff and develop new procedures to operate more effectively. After these steps were taken, the levels of graft associated with the bureaucracy fell. By the end of the decade, multiple surveys showed that only one percent of Georgians had paid a bribe to government officials in the previous year (CRRC 2010; IRI 2009), which represented a strong decline from former levels and also corresponded with levels in Western Europe. Similarly, in 2008 only four percent of firms said that they frequently made unofficial payments, a drop of 34

¹⁷ Interview number 33.

percentage points from the 2002 level and second-best (after Estonia) among the countries of the former Soviet Union (World Bank 2008).

Declines in corruption took place in other areas as well. After the Rose Revolution, the government used a state-wide standardized national examination process to cut down on graft in admittances to the education system. This examination, which was first put in place in 2005, was monitored both by local proctors and transnational organizations such as the International Organization for Fair Elections and Democracy, which ruled the administration of the exams to be fair, transparent, and well organized (ISFED 2005, as quoted in World Bank 2012). A Transparency International survey given afterwards showed that over 80 percent of students, parents, and administrators were satisfied with the process (Transparency International 2005, as quoted in World Bank 2012). As a result, students were selected for university places on the basis of merit rather than through unofficial payments to the staff. In addition, the authorities closed universities operating with little oversight and serving mainly as diploma mills, reducing the number of universities in the country from 237 to 43 (World Bank 2012). Other similar reforms occurred in sectors ranging from energy distribution to customs, decreasing the levels of corruption there as well.¹⁸

Georgians saw the fall in corruption as real and one of the Saakashvili regime's greatest successes. In 2010, 78% of Georgians said that the level of corruption in the country had declined over the past three years, a higher percentage than in any other country in the world. Even opponents of the government admitted that the administration had made great strides in fighting petty corruption, although they would often qualify this with the claim that high-level

¹⁸ More details of these reforms can be found in World Bank 2012.

corruption remained problematic in the country.¹⁹ In addition, the reforms met with very little organized opposition. This is notable because, while the drive to crack down on corruption may have benefitted society as a whole, it created several losers, such as police who had become used to shaking down drivers for bribes, bureaucrats who had managed to leverage their positions to obtain graft, and educational administrators who had obtained illicit money through overseeing the admissions process. Despite this, these entrenched interests did not launch massive protests in an attempt to block the changes of the Saakashvili administration.²⁰ A few smaller demonstrations did occur, such as a two-week protest of several hundred students who opposed the need to take examinations in order to obtain placement at universities (civil.ge 3/15/05), but the government was easily able to ignore all of these provocations and push through its planned reforms.²¹

This lack of resistance to the changes suggests that the Georgian reforms differed significantly from anti-corruption drives in most other countries. As Chapter 2 discussed, one of the reasons why such initiatives often fail is that members of the elite, whom the reforms will harm, make use of their privileged positions to preserve the status quo situation. Such an outcome did not happen in Georgia (although, as will be seen in the next chapter, it did occur in Ukraine). In order to understand why, two questions must be answered. The first is: *why did the Saakashvili administration choose to reduce corruption levels in the country, instead of enriching itself personally through its new elite position?* The second is: *why, once it was clear*

¹⁹ Interview number 41. The claim about high-level corruption will be investigated further in Chapter 5.

²⁰ Even if such groups could not come out and openly advocate for the return of a corrupt system, they could still attempt to block changes by taking steps such as denouncing the over-reach of the administration as a cover for preserving the status quo. As Chapter 4 shows, many supporters of corrupt political parties and oligarchs in Ukraine acted in this manner.

²¹ One of my interview subjects claimed that Saakashvili told professors protesting against the education reforms that they could choose to strike, but they would simply lose their jobs for it and then the government would launch corruption investigations against them. Interview number 18.

the government had committed itself to the reform process, did those who stood to lose from the changes not band together to stop the reforms from going through?

In the rest of this chapter, I claim that the Georgian government could successfully fight corruption in the country because it possessed two distinct features: a core network of senior staff whose previous career trajectories had socialized them into holding reformist attitudes and a monopoly on political power that allowed it wide latitude on the actions it could take in the country. Features particular to the transition process in Georgia, such as the lack of strong hierarchical ties among a critical mass of the Shevardnadze-era elite and the re-running of both presidential and parliamentary elections soon after the Rose Revolution, allowed Saakashvili's party, the United National Movement, to obtain complete control over the Georgian government. Unlike much of the political elite under Shevardnadze, the young, Western-trained members of the administration had been socialized into a different system than the Georgian status quo, which in turn made them more likely to see reforms as possible and desirable once they came to power after the Rose Revolution. What is more, their dominant position allowed them to push their opponents to the sidelines, preventing them from erecting obstacles to the reform process. As a result, the government possessed both the will and the power necessary to succeed in the reform process.

The Establishment of the Saakashvili Administration's Dominance

The reasons that liberal reformers predominated in the Saakashvili government and that the administration had such strong control over the political system had their roots in the weak Georgian state that existed before the Rose Revolution. In order to stabilize the country after

independence, Shevardnadze created a political system that relied on his personal relationships with as many factions as possible. By the beginning of the 2000s, infighting between these groups had paralyzed the government, leading to Shevardnadze's downfall in the Rose Revolution in a situation typical to the collapse of many other personalist regimes (Geddes 1999). Because the previous system had relied on Shevardnadze's role as a personalist leader, once Saakashvili took his place, he did not have to compromise with a strong, pre-existing political network that opposed his vision for the country. Instead, he had *carte blanche* to staff the senior levels of government with his own team, which had formed a significant political bloc in the previous decade, and to marginalize the remaining threats to his rule from power. In this way, Georgian executive-legislative relations and party politics during the 1990s and early 2000s served as critical antecedents (Slater and Simmons 2010) for the post-revolutionary reforms by creating the conditions for a cohesive, reform-minded administration to take power after the revolution.

In the early 1990s, Georgia was in danger of becoming a failed state. After the country became independent in April 1991, its first president, Zviad Gamsakhurdia, proved to be an ineffective leader who alienated much of the country. In reaction, paramilitary groups such as the *Mkhedrioni* formed in opposition to the government, and fighting broke out on the streets of Tbilisi. A military coup forced Gamsakhurdia from office in December 1991, and Eduard Shevardnadze, the Soviet foreign affairs minister during the 1980s, succeeded him as president. However, at this time Georgia did not possess the effective institutions that could help manage the transition to independence, and as a result it risked descending into anarchy. By 1993, paramilitary organizations held de facto control over much of the country, rebellions had broken

out in the autonomous republics of Abkhazia and South Ossetia, and supporters of Gamsakhurdia had begun to mobilize in the west of the country in order to return him to power.

In order to shore up his government, Shevardnadze obtained short-term stability by building alliances with a diverse set of political actors, most of whom did not have anything in common with each other except that they held a personal relationship with the president. In September 1993, Shevardnadze declared a state of emergency and suspended Parliament. During this period of emergency rule, which lasted until February 1994, he appointed loyalists, many of whom were former KGB and ex-Soviet military officers and other Communist functionaries, to take charge of the important ministries in the country (Wheatley 2005, 87-88). In addition, he made a deal with Russia that Georgia would join the Commonwealth of Independent States (CIS) in exchange for Russia helping to eliminate the threat of the Gamsakhurdia supporters. He also turned a blind eye to the growing authoritarian rule of Aslan Abashidze in the autonomous republic of Ajara so long as Abashidze supported the Shevardnadze government. Finally, when establishing his political party, the Citizen's Union of Georgia (CUG), he staffed it with Western-minded reformers, such as Zurab Zhvania, which helped him gain support from the United States and Europe. In the mid-1990s, Zhvania accelerated this push to make the CUG a pro-Western force, recruiting people, including Mikheil Saakashvili, who had studied in America or Europe to serve as party members and pushing those who wanted the CUG to be a broader-based party out of the organization (Wheatley 2005, 89).²²

The immediate result of all these moves was to generate enough stability to prevent the collapse of the state. With a loyal central administration and the support of all major international

²² Saakashvili had received a LL.M. from Columbia Law School on a United States government fellowship in 1994. He was working as an intern in a New York law firm when Zhvania, at that time the head of the CUG, convinced him to return to Georgia and run for office there.

powers in the region, Shevardnadze could devote himself to overcoming the most prevalent domestic security threats in Georgia. By 1995, the power of the paramilitaries in the country had greatly diminished, and Shevardnadze had become the dominant force in the Georgian political arena (Wheatley 2005, 89). At the same time, the long-term drawbacks of Shevardnadze's political strategy soon became apparent. Actors as varied as the old Soviet apparatchiks, the pro-Western reformers, and the regional strongman Abashidze controlled different parts of the government, and the only thing holding all these factions together was their personal ties to the president. With none of them sharing a common vision for the country, infighting between them soon began to surface. One of the biggest fault lines between the different groups was the issue of corruption.

The group of Western-oriented politicians attached to the CUG attempted to fight corruption in the Shevardnadze government. CUG member Giorgi Baramidze oversaw an anti-corruption commission that led to the resignation of such government members as Finance Minister Davit Iakobidze in 1997 and Minister of Fuel and Energy Davit Zubitashvili in 1998 (Wheatley 2005, 126). In the late 1990s, this reformist group of politicians even gained control over some government ministries. Mikheil Chkuaseli was put in charge of the Finance Ministry in 1997, and after the 1999 elections, Mikheil Machavariani took control of the Tax and Revenue Ministry and Saakashvili became head of the Justice Ministry. Saakashvili took this opportunity to begin a reform of the prison system, including providing criminal suspects with basic judicial safeguards and limiting the ability of the Interior Ministry to gain illicit revenue from the penitentiary system (Wheatley 2005, 125). It is also important to note that the class of Georgian oligarchs as a rule did not join the CUG, which prevented the CUG from becoming a party that could rely upon the distribution of patronage rewards in order to buy loyalty to the central

government (Stefes 2006, 131). For this reason, it had to develop a greater ideological coherence, in this case pro-Western liberalism, in order to win support from the public.

At the same time, Shevardnadze balanced these reformers with other figures in his cabinet, such as Interior Minister Kakha Targamadze and Security Minister Vakhtang Kutateladze, whom Georgians widely saw as holding an unreformed Soviet mentality which was more amenable to permitting corruption within limits as a means of keeping officials in line (Wheatley 2005, 105).²³ Ten years after independence, 55-60% of the Georgian state apparatus consisted of the former Communist *nomenklatura* (Stefes 2006, 93), and these individuals were noticeably more tolerant of corruption in their ministries than were the reformers. Since Shevardnadze also failed to discipline officials who took bribes and flouted the rule of law, corrupt practices such as the sale of offices became widespread in these departments (Stefes 2006, 110). Finally, Abashidze continued to enjoy wide discretion over Ajara, putting family members and relatives in positions of power and overseeing a thriving smuggling trade in the region (Wheatley 2005, 115).

As might be expected, the different elements within the Georgian government soon began to clash with each other, threatening the balance that Shevardnadze had created in the middle of the 1990s.²⁴ In August 2001, Saakashvili publicly accused several prominent officials of corruption, including the Minister of Economy, Industry, and Trade, the State Security Minister, and Tbilisi's Chief of Police, after cabinet ministers blocked a draft law he had presented that would return officials' illegally acquired property to the state (Wheatley 2005, 127). Despite these tensions, Shevardnadze did not move to support the reformist faction by removing the former Communist apparatchiks from power, as they were often the most loyal of his supporters. As a

²³ For more on the idea behind this strategy, see Darden 2008.

²⁴ As the next chapter shows, the dynamics here are similar to the balancing act that took place in Ukraine after the Orange Revolution.

result, by the end of 2001, the reformers began to leave government positions, as well as the CUG, and go into opposition. Saakashvili stepped down as Justice Minister in September 2001 and founded the opposition United National Movement (UNM) party. Zurab Zhvania followed soon afterwards, in November 2001, setting up another opposition party, the United Democrats.²⁵ Most other reformers in the CUG followed the lead of these two figures, leaving the pro-government party and joining with one of these opposition groups. With political chaos in the central government preventing effective administration of the country, lower-level graft quickly spread while state capacity diminished. As a result, the government suffered from an inability to raise revenues, creating a vicious cycle that led to even more bribery.²⁶

This state weakness was to play a major role in Shevardnadze's downfall. With the continued protection of corrupt elements within the government having led the reformist political faction to enter into opposition, Shevardnadze strengthened his alliance with unpopular figures, such as the former Communists and Abashidze, as well as promoting members of his own family to

²⁵ Zhvania's resignation was part of a deal under which Interior Minister Targamadze also resigned in the midst of protests that called for him to step down after a police raid on news station Rustavi2. State Security Minister Kutateladze also resigned in relation to this incident. As a result, the exodus of the reformers from the government did not result in a net gain for the old guard, but rather a weakening of all major forces positioned around Shevardnadze.

²⁶ Christopher Stefes has argued that the explosion in corruption after the beginning of the 21st century in Georgia was directly related to this inability of Shevardnadze to oversee a stable political order (Stefes 2006). In the early 1990s, Shevardnadze had built relationships with any faction willing to work with him. Although this strategy led to a certain amount of stability in the early 1990s, the only thing binding these groups together was their common ties to the president. By the early 2000s, this consensus had fallen apart, with each of the factions jockeying to improve their positions vis-à-vis the others, and Shevardnadze found it impossible to maintain authority within Georgia. As a result, the central government was unable to serve as a moderating influence on lower-level institutions. People therefore seized the opportunity to engage in as much graft as they could get away with, even though it was unsustainable over the long run.

By contrast, in neighboring Armenia, the central government enjoyed a more stable position and a greater amount of hierarchy, largely due to the support of the army after the Nagorno-Karabakh war of the early 1990s. As a result, even though corruption was also prevalent in Armenia, the government had the ability to discipline officials who were overly greedy, thereby ensuring that the state apparatus would be able to maintain itself over time. Corruption in Armenia never descended to the free-for-all of the early 2000s in Georgia, but was instead strictly controlled (Stefes 2006).

powerful positions. However, this further alienated the majority of the Georgian population and demonstrated the weakness and unresponsiveness of the central government. At the same time, the lack of a sharply coordinated state structure made it more difficult for the government to take effective action. By the time of the Rose Revolution, the central government was not strong enough to oppose the protestors successfully. Indeed, the turning point of the revolution may have been when the police refused to fire upon the growing ranks of demonstrators, despite Shevardnadze allegedly asking them to do so (Fairbanks 2004).²⁷ In the end, relying on personal loyalties proved unable to sustain the Shevardnadze administration.

Not only did this political transition remove Shevardnadze from power, but it also gave Saakashvili and his political party a strong hold on all branches of government. The immediate cause of the Rose Revolution were parliamentary elections that the opposition (as well as outsider observers) considered to be fraudulent.²⁸ In order to satisfy demands for the overturn of these elections, it was necessary to hold two elections after the Rose Revolution, both a presidential one to replace the absent Shevardnadze and a parliamentary one to obtain a more representative legislative body. Saakashvili won the presidential election with 96.2 percent of the vote,²⁹ and two months later, Saakashvili's party, the National Movement-Democrats, won 135 of the 150 legislative seats in the country and 67.0% of the total vote in a parliamentary

²⁷ Zurab Zhvania claimed that the reason the police chose not to turn on the protestors was that they had not been paid for three months before the Rose Revolution, another sign of state weakness. Zhvania, quoted in Karumidze and Wersch (2005)

²⁸ For more information on the events of the Rose Revolution, see Fairbanks 2004; Wheatley 2005; Mitchell 2009.

²⁹ Despite this lopsided result, the election was seen to have been held much more democratically than previous elections in the country, and was about as good as could be expected given the limited time frame to prepare (OSCE 2004a).

election.³⁰ As a result, he and his associates gained effective veto power over the national government.

By holding both presidential and parliamentary elections in the immediate aftermath of the Rose Revolution, Saakashvili was able to leverage his personal popularity at the time to gain a secure institutional advantage. This meant that the Rose Revolution did not merely represent a switch from one president to another one, but rather a shift in both the legislative and executive control of the country. In addition, the allies of Saakashvili who were affiliated with a different party in 2003, such as Zurab Zhvania and Nino Burjanadze, chose to contest the 2004 elections as a part of the National Movement-Democrats. In the results of the 2003 elections, not only was Saakashvili's party only the third-largest in the parliament with 32 seats of 150, but a separate party which included politicians such as Zhvania and Burjanadze, the Burjanadze-Democrats, would have had a sizable presence in parliament with 15 seats. If these results had been preserved after the Rose Revolution, even if Saakashvili had become president, he would have needed to engage in political horse-trading with both his allies and other governmental parties in order to form a working government. By re-holding parliamentary elections in the new political climate that arose after the revolution, he gained a free hand to staff his administration and run the country.

In the end, the weakness of the Shevardnadze government not only proved its undoing, but also made it possible for Saakashvili to have greater discretion over creating a new government once the old elite was removed from power. With the functionality of the regime relying solely on Shevardnadze's ability to balance all political factions, once this equilibrium had fallen apart,

³⁰ Once again, the election was not seen as subject to systematic fraud, despite the presence of a few irregularities (OSCE 2004b).

his supporters were unable to mobilize as a functional oppositional force and prevent Saakashvili from ascending to power. What is more, the holding of both presidential and parliamentary elections soon after the Rose Revolution allowed the UNM to dominate all divisions of the government. As a result, the new administration temporarily found itself in a very strong position after the change in leadership.

Saakashvili's Administrative Cohesion and the Decision to Reform

Even if the weakness of the former regime and the specific features of the transition period allowed the opposition to take control of the government, however, they do not by themselves explain why petty corruption declined after the Rose Revolution. Comparative studies of breakdowns in non-democratic regimes show that an opposition movement's ability to seize power does not rely solely upon its capacity to mobilize the population in its favor. Instead, the inability of the former regime to keep control over the state has a major impact on whether or not such demonstrations will lead to change (Way 2008; Levitsky and Way 2002). For this reason, many transitional states can become stuck in a series of regime cycles. Under such circumstances, an administration that is unable to successfully provide the necessary patronage to buy support is replaced with another such regime, leading to a change of government personnel but not a shift in style of governance (Hale 2005). Following this reasoning, the passing of leadership from Shevardnadze to Saakashvili is not sufficient to explain the decline of corruption in Georgia, as it cannot describe why Saakashvili chose to stop appeasing the Soviet

apparachiks and regional interests that held influence under the Shevardnadze administration and instead put the government on a reformist path.³¹

Previous investigations of this question have focused on Saakashvili's strong will to enact reforms (World Bank 2012). A comparison of the structural factors underlying the Shevardnadze and Saakashvili regimes, however, suggests that more is at play here than the personal desires of the leader. Circumstances forced Shevardnadze to choose a strategy of balancing different interest groups in order to obtain some semblance of a coherent government. However, once he had done this, he was largely unable to work towards making changes in the country. Even if had wanted to support the reformist wing of his administration, he could not have pushed through their recommendations without risking the collapse of his government. By contrast, Saakashvili managed to seize the opportunity that his rise to power provided in order to build an administration that shared his priorities for the country. The temporary dominance that Saakashvili's party held in government at the end of the Rose Revolution period gave him a free hand to staff his administration in the way that he wished. He correspondingly moved to place in significant positions people holding close network ties to him, who shared traits that disposed them to enact reforms in areas such as corruption. As a result, the composition of the new administration strengthened any personal desire Saakashvili may have held to make changes in society, making it more likely that reforms would actually take place.

In the new government formed in Georgia after the Rose Revolution, the central players mostly came from the same social network and were linked through personal ties. Despite having not run as part of the National Movement-Democrats in the 2003 elections, Zurab Zhvania, who

³¹ As shown in chapter four, the ability of Saakashvili to do this is what separates the outcome of the Rose Revolution in Georgia from that of the Orange Revolution in Ukraine.

was to become the Prime Minister of Georgia after the Rose Revolution, held strong links with Saakashvili, as he had helped to recruit him into politics during the Shevardnadze period and then went into opposition with him at the end of 2001. Zhvania brought several other important political players into the Saakashvili fold after the Rose Revolution. Nino Burjunadze, the co-chair of Zhvania's party in the run-up to the Rose Revolution, took a position as Speaker of the Georgian Parliament in the new administration. Giorgi Baramidze, the chairman of Zhvania's political faction before the Rose Revolution, served as Minister of Interior Affairs and then Defense Minister in 2004, and then went on to become the Minister for Euro-Atlantic Integration of Georgia. In addition to Zhvania's network, many other key ministers in the first years of the revolution, especially in the so-called "power ministries" (the Interior Ministry, Defense Ministry, and State Security Ministry before it was combined with the Interior Ministry in 2004) held personal connections to Saakashvili. For example, Vano Merabishvili, the Minister of State Security and then Interior Minister following the two departments' merger, had been the Secretary-General of Saakashvili's party from 2002 until the Rose Revolution, and Irakli Okruashvili, the Interior Minister before the merger and then the Defense Minister, had served as the Deputy Minister of Justice under Shevardnadze while Saakashvili was the Justice Minister. After the revolution took place, the centrality of this network, rather than the nature of Georgia's formal institutions, was key for enabling the new government to coordinate its actions.³²

This network continued to propagate itself after the Rose Revolution. From 2004 onwards, all the heads of the power ministries had connections to either Saakashvili or previous power ministry heads. In the Defense Ministry, for instance, Okruashvili was succeeded by Davit Kezerashvili, who had worked as an assistant for Saakashvili in the Justice Ministry during the

³² Interviews number 29 and 42.

Shevardnadze period. After the defeat in the 2008 war led Kezerashvili to step down, the next Defense Minister was Vasil Sikharulidze, who served as Deputy Defense Minister under Okruashvili and Kezerashvili. In 2009, Bacho Akhalaia, former Penitentiary Department Head and then Deputy Defense Minister, took control, and after he replaced Vano Merabishvili in the Interior Ministry in 2012, Dmitri Shashkin, Akhalaia's successor as Minister of Corrections, became Defense Minister.³³ This chain of succession demonstrates that, until Georgian Dream won control of the government in October 2012, the power ministries in Georgia were kept in the hands of a few trusted followers of Saakashvili, who groomed their subordinates to take their places when they left. In addition, the concentration of close Saakashvili allies within the power ministries takes on added importance against the background of new constitutional amendments passed in 2004, which gave Saakashvili the right to choose these ministers without having them be subject to confirmation from Parliament.

Another major network hub that connected members of the Saakashvili government was the Liberty Institute, a non-governmental organization supporting civil libertarian values that played an important role in opposing Shevardnadze and organizing the Rose Revolution protests. After the Rose Revolution, many of its founding members, such as Giga Bokeria, Givi Targamadze, and David Zurabishvili, went on to take prominent roles as parliamentarians in the United National Movement.³⁴ Other Liberty Institute members included Merabishvili, Sozar Subari, the

³³ The Corrections Department was subordinate to the Defense Ministry until Akhalaia left the post in 2008, and then it was made into a separate ministry, the Ministry of Corrections.

³⁴ In 2005, Zurabishvili left the UNM and went into opposition. Bokeria and Targamadze continued to be highly influential UNM figures until the 2012 elections.

ombudsman for Georgia,³⁵ and Akhalaia, who worked for the institute from 2003-2004 and then became deputy ombudsman under Subari before moving to the corrections department.

In addition to these close networks, one other factor strengthening Saakashvili's control over the government may have been simply an unfortunate happenstance. After Saakashvili, the second most prominent political figure after the Rose Revolution was Prime Minister Zurab Zhvania. If anyone could have led a successful challenge to Saakashvili, he would have been the most likely candidate. However, on February 3, 2005, he tragically died of carbon monoxide poisoning from a faulty heater, preventing the possibility of a rivalry emerging between the two men that could have threatened the government's agenda. Zhvania's high profile has led some people to speculate that his death was not an accident, but rather an operation planned by Saakashvili in order to remove a potential rival. Subsequent international investigations have shown no reason to suspect foul play, although the issue has been revisited after Georgian Dream's ascension to power. Nevertheless, the very persistence of such rumors demonstrates how Zhvania's death strengthened Saakashvili's hold on the government.

Saakashvili's ability to draw on a common network when creating his governing team made it easier for him to oversee a functional administration, rather than one possessing several internal divisions as was the case under Shevardnadze. By itself, this feature did not necessarily make the government more inclined to push reforms. When Vladimir Putin came to power in Russia in 2000, he solidified his government by using his network ties, largely with members of the security services, in order to create a strong central organization that was able to move the Russian government away from the chaos of the 1990s (Kryshtanovskaya and White 2003). The administration, however, prioritized stability over reform, and therefore Russia saw no new

³⁵ Subari also joined the opposition in 2007, although he remained the ombudsman until 2009.

improvement in its corruption situation under Putin. The reason why the Georgian government possessed such a will to reform does not lie merely in the fact that it was strongly cohesive. Instead, it has to do with the features that bound its leading members together.

In addition to personal ties, the members of the Georgian government shared a pro-Western, reformist vision for Georgian society. Many of them had developed this mindset through having lived, studied, and worked in America or Europe, as well as in the international sector in Georgia, for extended periods of time before the Rose Revolution. They also tended to be younger than the average politician. For example, Saakashvili, who was 36 at the time of the Rose Revolution, had received his LL.M. from Columbia University under an Edmund S. Muskie fellowship and worked at a New York law firm before returning to Georgia. These characteristics meant that the key figures in the new government had not yet had time to be socialized into the status quo put in place during the Soviet period. Instead, they had encountered an internationally-influenced political order that promoted different goals for Georgian society. This in turn may have made them more likely to align with the reformist strain in politics, as it fit more closely with their prior Western environment. When Zhvania was attempting to shape the CUG to a pro-Western course, for instance, he used this ideological frame to convince Saakashvili to return to Georgia and get involved in politics (Wheatly 2005, 89).

These shared characteristics of members of the Georgian government were not restricted to its most central figures. The Saakashvili administration intentionally focused on recruiting a team of officials not socialized into the former system and sharing a common commitment to making reforms.³⁶ These staff members held several similar traits, such as experience in the West and young ages, which ensured that they had not internalized a Soviet attitude towards work and

³⁶ Interviews number 32 and 39.

corruption but rather would be open and willing to attempt changes. The cabinet Saakashvili set up in February 2004 included 20 ministers, and of these 20, 11 of them had studied in Europe or America prior to their ministry service and 13 of them were 40 or younger when they obtained their position (with six of them 35 or younger).³⁷ These patterns were replicated in the appointment of their deputies and other key staff members:³⁸ the government especially tried to recruit candidates who had won foreign scholarships, such as a Muskie or a Fulbright.³⁹ They were also maintained throughout the tenure of the Saakashvili administration; of the 20 ministers at the time of the 2012 Georgian parliamentary election, 12 had studied in the West, 13 were 40 or younger when they obtained their position, and seven were 35 or under at the time. The combination of youth and a pro-Western background among reformist ministers is not unique to Georgia, but can also be found in other Eastern European countries that launched successful liberalization and anti-corruption drives, such as Slovakia and Estonia (O'Dwyer and Kovalchik 2007). In Estonia, for example, the architect of the country's pro-liberalization reforms, Prime Minister Mart Laar, was only 32 when he took office.

In my interviews with government officials, many of them mentioned how this shared background helped to develop a common vision among members of the new government. For example, one Deputy Minister told me that the young officials were more likely to think that change was possible and be willing to take risks to make it happen, as opposed to the older contingent of bureaucrats who had been socialized into the Soviet system and were cynical as to

³⁷ Original dataset compiled by the author. This count of ministers includes the State Security Minister, who, although not head of a formal cabinet ministry, was chosen at the exact same time as the other ministers and oversaw a portfolio on a level of importance as a cabinet post.

³⁸ Interviews number 32, 40, and 46.

³⁹ Interview number 50.

the possibility of reform.⁴⁰ Although the relative youth of the new ministers could at times pose challenges, the Georgian administration still considered it more important to have its most senior officials share a Western-oriented mindset than for them to have possessed many years of work experience. The fact that most government officials shared the same outlook also reinforced the beliefs of individuals, bolstering the dominant worldview and making it less likely that any one actor would dissent from it.⁴¹

This support for pro-Western values among the new Georgian administration was also important because it coincided with their intended geopolitical orientation for the country. The new administration strongly pushed for Georgia to create Western alliances in order to counterbalance the influence of Russia. Under such circumstances, it was easy for people both inside and outside of the government to believe that the reformers were genuinely attempting to align the country's political institutions with Western norms. It also allowed anti-Saakashvili political factions to be easily portrayed as "pro-Russian," thereby diminishing their popularity and effectiveness as opposition movements.

By taking advantage of the opportunities offered by the Rose Revolution, including both obtaining popular support for overturning a disliked former government and holding new elections that allowed the UNM to dominate Parliament, Saakashvili managed to break with the administrative fragmentation characteristic of the Shevardnadze period and put in its place a strongly cohesive government. The most important figures of this new administration were linked through personal networks. Their supporting staff was often selected for shared characteristics, such as a background in the West and young ages, which made them more likely

⁴⁰ Interview number 32.

⁴¹ Interview number 43.

to support the changes that the most central members of government wanted to implement. As a result, for the period during which most of the reforms took place, the government was able to avoid infighting that could lead to gridlock and instead take action to launch a significant reform drive, including reducing the level of corruption in the country.

The Development of a Governmental Monopoly on Power

In the period immediately after the Rose Revolution, the new government vowed to make the struggle against corruption a major focus, following up on the promise of “Georgia without corruption” that Saakashvili used in his campaign for president. Despite this stated desire to reduce the level of corruption in the country, however, the administration was not assured of accomplishing this goal. Other vested interests who benefitted from corruption had an incentive to block the reform program from going forward. Since Georgia was emerging from a period of weak central government, there was no assurance that the new administration would have the ability to overcome these potential obstructions. That said, the government managed to push through reforms without facing significant opposition. The fact that the losers from reform were unwilling or unable to protect their interests suggests there is more to the anti-corruption drive than simply the construction of a pro-reform administration. The other major factor that led to reform was that the Saakashvili administration only chose to make major reforms after it had consolidated its control over the country.

Although the Rose Revolution took place in November 2003, Saakashvili did not focus on anti-corruption reforms in government institutions until the summer of 2004. The firing of the traffic police, perhaps the most significant of the anti-corruption measures, took place in July 2004. The liberalization of the bureaucracy and deregulation of business, credited with reducing the number of opportunities for graft, largely began with the appointment of Kakha Bendukidze to Economics Minister in June 2004 and his subsequent post as State Minister for Reforms Coordination in December 2004 (World Bank 2012). The move to a standardized exam system, designed to crack down on corruption in universities, occurred in July 2005. Other such reforms followed a similar pattern. Indeed, in the first half of 2004, outside commentators registered doubts that the government's anti-corruption initiatives amounted to anything more than a purge of people connected with the former regime (Peuch 2/30/2004).

An in-depth study of the first six months after Saakashvili took office is therefore necessary to identify additional changes to the Georgian political system during this period that could explain Saakashvili's ability to push through reforms. Such an analysis shows that, during the first six months of 2004, Saakashvili built on his strong initial position by pushing through several initiatives that had the effect of marginalizing other contenders for power. These included strengthening the institution of the presidency relative to the parliament through constitutional reforms, taking swift actions to reduce the power of mafia groups, and regaining centralized control over different regions of the country. This course of action did not necessarily represent a victory for democracy or a stable rule of law.⁴² At the same time, it created the necessary space for the government to take decisive action on petty corruption without facing resistance from other sectors of society.

⁴² See Chapter 5 for more details.

One of the first steps that Saakashvili took once he gained power was to strengthen the institution of the presidency in Georgia before the new parliamentary elections in March 2004. In February 2004, Saakashvili introduced changes to the Georgian constitution that placed the defense, interior, and state security ministries directly under the head of state, allowed the president to block any “unconstitutional” decision made by the Parliament, and gave the executive branch the power to dissolve the legislature should it fail to pass a state budget after three consecutive attempts. In practice, these changes did not make a major difference in the way the Georgian government operated, as the pro-presidential UNM kept control of the Parliament until 2012, and even after the opposition came to power, Saakashvili refrained from making use of his ability to dissolve government. However, coming so soon after Saakashvili’s inauguration, this shift sent a strong statement about the expected strength and cohesion of the new government, especially in contrast to the paralysis that had existed during the Shevardnadze era.⁴³ In addition, the reform plans were not subject to a period of public debate, leading to fears from civil watchdog NGOs of a power grab by the central authorities (Peuch 2/6/2004).

On the other hand, in planning for the March elections, the Saakashvili administration chose to ignore the recommendations of the OSCE and other international observers and refused to lower the electoral threshold needed for representation in the country’s Parliament from the unusually high level of seven percent. Subsequently, in the March 2004 parliamentary elections, only one oppositional political faction, the New Rightists-Industry Will Save Georgia, won enough support to enter the Parliament. Had the government decided to follow the advice of international groups and implemented a less extreme threshold of five percent, two additional

⁴³ In defending the reforms, Saakashvili made statements such as “We need strong authorities and a consolidated team of ministers to settle all the problems” and “Everyone should sacrifice in the name of unity.” Not all his supporters agreed with the reforms; one UNM MP, Koba Davitashvili, quit the party over his disagreement with the changes (civil.ge 2/3/04).

opposition parties, the Democratic Union for Revival and the Georgian Labor Party, would have gained representation. Even if those parties had won seats, the UNM would have controlled a majority in Parliament, but high barriers to entry served to dissuade the formation of new opposition parties, helping to cement the initial dominance of the UNM. Through the combination of expanding the powers of the presidency while making it harder for the opposition to win representation in Parliament, the Saakashvili administration made sure that it and it alone would be able to control events within the country.

Along with creating high formal barriers to entry, Saakashvili also targeted members of the other political groups that had been prominent in the former government. The first step was to prevent the previous regime from reestablishing itself. Although Shevardnadze had fled the country after the Rose Revolution, Saakashvili quickly declared in January 2004 that he would target the former president's family in the coming anti-corruption drive (civil.ge 1/6/04). He then led investigations into the finances of Shevardnadze's daughter-in-law's father (civil.ge 1/18/05) and his son-in-law (civil.ge 2/20/04). These actions posed a serious challenge to any attempt of Shevardnadze's inner circle to regain power and thereby further cemented the position of the UNM.

Saakashvili then turned to reining in Aslan Abashidze, Shevardnadze's most high-profile supporter still in power. In 2003, Abashidze's political party, the Union of Democratic Revival, had allied with Shevardnadze in the national elections and had taken second place nationally in vote totals widely seen as fraudulent. In return for this political support, Shevardnadze had allowed Abashidze free reign in the province, including turning a blind eye to smuggling, tax evasion, and the use of paramilitary forces (George 2008). Not unexpectedly, the relations between Abashidze and Saakashvili after the Rose Revolution were poor, with Saakashvili

declaring in a speech in January 2004 that Ajara should not become a haven for criminals (civil.ge 1/16/2004). A couple of months later, this heated rhetoric turned into open political confrontation. In the middle of March, Saakashvili set up an economic blockade against the region, which was removed only after Abashidze promised to allow fair local parliamentary elections (RFE/RL 3/19/2004). The next month, however, tensions returned, as Saakashvili accused Abashidze of a number of crimes, including withholding taxes, harassing political opponents, and maintaining paramilitary forces, and vowed to take control of the province (RFE/RL 4/22/2004). After Saakashvili threatened the use of military force in the beginning of May, Abashidze fled to Russia, allowing the central government to regain control of Ajara. Although the region continued to function as an autonomous republic, the Saakashvili administration temporarily imposed presidential rule on Ajara while rooting out Abashidze's supporters from power. Several of his political allies were prosecuted for a number of crimes, such as extortion and tax withholding, and the Ajaran bank system was suspended while an investigation into corrupt loans was underway (George 2008).

The conflict between Saakashvili and Abashidze reflected the way that the balance of power in Georgia had shifted towards the central administration. During the Shevardnadze period, Abashidze had represented an important cornerstone for the president's support, without which he would have been unable to maintain control over the other factions in government. Indeed, in 1999 Abashidze's political party went into opposition when it perceived that the reformist wing of the CUG was coming to dominate the government, an action that forced Shevardnadze to make a deal with it in 2000 to settle the affair (Wheatley 2005, 124-125). By contrast, the strong political position that Saakashvili obtained after the Rose Revolution allowed him to dispense with Abashidze's support. He could devote much of the spring of 2004 to regaining full control

over Ajara without having to worry about his government falling or unrest breaking out in other parts of the country.

In addition to targeting political rivals, the administration used the first six months to rein in other social groups that could play the role of opposition. The government swiftly moved to marginalize organized crime, which had held significant power during the Shevardnadze era. As early as December 2003, Saakashvili announced a crackdown on extra-legal actors in several regions of the country. By February 2004, a major paramilitary group, the Forest Brothers, had surrendered its arms in the province of Zugdidi (civil.ge 2/11/2004). In March, the government arrested 15 criminal bosses in Kutaisi, the second-largest city in the country, as well as officials from the region of Samegrelo who were thought to have links to organized crime and smuggling (civil.ge 3/3/2004, 3/5/2004). Later that month, the police killed a prominent crime family in the mountainous region of Svaneti, where in previous years frequent robberies had depressed the area's tourist potential (civil.ge 3/24/04). As a result of these drives, the power of organized crime fell dramatically in 2004, with many criminal groups and mafias either being arrested or fleeing the country (Kukhianidze 2009). The institutional protection that the "thieves-in-law" had provided to illegal behaviors had been destroyed, making it much harder for people to break the law successfully (Slade 2012, 627).

To a large degree, the way that the government managed to succeed in its fight against organized crime resembled how it managed to dominate in the political sphere. During the 1990s, the widespread lawlessness in Georgia had led to a massive expansion in mafia groups as people saw them as a route to profit and influence. This served to dilute the strict standards members of the "thieves-in-law" brotherhoods had previously held themselves to, making them in turn less popular among the general population in Georgia (Slade 2012). For this reason, once

the post-Rose Revolution government started taking action against them, they found it more difficult to mobilize supporters in order to avoid being completely eradicated. As with the other political groups left over from the Shevardnadze period, the Georgian mafia was unable to operate as a coherent unit against the Saakashvili administration, thereby leaving itself open to being driven from power.

One other potential counterbalance to the central state would have been regional authorities. Before the Rose Revolution, the Georgian government had a very limited ability to influence the behavior of local administrations. This was not limited to its most apparent manifestations, such as the country's lack of control over Abkhazia and South Ossetia. Even majority-Georgian areas saw a reduced influence of the central government, as regional leaders began to hold greater sway. In order to preserve order, Shevardnadze often appointed local clan leaders to top positions in regional departments, although this allowed them to run illegal businesses from their offices without fear of a broader crackdown (Stefes 2006, p. 110). Such figures would be unlikely to sign off on Saakashvili's priorities for the country.

Although systematic data on the regional leadership during the Shevardnadze period is not available, a sample of its most high-profile figures shows they came from very different backgrounds than the members of the national administration after the Rose Revolution. Abashidze had begun working in government during Soviet times and had served as a regional leader since the early 1990s. The governor of Imereti, the most populous region outside of Tbilisi, had come of age during the Soviet period, never worked outside of the region, and held a presence in regional government from the 1970s onwards (www.tetrebi.org).⁴⁴ The governor of Kvemo Kartli, the second most populous region, also had served since 1994 in the Shevardnadze

⁴⁴ This governor, Teimuraz Shashiashvili, ran against Saakashvili in the 2004 presidential elections, winning all of 1.9% of the vote. He would subsequently serve as a member of a number of small opposition parties.

administration, and almost immediately after the Rose Revolution he fled to Russia after being investigated for misappropriation of gold (civil.ge 12/5/03). None of these fit the socialization profile of a leader who would be likely to harmonize his own political preferences with those of the Westernized central government. What is more, these figures held complete power over their regions during the Shevardnadze period, controlling the appointment of lower-level positions there (Wheatley 2005, 120).

Once the Saakashvili government had established its position, it worked to eliminate the areas in which local governments could operate outside of central controls.⁴⁵ In order to make sure that vested interests did not take control of regional institutions such as the police force, the government recruited young people who had not been socialized into the prior system, placed them in regions other than their own, and had them keep tabs on each other's behavior.⁴⁶ In this way, their peers would be more likely to hold them to a higher standard rather than collude with them in diverting resources to their home region. Regional leaders were replaced in the same way. As in Russia, the President of Georgia has the power to appoint governors, and Saakashvili frequently made use of this prerogative in order to make sure that local administrations remained in loyal hands. For example, after Imereti, which had previously been known as a center for the "thieves-in-law", stalled in its reforms during the 2004-2008 period due to its criminal history and poor economic situation, Saakashvili appointed the deputy head of his administration, Lasha Makatsaria, as governor of the province in order to make sure things changed the way he

⁴⁵ Interview number 49. Unlike the other reforms mentioned in this section, the government's increasing control over the regions took place in a longer time frame than the first six months of Saakashvili's rule. In addition, there seems to be some variation between regions over how long it took the administration to control graft. For example, in the 2008 BEEPS index, 58% of businessmen in Kutaisi but only 15% in Kakheti saw corruption as a "major" or "very serious" obstacle to their current operations. That said, by the time of my interviews in 2011-2012, none of my respondents identified significant differences between corruption levels among regions of the country.

⁴⁶ Interview number 48.

wanted.⁴⁷ Once these loyal regional leaders had been named, there were no significant instances where they opposed Saakashvili.⁴⁸ In addition, the Saakashvili administration eliminated completely the previously autonomous *temi*, or village, level of government, instead assigning districts to supervise the management of villages (George 2009). For these reasons, while corruption persisted for a while as a problem in some regions (Wheatley 2005, 204), by the end of Saakashvili's time in office, the ability of the central government to appoint powerful regional governors led to corruption levels becoming broadly similar across the country.⁴⁹

In all these cases, the removal of powerful anti-regime figures had a good deal to do with the lack of opposition to the government's reforms. As most people were tired of the culture of corruption that had existed before the Rose Revolution, the losers in the reforms would have found it difficult to gather support through the battle for popular opinion. Their best chance for recompense would therefore have been the protection of a powerful patron. As the government had eliminated all its potential competitors for power before starting institutional reforms, however, it was impossible for such support networks to develop. As a result, the government was able to carry out its agenda without significant protests.

From this angle, it is significant that the first major anti-government protests took place in November 2007, four years after the Rose Revolution, rather than in the immediate aftermath of the regime change, as this shows that Saakashvili was able to enjoy a relatively long period of secure dominance. During the 2004-2007 period, the governing administration remained largely

⁴⁷ Interview number 26. Note that it was only after Makatsaria came to power that Saakashvili presented his plan to relocate the Parliament to Kutaisi, the center of Imereti.

⁴⁸ Interview number 10.

⁴⁹ Interview number 19.

intact and preserved its hold on power. A few members of the government chose to break with Saakashvili and go into opposition during this time, most notably Foreign Minister Salome Zourabichvili in 2005, but the political party that she set up failed to gain much support from the general public. Similarly, previously existing opposition parties such as the Labor Party and the New Rights Party remained unpopular, to a large degree because of their refusal to take part in the Rose Revolution (Mitchell 2008, 88). As a result, Saakashvili enjoyed a nearly free hand in the years between 2004 and 2007.

By contrast, the 2007 demonstrations, which brought 50,000-70,000 protesters into the streets (civil.ge 11/2/07), took place after a major shakeup in the government's inner circle. Former Defense Minister Okruashvili, who had previously been one of the closest figures to the President, was sacked from his post in the previous year, and in September 2007 he was arrested for taking part in corruption.⁵⁰ This served as a spark for the opposition in the country to protest, although these demonstrations focused less on expressing direct sympathy for Okruashvili than on decrying the growing presidential overreach (International Crisis Group 2007). As a result, the demands of the opposition, which included holding early parliamentary elections, creating election administrations with representatives from different political parties, changing the majoritarian electoral system, and releasing political prisoners, all reflected at their root an unease with Saakashvili's concentration of power, as opposed to narrowly focusing on Okruashvili or reflecting different themes such as economic issues (civil.ge 11/2/07).

In this respect, the relationship between Okruashvili and the protests was that the infighting in the central government reflected a potential weakness that marginalized interests could exploit. This can be seen by looking at the backgrounds of the protestors, who acted on a range

⁵⁰ He was released on bail on October 8, and on the eve of the protests fled to Germany, where he appealed for asylum. He only came back to Georgia after the victory of Georgian Dream in October 2012.

of motivations. At least some of those taking part were genuinely upset about the increasing centralization of power that had taken place during Saakashvili (International Crisis Group 2007). In addition, many of the protesters had suffered from the changes under Saakashvili, such as former policemen who had lost their jobs as a result of the reforms.⁵¹ Finally, at least a few of the participants may have acted for reasons that were not purely political. An observer in Kutaisi mentioned that some of the people from the region who went to protest in Tbilisi were doing it because opposition leaders paid them, rather than for ideological reasons.⁵² In none of these cases, however, did the motivation of the protestors directly relate to whether or not Okruashvili went to jail. Instead, the push to have the government retreat on this one issue stemmed from a desire to establish a check on the President.

Conclusion

The Georgian government's success in reducing petty corruption in the country was a consequence of the strong network and ideological ties within the government and the regime's marginalization of potential challengers for power. Saakashvili's administration consisted of an inner circle related to each other through personal connections and a larger elite class which held a common background as pro-Western liberalizers. What is more, before the government started its reform push, it manipulated formal and informal institutions in order to marginalize those who might oppose either the members of the administration or their goals. Once the

⁵¹ Interviews number 8, 25, and 28.

⁵² Interview number 44.

administration had managed to create an unchallenged position for itself, it found it easy to push through the changes that it desired most.

The ability of the Saakashvili administration to take control over the country was in turn made possible by the very weakness of the state before the Rose Revolution. The need to avoid the disintegration of the state in the early 1990s forced Shevardnadze to maintain power by relying on personal links to disparate actors. When conflict arose among these figures, Shevardnadze was unable to perpetuate the balance that he had created, resulting in a power vacuum. This provided an opening for Saakashvili to take charge of the entire government once he came to power in the Rose Revolution.

In this way, the events that took place after the Rose Revolution demonstrated how a system with fewer veto players can be more amenable to pushing through changes in informal institutions such as corruption, as long as the controlling power has a sincere interest in reform. The concentration of power that Saakashvili obtained after the revolution put him in a strong initial position to make changes in Georgian society. From there, he increased his dominance further by creating an administration that shared his preferences and expelling threats from the political sphere before they became strong enough to pose a challenge to him. These steps allowed Saakashvili to control all the veto points in the system, and he was then able to succeed in his reform program.

This is not entirely a positive story. As Chapter 5 shows, this lack of checks and balances made the government especially vulnerable to abusing its position without facing consequences. As a result, while petty corruption declined dramatically, frequent violations of the rule of law and elite-level graft continued to be major problems in the country. At the same time, the concentration of control was a necessary condition for the government to be able to see through

its reforms. In Ukraine, where the administration was much more constrained, actors not aligned with its goals managed to block the implementation of its preferred policies, and so it was unable to effect meaningful changes.

Chapter 4

The previous chapter demonstrated that, after the Rose Revolution of 2003, the Republic of Georgia managed significantly to decrease its level of corruption. On its own, however, this case holds only limited utility for theory-building. Many events led to the fall of corruption in the country, and without situating Georgia within a larger comparative framework, it is difficult to tell which of them played a crucial role in controlling graft and which were merely incidental to the reforms. An example of reform failure in a broadly comparative country could therefore help to back up the claim that that Georgia's ideologically cohesive and politically powerful leadership played the decisive role in ensuring the effectiveness of its reforms.

For this reason, this chapter will examine the case of a "most similar" country, Ukraine after the Orange Revolution of 2004. As former members of the Soviet Union, Ukraine and Georgia share a historical legacy. In addition, many of the political institutions that the Soviet government created have persisted after independence in both countries, giving the two nations a largely comparable institutional framework. The initially high level of corruption in each of these countries was a part of that shared institutional heritage: the use of informal arrangements to circumvent the cumbersome state bureaucracy was a widespread practice during the Communist period (Karklins 2005). Even today, the former Soviet Union has one of the world's highest levels of graft, rivaled as a region only by much poorer Sub-Saharan Africa (Transparency International CPI 2014). Finally, in the early 21st century, both Georgia and Ukraine went through a "color revolution", driven in part by widespread popular anger over corruption, which removed the old guard from the country and brought a pro-Western, avowedly reformist government to power. Despite all these similarities, only Georgia saw a significant decline in its

corruption levels during the years after its revolution. This chapter's comparison between Georgia and Ukraine therefore follows the strategy of Mill's Method of Difference: by looking at why levels of corruption diverged in two otherwise largely similar countries, it identifies the key factors behind successful reforms (Box-Steffensmeyer et al. 2008).⁵³

I argue that Ukraine failed to see the same level of reforms as Georgia because it lacked an ideologically cohesive administration that possessed a strong monopoly over power. The liberal bloc of Ukrainian politicians, of which President Viktor Yushchenko was a member, was much weaker prior to the Orange Revolution than was the analogous faction in Georgia before the Rose Revolution. In addition, parliamentary elections were not re-held after the Orange Revolution, leaving Yushchenko's party with a minority of seats in government even after he became president. As a result, Yushchenko could not create a government that would be devoted to realizing his own personal policy preferences. Instead, he had to form a coalition and in the process reward his allies with key political posts. This tied his hands as to what could be accomplished, giving him less leeway to control the policy agenda. It also prevented him from taking a hard line against the most ardent defenders of the status quo, thereby making it harder for him to focus on pushing through reforms. The "reformist" government soon collapsed due to infighting, and the next iteration of the government returned to the same sort of patronage system that had previously existed.

⁵³ While Mill's Method of Difference provides a powerful way to identify critical divergences among cases, one must include a few caveats over its use (Box-Steffensmeyer et al. 2008, 284-287). First of all, the two cases must be similar in all other respects than the key difference, a circumstance that can only be approximated in the real world. In the section of this chapter on alternate explanations, I highlight additional areas of divergence between Georgia and Ukraine, and I argue that these differences by themselves are not able to explain the variance in corruption reforms. In addition, probabilistic effects can mean that one comparison, no matter how tight and well-constructed, may not identify replicable trends. While this is a difficulty all small-n research must face, in Chapter 6 I provide sketches of other cases that follow the same patterns as the events in Georgia and Ukraine in order to suggest my argument holds validity in other circumstances.

The structure of this chapter parallels that of the last one. It first demonstrates that corruption was a problem in Ukraine both before and after the Orange Revolution. After this, it looks at how the stable yet fragmented political system present in the late 1990s and early 2000s prevented Yushchenko from obtaining the same monopoly on power that Saakashvili possessed, even after he obtained the presidency in the Orange Revolution. It then shows how the divisions in the governing coalition and the persistent presence of anti-reform political elites further weakened Yushchenko's options and moved the country onto a different path than Georgia, and it establishes that these factors were the key reason why Ukraine failed in its anti-corruption reforms while Georgia succeeded. Finally, it examines alternate explanations to this account and argues that these are insufficient to explain the respective outcomes in the two countries.

The Failure of Anti-Corruption Reform in Ukraine

The anti-corruption reform drives in Georgia and Ukraine resulted in highly different outcomes. At the beginning of the 21st century, both Georgia and Ukraine had serious problems with corruption, and of the two countries, Ukraine may have even seemed the more promising for reform. After their respective revolutions, however, Georgia rapidly began to lower its corruption levels, while Ukraine was unable to make significant changes in this area. The contrast between these two countries therefore merits closer examination.

The Transparency International Corruption Perceptions Index can provide a basic overview of corruption trends within Ukraine. Although the same caveats mentioned in chapter 3 apply here as well, the percentile scores for Ukraine give a rough indication of how corruption in the country changed over time. Before the Orange Revolution, corruption was widespread in

Ukraine's Position on the Corruption Perception Index, By Year

Year	CPI Value	CPI Percentile
2002	2.4	17
2003	2.3	20
2004	2.2	16
2005	2.6	33
2006	2.8	39
2007	2.7	34
2008	2.5	26
2009	2.2	19
2010	2.4	25
2011	2.3	16
2012	2.6	18

Source: Transparency International CPI

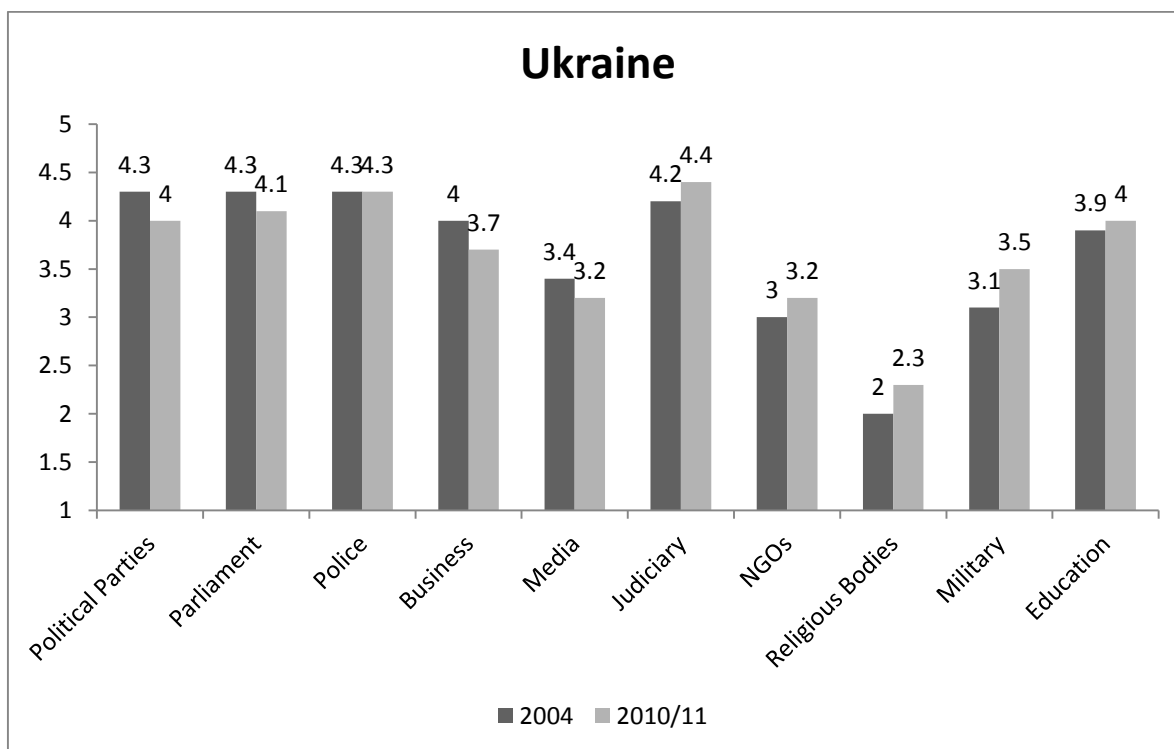
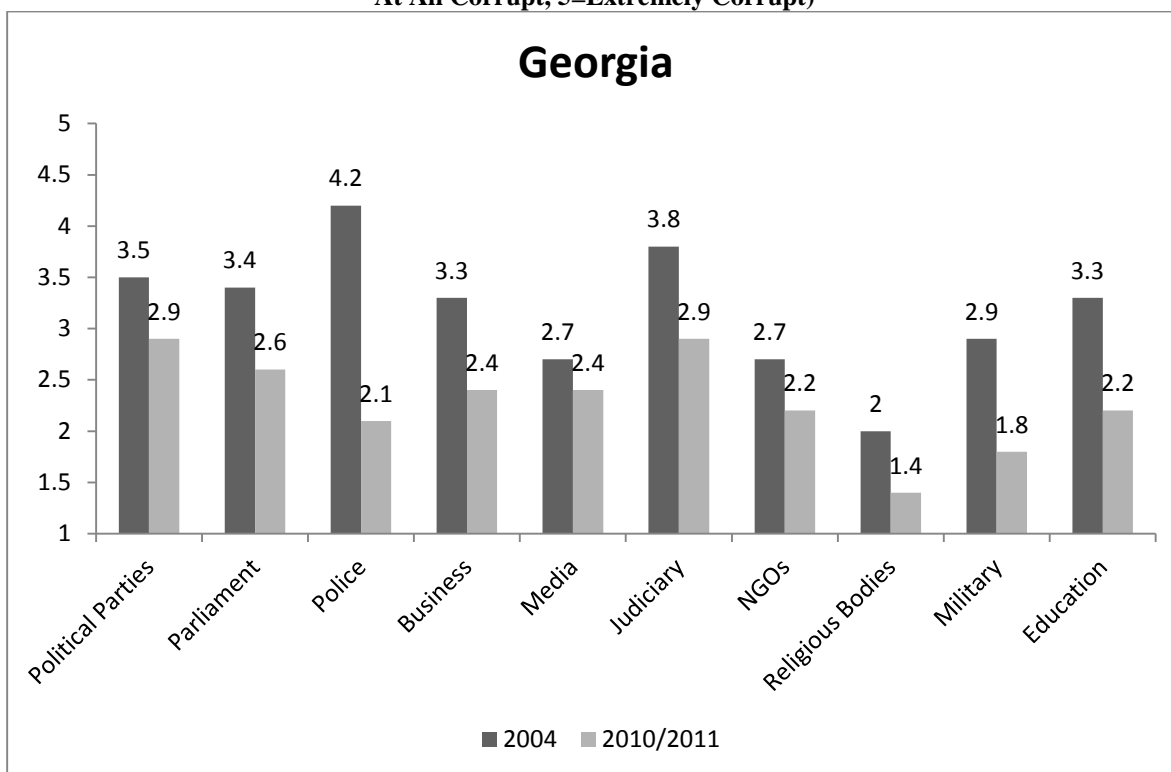
Ukraine, with values similar to those for the other former Soviet states and only slightly better than those for Georgia. After the Orange Revolution occurred, perceptions of corruption in Ukraine improved somewhat over the 2005-2006 period, although it is impossible to say from the CPI data whether this reflected a true decline in corruption during this time or whether it merely signified hopes that the Yushchenko government would make reforms. In any case, by the end of the decade, any such changes had been reversed, and Ukraine had returned to its pre-revolutionary status quo.⁵⁴

⁵⁴ Although there may seem to be a minor numerical gain for the 2011-12 period, this was largely due to a rescaling of the CPI that took place during this time – the percentile index for Ukraine better reflects of the true state of affairs.

More detailed surveys of corrupt activities in Ukraine largely support this general picture of persistent, widespread corruption. A large number of Ukrainians admit to having personally paid a bribe in the last year: 21% in 2004, 17% in 2005, 30% in 2007, 21% in 2009, and 37% in 2013 (Transparency International GCB 2004-2013). Businesses also say that bribery is frequent for firms such as theirs: 30% of firms in 2005 and 27% in 2008 stated this, with the former score being the third-highest and the latter score the second-highest value for any former Soviet country (World Bank BEEPS 2008). A comparison of corruption across sectors in Ukraine shows that corruption remained high across the board, as opposed to Georgia where most institutions saw significant declines in corruption by the end of the decade (Transparency International GCB 2004-2013). Finally, in the same survey where 78% of Georgians stated in 2010 that corruption levels had improved over the last three years, only 8% of Ukrainians made the same claim (Transparency International GCB 2010).

Despite this failure at enacting reform, it is not the case that Ukrainians, including those in the eastern part of the country, are culturally supportive of corruption and see it as a permissible way of doing business. A series of opinion polls from the International Republican Institute show that Ukrainians think that corruption is one of the top challenges that their country is facing (International Republican Institute 2011-2014). This is largely not dependent on the region of the country the respondents are from; corruption tends to be among the top three issues for those in the east as well as the west. By contrast, corruption did not place as an issue on similar surveys IRI carried out in Georgia at the same time.

To What Extent Do You Perceive the Following Sectors in this Country to be Affected by Corruption? (1=Not At All Corrupt, 5=Extremely Corrupt)



Source: Transparency International, Global Corruption Barometer, 2004-2011

IRI Survey: What are the Three Most Important Problems Facing Ukraine?

Date	Percent saying 'Corruption' ⁵⁵	Issue rank
03/2014	50	1 st
09/2013	42	3 rd
05/2013	51	2 nd
09/2012	37	4 th
03/2012	39	2 nd
11/2011	40	3 rd

Source: International Republican Institute

If there is no general popular desire in Ukraine to live in a corrupt system, the persistence of corruption in the country suggests instead that members of an organized minority, such as political and economic elites, are working to keep the status quo in place for their own benefit. This, then, raises the question of why the Orange Revolution did not lead to the same reform drive that took place in Georgia after the Rose Revolution, despite new leadership emerging when former President Leonid Kuchma and his protégé Viktor Yanukovych lost power to Viktor Yushchenko. Like Saakashvili, Yushchenko positioned himself as a pro-Western reformer, and he gained much of his national support from the perception that he would fight against corruption. During his previous positions as head of the National Bank and Prime Minister, he did not use his position to enrich himself (Wilson 2005, 17).⁵⁶ As a result, many domestic and international analysts expected Ukraine to follow a pro-Western and pro-reform path once he

⁵⁵ Respondents were asked to pick the three issues they thought were the most pressing for Ukraine. The percentage is of respondents who chose corruption as one of these three.

⁵⁶ This was also corroborated in interview number 54.

came to power after the Orange Revolution.⁵⁷ The events of the following months and years, however, would demonstrate that Ukraine would not embark upon a similar reform path to Georgia.

The Pre-Revolutionary Roots of Ukrainian Political Fragmentation

The similarities between the locations and events of the Rose and Orange Revolutions, as well as the pro-Western rhetoric of Saakashvili and Yushchenko, has often led commentators to lump them together as similar transitional processes. While there is some truth to this argument, one major difference was that the outcome of the revolution in Georgia gave the new administration much more discretionary power than was the case in Ukraine. This was largely due to the nature of the two countries' previous political arrangements. Unlike in Georgia, where the liberal reform faction had become one of the major political blocs in the country even before the Rose Revolution, in Ukraine representatives of this group had held a much more marginal political role. As a result, when Yushchenko managed to become president, he could not rely solely on his closest political and ideological allies to form a government. Instead, he needed to form alliances with other figures who did not necessarily share his priorities for the country. The critical antecedents (Slater and Simmons 2010) that created the pre-conditions for reform in Georgia were not present in Ukraine.

As shown in chapter 3, in Georgia, a liberal pro-reform faction played a prominent role in the country's politics during the 1990s, becoming one of the major groups that Shevardandze needed

⁵⁷ For example, Taras Kuzio wrote in the *Journal of Democracy* that Ukrainian civil society had helped set the country "on the path to democracy and reintegration with Europe" (Kuzio 2005), and Adrian Karatnycky argued in *Foreign Affairs* that the members of Yushchenko's political team "both know how to run bureaucracies and understand how to overcome resistance to reform" (Karatnycky 2005). Ukrainian attitudes were similarly positive.

to work with in order to stay in power. As a result, it was well positioned to take control once the former regime lost its hold on the government. In Ukraine, however, the analogous bloc had very little influence on government before 2001. During the 1990s, there had been a liberal faction, Reforms-Congress, in the Ukrainian parliament, or *Rada*, but it did not hold much power: its members held only 27 seats after the 1994 elections and 24 seats after the 1998 elections (Whitmore 2004).⁵⁸ For this reason, after their respective rises to power, Yushchenko had fewer ideologically-aligned allies than Saakashvili whom he could call on to set up a coherent administrative organization.

One reason that the liberals had a weaker presence in the Ukrainian government than in the Georgian one was the persistence of the Communist Party in the country. In Georgia, the Communist leadership had violently cracked down on a nationalist demonstration on April 9, 1989, which resulted in a near-total delegitimization of the party even before the country became independent (Wheatley 2005, 43-44). Although individual former Communist leaders would continue to hold high positions during the Shevardnadze regime, they did not do so under their former party identification. In Ukraine, by contrast, the Communist Party represented the largest and most cohesive opposition force during the 1990s, and it won the most seats of any party in the 1994 and 1999 parliamentary elections. In addition, its far-left and pro-Russia stance made it one of the most ideologically disciplined parties in the country. As a result, the few liberals in the government found themselves in the unenviable position of needing to support the oligarchic elite against the Communists, which marginalized their influence and prevented them from

⁵⁸ Determining faction and party strength in Ukraine is fairly difficult, since party-switching is common among individual legislators, but the Reforms faction had between 27-36 seats over the 1994-8 period and 13-24 seats over the 1998-2002 one (Whitmore 2004).

emerging as an independent force in the way that Zurab Zhvania and his supporters did in Georgia (Aslund 2009, 122).

Not only did the persistence of the Communists allow the former *nomenklatura* to paint themselves as centrists, but other factors present in Ukraine but not in Georgia also assisted them in consolidating their power and marginalizing a potential reform force. Unlike in Georgia, where the nationalist Zviad Gamsakhurdia took control as the country's first president in the 1990 elections, in Ukraine the *nomenklatura* class of the political elite managed to coopt the intelligentsia early on and prevent it from playing a major role in Ukrainian politics.⁵⁹ A nationalist political party, Rukh, formed in Ukraine at the end of the Soviet Union, but it decisively lost the first election for President in 1991. Over the next year, the government induced splits in Rukh, whose reason for existence had declined once Ukraine gained independence, ending its run as a significant political force (Wilson 2005, 37).

In addition, unlike in Georgia, wealthy businessmen formed alliances with establishment politicians. These groups of oligarchs tended to be based in specific regions of the country, largely in the east; the most influential in Ukraine were the Donetsk, Dnipropetrovsk, and Kyiv "clans". By entering politics, they could both gain legal immunity and advocate for policies beneficial to their businesses, many of which were outdated Soviet-era industrial conglomerates which would not have flourished without government protection. In return, they could provide government members with material benefits. Several parties in the Ukrainian parliament from this time period, such as Hromada and the Social Democratic Party of Ukraine (United), served as mouthpieces for these oligarchs, and many independently affiliated candidates also held ties to

⁵⁹ As discussed in chapter 3, although Gamsakhurdia was driven from power before the end of 1991, the threat that he might return to power and the subsequent civil unrest that his supporters caused drove Shevardnadze to form a grand bargain with all political groups in the country.

oligarchs. Interestingly, the oligarchs had a minimal presence within the state administration itself, preferring to exert influence through the legislature or other informal channels (Aslund and McFaul 2006, 22).

Due to these factors, the government of Leonid Kuchma from 1994-2004 had a much stronger hold on power than Shevardnadze ever did in Georgia. By using state resources to manipulate the 1999 presidential election, Kuchma was able to ensure a run-off against a hardline Communist candidate in the second round, which allowed him to gain an easy victory as almost all the anti-Communist population of the country voted for him over his opponent (Wilson 2005, 44). Kuchma also had the necessary control and resources to construct a stable patronage state, unlike the anarchic free-for-all that took place in Georgia at the end of the Shevardnadze era. Secret recordings of Kuchma's elite dealings demonstrated that, while the state would turn a blind eye to a certain amount of corruption, it would step in to intervene if an official became so greedy as to destabilize the system or refused to give his superiors a portion of the cut (Darden 2008). This is a similar system to that in other former Soviet countries, such as Armenia, which had manageably high but not extreme levels of corruption (Stefes 2006). As a result, government figures could use illicit resources to enrich themselves, buy support, and punish potential threats to their rule, without having to worry about their graft bringing about the total collapse of state order. Because of this, they did not need to empower groups, including potential reformers, who might aim to move away from the corrupt status quo.

The creation of a significant liberal-reformist opposition force only emerged after then-Prime Minister Viktor Yushchenko lost a parliamentary confidence vote in 2001. Yushchenko had developed a reputation as an economic reformer during his time as chairman of the National Bank from 1993-1999 and Prime Minister from 1999-2001. However, many of his reform drives

during this period upset the interests of the oligarchs in the *Rada*, who teamed up with the Communists on April 19, 2001 to force him out of the Prime Minister position.⁶⁰ Later that year, however, secretly taped conversations emerged that implicated Kuchma in significant illegal activity, including the kidnapping of a murdered opposition journalist, Gregory Gongadze, as well as more general instances of electoral fraud and corruption. This led to a dramatic decline in Kuchma's popularity rating, making it impossible that he could win even a semi-democratic election and providing a window for him to be removed from power (Hale 2005). As a result, Yushchenko was able to combine public sympathy over his treatment with the window of opportunity the Gongadze scandal offered in order to obtain a natural route to power as an opposition leader.

Yushchenko's personal popularity, however, was not enough for him to secure power on his own, and so for the 2002 parliamentary elections, Yushchenko formed a political coalition, Our Ukraine, which united ten political parties on the right and center-right of Ukrainian politics. This was a more diverse bloc than was Saakashvili's United National Movement, as the members involved included both pro-Western and Ukrainian nationalist figures. In addition, other politicians in the group, such as Petro Poroshenko and David Zhvania, were wealthy businessmen in their own right, albeit of somewhat smaller scale than the leaders of the big industrial conglomerates. Some of them had even held previous connections to the Kuchma regime and only joined Our Ukraine at the last moment (Wilson 2005, 63). While this loose confederation of actors may have been necessary in order for Yushchenko to gain political access

⁶⁰ In particular, Yushchenko authorized Yulia Tymoshenko, who was serving as his Deputy Prime Minister for Fuel and Energy Issues, to reduce inefficiencies and eliminate loopholes in the country's energy industry, an action that threatened the livelihoods of several oligarchs. In retaliation, the oligarchs pushed Kuchma to launch corruption prosecutions (which may have been based on legitimate issues but were also clearly politically motivated) against Tymoshenko.

and funding in a system where his natural allies, pro-Western liberals, held very little clout, it also would have the future consequence of making it harder for members of the bloc to reach consensus among themselves.

Even with this broad-based alliance and popular anti-Kuchma sentiment, Our Ukraine only managed to capture 111 seats out of a total 450, largely due to electoral fraud and patronage politics that led pro-Kuchma and pro-oligarch candidates to win individual district seats (Wilson 2005, 68).⁶¹ In the run-up to the 2004 presidential elections, Our Ukraine had to further broaden its alliances, working with other parties, such as the Bloc of Yulia Tymoshenko and the Socialists, which did not necessarily share its political priorities but held a common commitment to removing the old guard from power. These other groups did not simply give their support for free, however. Tymoshenko expected to be rewarded with the position of prime minister in exchange for her backing, an agreement that Yushchenko subsequently honored (Aslund and McFaul 2005, 36). Other ministry positions went to the other parties in Yushchenko's coalition, as well as to the disparate members of Our Ukraine. In exchange for gaining the support that could allow him to win the 2004 election, Yushchenko had constrained his ability to obtain his preferred policy preferences once he came to power.

Kuchma, realizing that his low popularity meant that he would be unable to win another term, picked as his preferred successor Viktor Yanukovich, the governor of Donetsk province who ascended to the position of Prime Minister in November 2002. Despite the ruling regime tilting its resources heavily in favor of Yanukovich, Yushchenko was able to narrowly edge out Yanukovich in the first round of voting. In the second round, the electoral commission claimed Yanukovich had won, but numerous reported examples of fraudulent behavior cast doubts on

⁶¹ At the time, half the seats in the *Rada* were selected through proportional representation, and the other half were chosen in individual majoritarian districts.

these results and sent protestors into the streets in favor of Yushchenko, launching the Orange Revolution. Eventually, as even some of the oligarchs began to disassociate themselves from the government (Aslund 2009, 195; Hale 2005), the decision was made to re-hold the elections, and this time Yushchenko won under extensive monitoring and largely free and fair conditions.

As in Georgia, an opposition leader promising to deliver reforms and take the country on an economically liberal, pro-Western path had gained power through a popular revolution. Despite these superficial similarities, however, the new government in Ukraine held much less discretion than the one in Georgia. Unlike Shevardnadze, who retained no significant power base once he had lost control of his patronage system, Yanukovich remained an influential opposition figure due to his strong ties to the Donetsk region and its oligarchs. Other eastern regions of the country also retained close connections between economic oligarchs and political elites (in some cases, these were the same person), and these people were for the most part not kindly disposed to Yushchenko. Even among the members of the former opposition, Yushchenko had less political support than Saakashvili. Some of these parties, such as the Communists, had interests directly opposed to those of Yushchenko and had not supported the Orange Revolution. While officially allied with Yushchenko, Yulia Tymoshenko retained control of her own party, had her own political priorities, and even made private contacts with some of the eastern oligarchs (Wilson 2005, 77), leaving her a less than reliable partner. Yushchenko's own political bloc, Our Ukraine, consisted of ten smaller parties that represented a variety of interests and did not necessarily see eye to eye with each other or with Yushchenko. As a result, despite having managed to gain control of the highest political office in Ukraine, Yushchenko in reality held much less of a mandate than Saakashvili, who led a unified political party and faced a relatively

weak opposition. For Yushchenko, this weakness was only to build over time, eventually making it impossible for him to carry out any significant reform program.

The Growing Weakness of Yushchenko's Government

Although Yushchenko may not have held as strong a position as Saakashvili did initially, he still had come to power on a wave of popular support amid expectations he would be able to reform the country. He had won the presidential election with 52% of the vote, and a February 2005 poll showed that 71.5% of Ukrainians either fully or partially supported him (Razumkov Center 2005). Unlike Saakashvili, however, who used his temporary windfall of popularity to entrench his political position, Yushchenko took the opposite strategy in the first few months of his rule, making choices that dispersed power rather than concentrating it. As stated previously, the findings of Hellman (1998) and others suggest that this decision would benefit the fight against corruption. In reality, the opposite outcome emerged, as the decentralization of power made it more difficult for Yushchenko to accomplish his reform agenda as time passed.

Yushchenko's first moves to devolve power came about even before he took office. As a part of the deal to re-hold the runoff election between Yushchenko and Yanukovich, the *Rada* voted to weaken the powers of the president and ruling party through a new constitutional amendment and election law. The constitutional amendment deprived the president of the right to dismiss ministers and allowed the prime minister, not the president, to nominate all ministers except those for defense and foreign affairs,⁶² while the election law lowered the threshold for a party to enter parliament from four to three percent and switched the country from a mixed

⁶² Yushchenko would also be able to nominate the Security Services Minister (not formally a cabinet-level position) and the Chief Prosecutor for Ukraine.

single-member/proportional electoral system to an entirely multi-member proportional one. Notably, these reforms moved the country in an opposite direction than the constitutional changes immediately after the Rose Revolution, which increased the power of the president over parliament and maintained a high threshold for parties to gain representation in the *Rada*. As these changes were not to come into effect until 2006, they did not directly impact Yushchenko's immediate political strength.⁶³ Instead, in much the same way that Saakashvili's centralization of presidential powers underscored his dominance, the need for Yushchenko to make these concessions demonstrated the continuing relevance of the political opposition, which would not have agreed to a repeat of the election without them (RFE/RL 12/8/2004). In such a manner, they signaled the increased difficulties Yushchenko would face in pushing through a reform program.

More significantly, unlike in Georgia, only the presidential, and not the parliamentary, elections were re-held after the Orange Revolution. Part of this was due to the nature of the previous election, which in Georgia was parliamentary and in Ukraine was presidential. After the Rose Revolution triumphed and Shevardnadze left office, it was necessary to redo both presidential and parliamentary elections, in order to select a new leader to replace the absent Shevardnadze and to hold a more honest vote for the legislature. By contrast, in Ukraine, annulling the former fraudulent election satisfied the demands of the protestors for a new vote, even though it did not affect the composition of the *Rada*. As a result, Our Ukraine was not able to ride a wave of revolutionary support to increase its share of seats in parliament. There were some opposition politicians at the time, such as Tymoshenko and a few members of Our

⁶³ They did have some impact after the 2006 elections. The lower electoral threshold allowed the Communists, who obtained 3.66% of the vote, to gain representation they would not otherwise have had, and the future tenures of Yanukovich and Tymoshenko as prime ministers doubtless made it even harder for Yushchenko to appoint his preferred candidates as ministers during this time period. However, by the time of the 2006 elections, the major window for reforms had already passed.

Ukraine, who wanted new parliamentary elections, but they were unable to gain traction for this argument (Aslund 2009, 196). Given that the Kuchma-Yanukovych faction was demanding concessions for merely re-holding the election, the ability for the opposition to obtain additional gains was limited.

As a result of this lack of new parliamentary elections, however, Yushchenko's ability to govern became even more restricted. With Our Ukraine only holding 101 out of 450 seats at the time of the Orange Revolution, it needed to form a coalition government in order to rule. Alongside the deal made with the Party of Regions, this meant allotting Our Ukraine's partners in the Orange Revolution significant cabinet representation, in order to follow up on the promises to gain their support made during the revolution. Yulia Tymoshenko received the position of Prime Minister, and a member of her party, Oleksandr Turchynov, became the Security Services Minister: despite this, the Bloc of Yulia Tymoshenko did not receive any additional ministerial posts, giving it less representation in government than seemingly less important groups such as the Socialists. The Socialist Party received three cabinet posts, including the Interior Ministry, and the Party of Industrialists and Entrepreneurs, which had aligned with the Party of Regions in the 2002 elections, received one.

Even within the Our Ukraine bloc, cabinet posts were distributed among five of the coalition parties, as well as given to some members not otherwise aligned, including oligarchs such as David Zhvaniya and Yevhen Chervonenko who had first entered politics when backing Yushchenko in the 2002 elections. Many of these wealthy newcomers to Ukrainian politics were people who had agreed to finance Yushchenko's campaign and whom Yushchenko felt obliged to reward with high-level positions once he came to power.⁶⁴ Indeed, without this support, the

⁶⁴ Interviews number 53 and 58.

Composition of Ukrainian Cabinet by Party, February 2005

Party	Cabinet Posts
Our Ukraine	15
Bloc of Yulia Tymoshenko ⁶⁵	2
Socialists	3
Party of Industrialists and Entrepreneurs	1
Independent	2

Source: Dovidka.com.ua

Makeup of Our Ukraine Cabinet Ministers, February 2005

Reforms and Order Party	5
People's Movement Of Ukraine	2
Social-Christian Party	1
Youth Party of Ukraine	1
Ukrainian People's Party	1
No Additional Party Affiliation	5

Source: Dovidka.com.ua

media-savvy Tymoshenko would have had a good chance of obtaining a higher profile in the Orange Revolution than Yushchenko and then becoming president.⁶⁶ In addition, the other

⁶⁵ This includes the Prime Minister's position and that of Security Services Minister (which was not responsible to the Parliament).

⁶⁶ Interview number 55.

parties that made up the Our Ukraine coalition also obtained a quota of government posts, such as regional heads, in return for their support (Bransten 2/17/05).

As in the deal with the Party of Regions, this big-tent policy allowed Yushchenko to obtain the necessary support to transition successfully into a new administration. The need to provide seats to a diverse set of political interests, however, restricted the type of government that could be created. Unlike in Georgia, where Saakashvili had near-unlimited discretion in choosing the members of his administration, Yushchenko could not select a government based around liberalizers and technocrats, even though this would have reflected his own stated policy priorities for the country. This constraint is reflected in the backgrounds of the cabinet members. Of the 23 members of the Ukrainian cabinet, only seven were under forty and only three had studied in the west, a clear contrast to Georgia where the majority of ministers held these attributes. Instead, the most significant trend predicting cabinet selection was previous service in Parliament; 21 of the 23 ministers were serving in the *Rada* prior to the Orange Revolution. None of the ministers from parties other than Our Ukraine were either western-educated or under 40. In addition, after the Orange Revolution, many Ukrainians who had gone to America and Europe to study and work returned with the hope that the government could use their skills, but for the most part the administration showed no interest in recruiting them, a clear contrast to Georgia where such people were highly prized for filling government positions.⁶⁷ As a result, the leading figures in the new government would hold less technocratic and more political priorities, focusing on changes that could enhance their own power base.

⁶⁷ Interview number 52.

Composition of Cabinet Members in Georgia and Ukraine⁶⁸

	Number of Ministers	Number of Ministers under 40	Number of Ministers with a Western Education	Number of Ministers Previously in Parliament
Saakashvili's Cabinet, February 2004	20	13 (65%)	11 (55%)	6 (30%)
Yushchenko's Cabinet, February 2005	23	7 (30%)	3 (13%)	21 (91%)

Source: Original Dataset

A related contrast with the Saakashvili administration was that, for the most part, the figures most closely tied to Yushchenko's network gained less powerful positions immediately after the Orange Revolution than did their Georgian counterparts. The First Deputy Chairman of the National Bank of Ukraine during the time Yushchenko was Chairman, Volodymyr Stelmakh, returned to the position of Chairman of the National Bank, which he had taken on when Yushchenko resigned to become Prime Minister and left in 2002 over disputes with members of Kuchma's team. The Deputy Prime Minister when Yushchenko was Prime Minister, Yuriy Yekhananov, became the head of Dnepropetrovsk province. These were far from unimportant positions, and some other people close to Yushchenko, such as Oleh Rybachuk, a former high-level National Bank employee who became Yushchenko's chief of staff and, after the Orange Revolution, Vice-Prime Minister for European Accession, gained cabinet-level representation. At the same time, with neither the Prime Minister's position nor any of the power ministries (Interior, Defense, or Security Services) going to members of Yushchenko's immediate network, Yushchenko's ability to obtain administrative cohesion on the most important issues for the country was much less than that of Saakashvili.

⁶⁸ Source: Original Dataset. This includes the State Security Ministry for both countries.

All these choices fit well with Yushchenko's personality, which was much more that of a consensus-builder than a forceful leader. During the Communist period and under Kuchma, the authorities in Ukraine had become adept at using informal, hidden channels of influence to maintain stable control over their underlings, but Yushchenko gained a reputation of being hesitant to make use of such methods.⁶⁹ This reluctance contrasted with Saakashvili's approach to governance as well. For example, while Saakashvili made ample use of extra-judicial pre-trial detentions in order to coerce tax evaders to pay back their illicit gains, Yushchenko explicitly stated that he would respect the rule of law and not follow this course of action (Maksymiuk 6/18/2005). This approach was not without benefits, and perhaps the largest of these was that it allowed Yushchenko to go beyond his immediate support circle and build the broad coalition that succeeded in the Orange Revolution. It is doubtful, for instance, that Yushchenko could have made alliances with both the populist Tymoshenko and the minor oligarchs who gave Yushchenko needed financial support if he had insisted on all his supporters falling into line on one policy stance. At the same time, this non-forceful leadership made it even more difficult to rein in a divided government once he was in office.

The Failure of Anti-Corruption Reforms in Ukraine

The need to offer concessions to the opposition, the highly diverse alliance of political factions making up the government, and the partisan nature of the most senior figures in the cabinet all combined to prevent Yushchenko from enacting his reform program after coming to power. Whereas the Georgian government was able to coordinate a plan of action within its

⁶⁹ Interview number 51.

ranks and then marginalize potential opposition groups, the Ukrainian one suffered from internal division and, eventually, face a resurgent role for the Party of Regions. Anti-corruption reforms would prove a casualty of these trends.

Immediately after the Orange Revolution, popular hopes were high that corruption could be brought under control in Ukraine, and during the first few months of Yushchenko's rule, there were concrete signs as well that corruption was decreasing. Cases of low-level bribery dropped throughout the country, as police and bureaucrats worried the new administration might take away their jobs for engaging in graft.⁷⁰ This did not happen only in the capital; for two months after the Orange Revolution, the government for the western city of Lviv avoided engaging in corrupt behaviors, although they had been pervasive beforehand.⁷¹ Customs officials also moved away from illegal transactions because they were scared of Tymoshenko's declared campaign against contraband.⁷² The government also took some more high-profile steps to eliminate corruption. In a move patterned on the anti-corruption drive in Georgia, the government disbanded the entire traffic police for the country in July 2005 in order to eliminate a significant source of graft, and many of the regional police chief heads were fired for abuse of powers (RFE/RL 7/19/05). Finally, the administration removed from office a number of high-level officials suspected of malfeasance during the Kuchma period, including five former regional governors, and launched criminal proceedings against them (RFE/RL 7/26/05). These steps seemed to confirm that Yushchenko would fulfill his campaign promises to push through reforms.

⁷⁰ Interview number 55.

⁷¹ Interviews number 61 and 62.

⁷² Interview number 51.

Unlike in Georgia, however, these moves did not lead to any lasting results. By the end of 2005, corruption had returned to about the same level as before the Orange Revolution.⁷³ Although Tymoshenko's "Contraband – Stop!" program resulted in a short-term decline of graft, the longer-term result was that importers looked for new informal illicit channels to bring their goods into the country, and after Tymoshenko left office, the status quo of evading customs controls was restored.⁷⁴ The police reforms also came to nothing, as plans for a more professional patrol police never materialized, and, after a period of chaotic, unregulated vehicle traffic in the country, the old police were simply reinstated at their former posts, resulting in a resumption of corrupt practices.⁷⁵ Finally, the government eventually released many of the arrested officials from jail without trying them or charging them with a crime, and a number of them eventually returned to high-level positions. These results coincide with the macro-level patterns of corruption mentioned earlier in the chapter. While corruption may have temporarily decreased for much of 2005, in the years afterwards it came back to its previous baseline, while Yushchenko's credibility as a reformer plummeted.

Why did the reform drive in Ukraine stall and then falter, while Georgia managed to make its reforms stick? The immediate point of divergence was that the reforms were much more closely coordinated in Georgia than they were in Ukraine. The events connected with the firing of the traffic police neatly demonstrate the difference between the reform drives in these two countries. In Georgia, the administration had planned the move to improve the institution for

⁷³ Interview number 55. My source claimed that this was because Ukrainian officials realized after a few months that the government would not press anti-corruption reforms, and so they considered themselves able to return to their old practices without fear of punishment.

⁷⁴ Interview number 51.

⁷⁵ Interview number 54.

some months before it enacted the change. As a result, once it dissolved the traffic police, it could quickly put in place the new patrol police, as it had planned out beforehand how they would function. By contrast, in Ukraine, the firing of the traffic police was a spur-of-the-moment decision that took place after some police had stopped Yushchenko by mistake while he was driving on personal business, and the government gave little thought as to what a patrol police replacement would look like other than that it should follow Georgia's example.⁷⁶ As a result, the planning that was necessary for such a reform to succeed did not exist, leading to a lack of beneficial outcomes.

This, however, leads in turn to the question of why the reforms were less well organized in Ukraine than in Georgia. Although many things may have contributed to this divergence, one of the most important factors was that the Georgian government was able to focus on coordinating reforms, while the Ukrainian one quickly fell victim to infighting. Saakashvili inherited a cohesive administration that possessed a monopoly on power in the country and stayed together for years after the Rose Revolution. As a result, its members possessed the time and trust to work together and plan a smooth and logical reform strategy. By contrast, Yushchenko saw rifts emerge in his government soon after the Orange Revolution take place. This meant that the pro-Yushchenko and pro-Tymoshenko wings of the administration came to focus on power struggles involving each other, leaving little space for the development of long-term reforms. Yushchenko was also unable to marginalize the opposition in the way that Saakashvili did, as it needed to be held in reserve as a potential coalition partner in case the Yushchenko-Tymoshenko alliance fell apart. As a result, less discretion remained for launching a broad-based movement against corruption.

⁷⁶ Interview number 54.

One area where differences soon emerged between the two national administrations was in choosing the government's policy priorities. In Georgia, the Western-trained administration united around the goal of generating economic development by opening the economy to global commerce. As a result, it made liberal, if not libertarian, changes to its regulatory climate that caused the country to rise in the World Bank's Ease of Doing Business Rankings from 112th place worldwide in 2004 to 37th place in 2007 and be named a "world's best reformer" by the Bank (World Bank 2007). Although not without controversy in other areas (such as labor protections), this shift had beneficial consequences for reducing corruption, as eliminating excess layers of bureaucracy made it less possible for an official to ask for a bribe in exchange for a service. By contrast, in Ukraine divisions quickly surfaced between the various factions of the government, with Yushchenko preferring to advocate for gradual change along liberal lines and Tymoshenko (as well as the Socialist leader Oleksandr Moroz) pushing for radical reforms which would increase the power of the state. This soon led to paralysis in the government.

These differences bled into the two politicians' respective approaches to combatting corruption. In her efforts in this area, Tymoshenko focused on a populist strategy of retribution against allegedly corrupt officials. The centerpiece of her efforts was an aggressive reprivatization drive for properties that had been sold under unclear circumstances during the Kuchma period. These actions played into widespread popular resentment over how a small elite had managed during the 1990s to use their privileges in order to get rich, and a poll from the time showed that 71 percent of Ukrainians supported revising the privatization agreements for the biggest state enterprises (Aslund 2009, 207). At the same time, the uncertainty of the situation led to a decline in business confidence in the country, a situation not helped by the additional populist approaches to economic reform that Tymoshenko advocated, such as increasing

government pensions and regulating prices for commodities such as gasoline. The end result of these declared policies was to lead the economy, which was healthy at the time of the Orange Revolution, to a state of near-stagnation by mid-2005.⁷⁷

By contrast, Yushchenko never supported Tymoshenko's strategy of massive reprivatizations or her anti-oligarch rhetoric, instead preferring liberal economic policies to populist ones, a commitment that he had acted on in his previous positions. However, he also did not share Saakashvili's single-minded devotion to radical liberal reforms. Instead, he took a more restrained approach, attempting not to antagonize any one major Ukrainian political faction. This consensus-building fit with the strategy that had led him to power; as shown earlier, he had needed to build coalitions among members of varying political positions, and he was more at ease in this role than that of firebrand (Kuzio 2013, 237). At the same time, without a united front of ministers supporting his efforts, he lacked the secure backing to push forward his own reforms that Saakashvili held. In addition, Yushchenko too often became an anti-radical voice rather than a pro-reform one, which meant in practice that he began to focus more and more on stopping the more activist Tymoshenko rather than taking proactive steps to further his own preferred policies. By May, it was claimed he had stated in private that, due to their disagreements over economic policy, he had wished he had never appointed Tymoshenko to the Prime Minister position (Maksymiuk 5/26/2005).

The divisions in the Ukrainian government not only generated a lack of consensus in the administration, but it also meant that Yushchenko could never fully marginalize the opposition, as he might need to work with it in case his current partnership fell apart. As shown earlier, one

⁷⁷ There was, however, regional variation within Ukraine, with firms in pro-Yushchenko locations doing better than those in pro-Yanukovich ones. This is most likely due to particularistic economic policies that operated through political connections (Earle and Gehlbach 2014).

of Saakashvili's first steps was to make sure rival political factions, such as that of Abashidze, could not obstruct the government's plan of action. Some of the early moves of the Yushchenko administration, such as the arrest of the eastern governors, seem to indicate that he would have liked to have taken a similar path. On the other hand, the government was much more guarded in this area than it could have been. It did not take steps to arrest the most high-profile opposition politicians, such as Kuchma, even though the Gongadze tapes would have seem to have provided the pretext to do so. It similarly left untouched prominent oligarch backers of the opposition, such as Ukraine's richest man, Rinat Akhmetov, despite widespread allegations of corruption surrounding them.⁷⁸ When combined with its sizable presence in the *Rada*, this meant that the Party of Regions, which had shown no inclination to push for reforms, could still manage to play an important role in Ukrainian politics. In addition, the continued political presence of people suspected of corrupt dealings could itself be seen as a failure of the reform drive. Indeed, once the alliance between Yushchenko and Tymoshenko fell apart, the Party of Regions became an essential powerbroker, leading to the end of the window for reforms.

An example of this process demonstrates the dynamics at play. The head of the Donetsk regional council, Borys Kolesnikov, was taken into custody on extortion charges in April 2005. His arrest was especially significant, because Donetsk, with its coalition of economic oligarchs, was seen as one of Kuchma's strongest power bases, and so the move to convict him could be seen as an attempt to break with the past. Kolesnikov held close ties to Akhmetov and Yanukovych, and his reputation in the region was that he served as a racketeer who could help enforce Akhmetov's economic and Yanukovych's political maneuverings (Wilson 2005, 168). By August, though, the government released Kolesnikov from prison, and in September, he

⁷⁸ Akhmetov even fled the country in the summer of 2005 in fear that the government would bring charges against him, and he only returned after the split between Yushchenko and Tymoshenko (Kuzio 2008).

returned to his former job (Kupchinsky 9/26/2005). In the 2006 elections, he gained a seat in the *Rada*, and he served as the Deputy Prime Minister for Infrastructure from 2010-2012 before returning to his current position in the legislature.

The timing of these reversals is particularly significant, as the push against opposition members took place while the alliance between Yushchenko and Tymoshenko was fraying. In the same week that Kolesnikov returned to his original position, Yushchenko made a deal with Yanukovych in which the latter would support the former's government in exchange for several concessions, such as drafting an amnesty for people involved in election fraud the previous year (Maksymiuk 9/30/2005).⁷⁹ Once Tymoshenko had left the government, Yushchenko needed to come to such an agreement with the opposition or risk losing power. Unlike in Georgia, however, this meant that he could never fully ignore opposition-affiliated elites who were hostile to the reform process. Indeed, in 2006, Yanukovych's party, the eastern-dominated Party of Regions won the most seats in parliamentary elections and formed the next government. Complications arising from Yushchenko's initially weaker position thus made it even harder for him to make future reforms.

Since political concerns blocked both the strategy of pushing for economic reforms that might lessen the incidence of corruption and that of prosecuting formerly corrupt officials, Yushchenko had a relatively limited amount of options available to move against corruption. Instead, he focused on other topics, such as foreign relations (he frequently travelled to America and Europe) as well as cultural issues such as memorializing the Holodomor famine of the 1930s. Neither of these priorities had any effect on corruption in the country, and they soon came

⁷⁹ Some reports have suggested that this agreement was accompanied by a 'secret protocol' in which Yushchenko made even more concessions to Yanukovych (Maksymiuk 9/30/2005). If this is true, it is easy to imagine Kolesnykov's reinstatement as one of these concessions, although there is no direct evidence of this.

to be seen among Ukrainians as an insignificant diversion. Meanwhile, the tension between members of Yushchenko's government continued to increase. After Yushchenko's chief of staff, Oleksandr Zinchenko, quit his position on September 5, claiming that Poroshenko and other members of the administration had merely perpetrated the corruption of the Kuchma regime, Yushchenko sacked his entire government, getting rid of Tymoshenko in the process, and formed a new one with Yuriy Yekhanurov serving as Prime Minister.

An examination of this cabinet reveals some interesting comparisons and contrasts to the previous one. As might be expected, with the power-sharing agreement between Yushchenko and Tymoshenko no longer in effect, the new cabinet was much less politicized than under Tymoshenko, even though it was more so than the Saakashvili cabinet. Only 15 of its 24 members, or 63%, had served in the *Rada* at the time of the Orange Revolution, as compared to the 91% who had done so in the first Tymoshenko cabinet. The members of the cabinet were also more closely connected to Yushchenko. A number of the new leaders came from Yushchenko's personal network, such as Prime Minister Yekhanurov, who was Yushchenko's first deputy prime minister in 1999-2001. In addition, Pavlo Kachur, the Minister for Construction, Architecture, and Residential-Communal Farming, had served as an advisor to Yushchenko when he was Prime Minister, and Yuriy Polyachenko, the Health Minister, was an advisor for Yushchenko in 2005. Even though some of the ministers came out of backgrounds unaffiliated with Our Ukraine, and the Socialists stayed on in their positions, the overall makeup of the administration was much more cohesive than during the Tymoshenko period. As it did not need to deal with the divisions of the previous cabinet, one may have expected it to be more effective at managing the reform process. Unfortunately, while the new government was able to stop the

economic decline of the country by turning away from Tymoshenko's populist agenda (Aslund 2009), it did not take any significant measures to curb corruption.

There are a few potential reasons for this lack of initiative. While there was greater similarities among members of the new cabinet, this cohesion did not involve the introduction of the Westernizers who dominated the Saakashvili government. Only 2 ministers, or 8%, had studied in American or European universities, and only 6, or 25%, were under 40 at the time, figures fairly similar to those (13% and 30%, respectively) from the previous Ukrainian cabinet. Instead, the most notable trend among the cabinet members in this cohort was previous government service: 18 of them, or 75%, had served in a national or regional-level government post during the Kuchma period, as compared to 52% of the ministers in the Tymoshenko government who had done so or 45% of those in Saakashvili's cabinet who had served under Shevardnadze. This may have led to a less robust commitment to reform among the members of the new government: for example, Yekhanurov referred to the country's oligarchs in a positive light (Kubicek 2009). The reason for this divergence once again lies in the relative weakness of the liberal faction within Ukraine as opposed to Georgia during the pre-revolutionary period. While other members of the Georgian inner circle, such as Zurab Zhvania, helped to pave the way for Saakashvili's career and make liberals a significant force in Georgian politics, in Ukraine there were very few potential ideological allies for Yushchenko, which may have led him to be more conciliatory towards the former system. As a result, while both Saakashvili and Yushchenko preferred to draw upon their personal networks if possible, this still resulted in a less distinctly reformist orientation in Ukraine.

Alongside the makeup of the new government, an additional factor that may have led to the lack of reform was simply that the administration did not spend enough time in power to be able

to see through changes. Yekhanurov was sworn in as Prime Minister on September 22. The most high-profile issue in the next few months was a dispute with Russia over gas payments, which led to Russia temporarily blocking gas exports to Ukraine in the middle of the winter. Although this was soon resolved, charges from the opposition that Ukraine had accepted a bad deal led it to hold a successful no-confidence vote against the government on January 10th (Maksymiuk 1/11/2006). Little could therefore be accomplished until new elections were held in March, which the Party of Regions narrowly won. Shifting alliances and political gridlock would mark the next four years in Ukrainian politics, making it impossible to coordinate effective reforms. Even without having been made up of the strongly reformist types found in the Georgian government, it is therefore possible that the newer administration would have still been able to bring about reforms if events had given it a freer hand.

One final Ukrainian political development deserves investigation. According to the logic of the decentralization hypothesis (i.e. Hellman 1998; Gehlbach and Malesky 2010), the multiple power centers of Ukraine and lack of a dominant political force should have provided an incentive for politicians to act as reformers in the second half of the 2000s. Since they were unable to obtain enough control over the political system to obtain the support of vested interests looking for assurances of favorable treatment, they should have instead positioned themselves to win the support of voters by providing benefits in areas such as reducing corruption. Despite multiple elections during this time period (parliamentary elections in 2006 and 2007, and presidential elections in 2010), however, such an outcome did not occur. Instead, the leaders of the major government institutions and political parties focused on opposing each other, while oligarchs continued to pour money into influencing their behavior, often switching their support from candidate to candidate in order to maximize their pull (Aslund 2009, 221). Meanwhile,

voters tended to coalesce their support into geographic patterns, with Tymoshenko winning in the west and Yanukovich winning in the east of the country (Yushchenko's support declined significantly during this period across Ukraine, and after the 2010 elections his party had little sway, with many of its members teaming up with Tymoshenko). The incentives that should have led to reform in Ukraine's decentralized system failed to materialize.

Alternate Explanations

The comparison between Georgia and Ukraine suggests that the concentration of power in the hands of administrations with members previously socialized outside of the current "system" is the strategy with the greatest potential to curb corruption in the short term. In Georgia after the Rose Revolution, this combination of factors provided the necessary will, expertise, and power for the government successfully to change the corrupt status quo. By contrast, the government in Ukraine consisted largely of long-time political figures and suffered from internal divisions, making it impossible for it to commit to a reform path. This is not the only possible reading of the events in these two countries, however. Alternate explanations, such as the strength of the respective leaders' commitments to reform, the different demographics of the two countries, or the power of their civil societies, could also explain the variation in outcomes between Georgia and Ukraine. In this section, I discuss these different arguments and assess them against the primary claims of my dissertation.

One alternate theory that demands attention is that the difference between the reform outcomes in Georgia and Ukraine did not stem from administration-wide factors, such as the past socialization of senior officials or the degree of control they held over the political system, but

rather simply reflected Saakashvili's personal desire for change and Yushchenko's corresponding lack of interest in genuine reform. If this truly signifies the major divergence between the two countries, it would help to explain why it was that Georgia, but not Ukraine, saw a decline in corruption. However, it would have little importance for comparative political theory, as it would represent an idiosyncratic factor that could not easily be generalized.

The sentiment that Yushchenko was ineffective in his role as president was one of the most common themes I heard during my interviews in Ukraine. A number of reasons may exist for this. Unlike Saakashvili, Yushchenko spent his early career in the Soviet *nomenklatura* system and had Soviet-era leaders promote him to his initial positions.⁸⁰ Not sharing the background that socialized the ruling class of Georgia and made them more disposed to reform, such as previous experience in the West, Yushchenko may have been less inclined to push for changes. In addition, while Yushchenko had developed a reputation for clean management during his pre-presidential positions, once he came to power corruption allegations began to surround members of his family and his inner circle. Journalists claimed that his son had spent money freely that he could not have obtained on his official salary (Mite 07/27/2005), and his brother was also implicated in shadowy dealings.⁸¹ Yushchenko was later to apologize publicly for his son's behavior.⁸² Other allegations of corruption were levelled at some of the businessmen in Yushchenko's administration, such as Petro Poroshenko (RFE/RL 09/06/2005). Even if these behaviors did not extend to Yushchenko himself, they may have made him less inclined to go after corruption.

⁸⁰ Interview number 60.

⁸¹ Interview number 54.

⁸² Interview number 57.

Even so, the background and initial actions of Yushchenko do not fully coincide with the image of a person entirely unconcerned with anti-corruption reforms. One of the reasons why Yushchenko came to power was that he had gained a reputation for being both clean and effective as the head of the National Bank and the Prime Minister. This was in contrast to other major Ukrainian politicians, such as Yanukovich, who had links to criminal gangs during the Soviet period, or oligarchs who sought a place in Parliament in order to better protect their assets. The attempts at change that Yushchenko launched soon after he came to power, even if they did not succeed, seem to indicate at least some desire to move away from the status quo. In addition, even if members of Yushchenko's circle used their position to enrich themselves, this by itself is not indicative of a complete lack of interest in reform. As shown in chapter 5, while corruption undeniably fell in Georgia after the Rose Revolution, elite dealings there did not always take place according to the rule of law, allowing high-level figures to benefit from their position. Finally, clear variation exists between the two post-revolutionary administrations in terms of government composition and capacity. Even if the respective personal attributes of Saakashvili and Yushchenko played a role in their management decisions, observing how these two administrations operated and why the Georgian, but not the Ukrainian, one succeeded in making changes could help identify the necessary mechanisms for controlling corruption.

In addition to the personal preferences of the central leader, different demographic characteristics between the two countries may have driven the divergence in anti-corruption reform outcomes. One factor that may have complicated the attempt to change the Ukrainian political system was the regional divide between the western and eastern sections of the country. Western Ukraine is Ukrainian-speaking and oriented more towards Europe, while eastern Ukraine is predominantly Russian-speaking and oriented more towards Russia, a difference

which has had an impact in Ukrainian politics. Election results, including the 2004 presidential race between Yushchenko and Yanukovich, often show significant divides in support for candidates between the two halves of the country, and regional affiliations strongly predicted support for the Orange Revolution (Beissinger 2013). Ukraine's split between two different political blocs could therefore have influenced the result of the reform process for a reason unrelated to the claims of my dissertation.

It is true that this divide between different regions of the country impacted politics after the respective revolutions, as it gave Saakashvili an advantage over Yushchenko in his efforts to centralize the government. As discussed in chapter 5, regional consolidation was one of Saakashvili's first priorities when he came to office. He quickly took steps to regain central governmental control over the Autonomous Republic of Ajara, whose leader immediately after the Rose Revolution had been one of his most visible opponents, and he also used a carrot-and-stick approach to prevent unrest from emerging in majority Armenian and Azeri provinces. By contrast, the presence of a regionally-based opposition made it difficult for Yushchenko to focus on political consolidation. This in turn meant that location-specific cleavages played a continuing role in Ukraine.

That being said, neither the magnitude of this difference nor its impact on anti-corruption policies should be overstated. Ukraine had strong regional cleavages, but Georgia was also far from a mono-ethnic state. Although the divide in Ukraine was more regionally concentrated, actual levels of ethnic diversity in the two countries are fairly similar: Georgia's ethnic fractionalization score is .4923, while Ukraine's is .4727 (Alesina et al. 2002). More importantly, the regional split itself did not affect the prevalence of corruption in Ukraine. In surveys, corruption represents one of the biggest concerns of Ukrainians, irrespective of their region; for

example, in a 2013 poll, 59% of easterners, as compared to 48% of westerners, named government corruption to be one of the three most important issues for Ukraine to focus on (International Republican Institute 2013). Nor was it that local administrations in the east of Ukraine were more corrupt than those in the west, as corruption was widespread throughout the country.⁸³ Instead, the significance of the regional divide for anti-corruption reforms was a political one, in that it made it harder for the victors of the Orange Revolution to gain a super-majority and so contributed to the gridlock in the government. If Georgia's political system had been similarly fragmented, whether due to regional diversity or for other reasons, the climate would likely have been equally uncondusive to successful reforms.

Another demographic explanation for Georgia's success and Ukraine's failure focuses on the different sizes of the two countries. Georgia is a small country with a population of less than 5 million and a size of 26,900 square miles, while the population of Ukraine is around 44 million and its size is 233,000 square miles. The fact that, both population-wise and geographically, Ukraine is about ten times as large as Georgia might make implementing reforms in that country a more difficult task, as more people would need to be involved in the changes and a greater area would need to be monitored. However, the previous theoretical evidence for the effect of country size on corruption levels is mixed: some papers (Amin 2011; Fisman and Gatti 2002) claim a link between larger countries and higher levels of corruption, while others (Knack and Azfar 2003) find no such connection.

In addition, even if Georgia's small size assisted it in its reform effort, Ukraine should have in turn benefitted from other factors which are much more robustly connected to corruption outcomes. For example, in 2003, the GDP per capita (at purchasing power parity) in Ukraine was

⁸³ This point was stressed in several of my interviews in Ukraine, including numbers 54, 61, and 62.

\$5,234, while that of Georgia was only \$3,451 (World Bank 2003). Given the strong predictive power of GDP for levels of corruption (Treisman 2000), it might have been expected that Ukraine would have been expected to have lower amounts of corruption than Georgia in the near future. Similarly, the initial level of corruption in Ukraine was somewhat less than that of Georgia: in the 2003 Transparency International index, Ukraine had a score of 2.3 while Georgia had one of 1.8 (Transparency International 2003). With borders on several EU countries, Ukraine's geographic location may have seemed more beneficial for reforms than that of Georgia, which was set apart from Europe in the Caucasus. Finally, the fact that the Orange Revolution occurred after the Rose Revolution meant that Ukraine's leadership would have had the ability to learn from the successes and failures of the Georgian case, making their reform task much easier. Despite all these advantages, however, Ukraine failed at lowering its corruption levels, which suggests that pre-existing predictors of corruption, when taken all together, cannot explain why Georgia far outperformed Ukraine in this area.

A final alternate explanation names the variable of interest as bottom-up pressure from civil society rather than top-down administration-led reforms. If popular activism tied the hands of leaders and forced them to act against corruption, the characteristics of top officials would matter less than their relationship with the general public. Although its members largely consisted of an economically privileged sector of the population, Georgia did have a vibrant civil society, with such non-governmental organizations as the Georgian Young Lawyers Association (GYLA), Transparency International Georgia, and the Liberty Institute playing key roles in both organizing the Rose Revolution and holding the government to account in the post-revolution years.⁸⁴ Börzel and Van Hüllen have argued that the focus of Georgian, but not Armenian, civil

⁸⁴ It is important to note, however, that there is great variation in civil society strength across the country. For example, in the poorer regional city of Kutaisi, there is little civic involvement. Interview number 44.

society on anti-corruption reforms was why Georgia made more progress than Armenia on curbing corruption (Börzel and Van Hüllen 2014), and if a similar dynamic took place between Georgia and Ukraine, it could explain the different outcomes in these cases.

There are many holes in the civil society explanation, however. First of all, Börzel and Van Hüllen do not substantiate well their claim that Georgian civil society was intrinsically more corruption-oriented: the only evidence they give for this claim is a Transparency International survey from 2013 showing that more Georgians than Armenians said they would get involved in anti-corruption protests (the fact that, by this time, Georgia had seen more progress than Armenia in limiting corruption, making such protests seem to hold a greater chance of success, may have affected these responses) and a chart showing a trend over time towards more yearly anti-corruption protests in Georgia (although the difference was usually small, and in the crucial reform years of 2004-2005, more such protests occurred in Armenia).⁸⁵ In addition, identifying civil society as the crucial variable ignores the actual sequence of events in Georgia. With 96% of the presidential election votes and a landslide for his party in the legislature, Saakashvili held a secure position to do what he wanted regardless of public pressure, and by the time large-scale protests returned to the country in 2007, many of the most important anti-corruption reforms had already been enacted. The fact that these reforms were still made suggests their top-down, rather than bottom-up, direction. Finally, anti-corruption rhetoric was also a large part of the Orange Revolution protests (which mobilized a large sector of the population), and Ukraine had a

⁸⁵ In relation to the second claim, another factor to consider might be that many members of the Saakashvili government would have been connected to such protests in the pre-Rose Revolution years. For example, the chart shows a spike of anti-corruption protests in Georgia in 2003, but many of these were undoubtedly linked to either Saakashvili's political campaign or the Rose Revolution, both of which used the fight against corruption as a major part of their rhetoric. This in turn can account for the rapid decline of anti-corruption protests in 2004, as Saakashvili had accomplished his goal of obtaining office. However, such events did not represent *independent* civil society anti-corruption pressures as much as the preferences for anti-corruption reform of one faction vying for political power.

stronger democracy and a freer press than Georgia after its respective revolution, implying that civil society should have been even more effective there. However, it was Georgia that saw the more significant reforms.

In the end, as with any two-country case study, the comparison between Georgia and Ukraine is not a perfect one. While additional features, such as the larger size of Ukraine as opposed to Georgia and the different distribution and salience of the linguistic and ethnic divides in the two countries, may have affected the eventual outcomes somewhat, however, the magnitude of their impact is not so large as to override the influence of a strong administration consisting of externally-trained individuals. It is also important to consider that other differences between Georgia and Ukraine, such as Ukraine's greater wealth and closeness to Europe, would seem to suggest the opposite outcome to what actually happened. As a result, demographic trends did not preordain the events of the post-revolutionary period. Finally, while civil society played a role in the Georgian events, it had a similar presence in Ukraine, and so it did not represent the decisive factor in the Georgian reforms.

Conclusion

Despite widespread optimism at the time of the Orange Revolution, Ukraine did not make anywhere near the same gains in the fight against corruption that Georgia did. A closer examination of the two governments identifies significant differences between the two administrations that affected this outcome. While young, Western-oriented reformers dominated the Georgian cabinet under Saakashvili, such backgrounds were much less in evidence among the members of the Ukrainian cabinet under Yushchenko. Instead, during the time when

Tymoshenko was Prime Minister, political concerns drove the composition of the Ukrainian government, making it less effective in pushing for the kinds of reforms that took place in Georgia. Even after Tymoshenko left office and a new cabinet was formed primarily of Our Ukraine supporters, its members did not have the backgrounds so noticeable in the Georgian case, and reforms did not subsequently materialize.

It is true that Yushchenko was not as effective at pushing through difficult changes as Saakashvili was. Unlike Saakashvili, who had studied and worked in the West himself, Yushchenko was to a greater extent a product of the old Ukrainian system, and as a result, he showed a much greater tolerance for accepting members of his inner circle who did not prioritize reform and were more amenable to the status quo. This is unable to explain the whole story, however, as Yushchenko held a previous, and somewhat merited, reputation as a reformer, and he made a number of attempts at change. Two other factors are therefore necessary to understand why it was that reform occurred in Georgia but not in Ukraine. First of all, the Ukrainian government was much more divided than the Georgian one. Formed under a power-sharing agreement, Yushchenko and Tymoshenko had different priorities for the country, which led to infighting between the two power bases and made it difficult for them to agree upon a course of reform. Given the coordination needed to make reforms effective, this represented a real disadvantage for Ukraine when contrasted with the highly unitary Georgian government. Secondly, this instability meant that, unlike in Georgia, the opposition could not be marginalized, as its support would be necessary for Yushchenko to stay in power if his alliance with Tymoshenko fell apart. This need to placate an anti-reform faction represented a further curb on the government's ability to make lasting anti-corruption changes.

In serving as a negative case, Ukraine demonstrates the importance of pro-reform ideological commitments and strongly centralized power for implementing successful anti-corruption reforms. While not every variation in reforms between the two countries can trace back to this factor, it played a major role in the failure of Ukraine to make changes. Increased checks and balances did not in this case lead to more honest and efficient government, but rather generated gridlock between different political factions. As a result, this made it impossible for supporters of reform in Ukraine to launch a coordinated push to switch the country from a “high-corruption” state to a “low-corruption” one. This is not to say that the centralization of power found in Georgia was without its own risks. As chapter 5 will show, it provided a temptation for elites to skirt the rule of law, in some cases protecting their ability to engage in high-level graft. At the same time, because Ukraine lacked such concentration, political infighting came to dominate the government and made it impossible for the reform process to start.

Chapter 5

The previous chapters of this dissertation have suggested that Mikheil Saakashvili's concentration of power played a major role in reducing corruption in Georgia. Because Saakashvili and his allies held complete control over the government, they could put in place their desired cabinet of Western-trained reformers and marginalize potential threats to their political program without having those who benefitted from corruption subvert or block the changes. By contrast, the existence of a divided government in Ukraine made it more difficult for Viktor Yushchenko to push through the reforms he would have liked. This in turn allowed his political opponents to stay relevant, allowing them to return to power once the post-Orange Revolution coalition fell apart.

There is another, more complicated, side to this story, however. While petty corruption did indeed fall in Georgia after the Rose Revolution, this did not happen as part of a broader move to uphold the rule of law in the country. Instead, the Saakashvili government routinely sought to subvert legal constraints in order to strengthen its own position. Institutions such as the judiciary and the media that normally function as a check on the government became subordinate to the wishes of the administration. The Georgian leadership ignored procedures designed to protect property rights and ensure the transparency of privatization tenders so that they could encounter fewer obstacles while enacting their preferred plans for national development. Regional authorities saw the central government bypass their constitutionally mandated sphere of influence. In some cases, elites may have also flouted the rule of law out of more personal motives; credible reports exist of high-level corruption and targeted retribution against the opposition. All these factors demonstrate that, despite the measurable decline in corruption in the

country, post-Rose Revolution Georgia did not represent the triumph of an impartial, legally constrained form of government.

I argue that the failure of the Saakashvili administration to uphold the rule of law was directly related to its ability to enact reforms, even though these two areas seem to conflict. While the Western experiences and young ages of Saakashvili's team had shaped its political priorities, other powerful figures in the country did not share these features, making them more likely to defend the status quo. In order for the new administration to push through its reformist policies, it needed to extend its control over all veto points in the government. However, in doing this, it focused more on increasing state capacity than on other potential goals, such as creating a strong democratic system, and in doing so it eliminated the checks and balances on its actions that the rule of law is intended to preserve. In this case, even if its members truly preferred to take steps against problems such as low-level corruption, they faced no pressure to create neutral institutions that would curb their power. This two-tier approach led to unequal treatment between politically connected elites and average citizens, creating a situation that eventually contributed to the fall of the regime in 2012-13.

The Relationship between Corruption and the Rule of Law

In the popular imagination and the works of many corruption scholars, a low level of corruption is frequently associated with the rule of law. Under a basic institutional economic model of corruption, the lack of a consistently applied rule of law provides incentives for officials to seek rents, as there are no barriers against them acting in their immediate self-interest (Rose-Ackerman 1999, 14). Likewise, theories that emphasize corruption's role as a failure of

impartial rule see the rule of law as a means of guaranteeing that everyone holds equal rights rather than some citizens being favored over others. This in turn should help to reduce the presence of graft (O'Donnell 2004; Rothstein 2011). Such accounts suggest the existence of two equilibria, one in which the rule of law is strong and corruption is low, and one in which the rule of law is weak and corruption is high (Rothstein 2011; Manion 2004). Unfortunately, absent a complete and spontaneous reworking of every major institution, this dual-equilibrium model makes it difficult to imagine how a system can switch from one of these categories to the other.⁸⁶

Contributing to this confusion is a lack of precision over what, exactly, corruption is. Numerous types of non-legal behaviors have been named corruption, ranging from an official diverting public funds to line his or her own pocket to a government selectively applying laws to eliminate threats to its rule or promote its favorite candidates. On some level, all of these could be considered “the use of public resources for private gain.” Even actions that do not involve the procurement of illicit rents may provide unfair advantages to a certain politician or political faction, and in this way serve to produce benefits for an individual or favored group. At the same time, it is far from clear that these different behaviors represent the same thing, a distinction that one-size-fits-all corruption indexes such as the Transparency International rankings fail to pick up on. A closer examination of the various ways that the subversion of the rule of law may benefit individuals is therefore necessary.

Fortunately, some political scientists have created typologies that distinguish between various forms of corruption and identify the conditions that generate the greatest risk of each occurring. Based on trends in Eastern Europe and the former Soviet Union, Rasma Karklins has

⁸⁶ Potential avenues for reform in a situation of high corruption often fail because the other features of the corrupt system lead them not to succeed. For example, while credible commitments may provide an avenue for ensuring changes (Manion 2004), when the major actors all have a stake in a corrupt system, any commitments made are unlikely to be credible barring some external action.

identified three levels where corruption takes place: low-level administrative corruption, self-serving asset stripping by officials, and state capture by corrupt networks (Karklins 2005). While the first of these involves the type of graft that average citizens most often face, such as shakedowns from the police force or a licensing office, she sees the other two, and especially state capture, as ultimately more corrosive of good governance, even if state capture does not directly involve the procurement of illegal rents. Although low-level interactions can be blamed on a few deviant actors, higher-level forms implicate the entire system, leading people to become cynical and apathetic about the chance for reform. As a result, they are more likely to become complicit themselves in corrupt behavior. For this reason, while she acknowledges the need for multiple actors working together to constrain the spread of corruption, she sees the most crucial anti-corruption strategy to be a “community justice strategy” where democratic forces and civic and non-profit organizations act as direct checks on state power (Karklins 2005, pp. 155-156).

Michael Johnston also introduces a corruption typology in his book, *Syndromes of Corruption*, where he argues that the act of corruption normally represents persistent patterns of illicit behavior rather than isolated acts of bribery and violations of the rule of law. He identifies four different forms of corruption: influence markets (private interests renting access and influence within well-institutionalized policy processes), elite cartels (networks of political, economic, and military elites that defend their hegemony over the political system), oligarchs and clans (strongman politics in a setting of rapidly expanding economic and political opportunities but weak institutions), and official moguls (government officials who plunder with impunity in very weak institutional climates) (Johnston 2005). This framework can be extended to the cases of Georgia and Ukraine. The situation in Georgia after the Rose Revolution would

clearly most resemble an elite-cartel system of corruption,⁸⁷ while Ukraine both before and after the Orange Revolution would best fit the oligarch and clan model. Some of his analytic descriptions of these respective syndromes indeed match the events that took place in these countries. Elite cartels may coexist with rapid economic development but can be harmful for the democratization process (Johnston 2005, 90), while oligarch and clan-based corruption can foster political competition but damage the possibilities for long-term development (Johnston 2005, 121-122). What is more, he suggests that for the most corrupt countries, movement to an elite cartel model may be more helpful than trying to introduce completely open institutions. As he states:

Could new leaders with an anti-corruption agenda use *their* unchecked power...to “flip” an Official Mogul society into a new, low-corruption situation? Imagine such a leadership refusing to get involved in corruption, cracking down on former protégés, and using its power and resources to support legitimate economic alternatives. Such efforts could make Moguls more secure by reducing international pressure for change, and through the social benefits of additional economic growth and reduced political exploitation (Johnson 2005, 214).

The similarities to the Georgian case here, as spelled out elsewhere in the dissertation, should be clear.

At the same time, while an elite cartel might lessen the level of overall corruption in a country, it would be unlikely to support fully the impartial rule of law. Even if its government institutions have greater overall stability and predictability than those of oligarchs and clans or official moguls, they are not able to restrain elites at the highest levels of political and economic power. As a result, while corrupt exchanges may be fewer in number, they are likely to become larger in scope and involve the most powerful social actors (Johnston 2005, 90). What is more, elite cartel

⁸⁷ Georgia before 2003 was a hybrid form, which combined the administrative weakness of the oligarch and clan system with the institutional fragility of the official mogul one, resulting in a near-power vacuum in the country. This lack of control may have been the most immediate cause of the Rose Revolution (Hale 2005).

countries are not destined to become less corrupt over the long term. While some of the elite cartels that Johnston looks at, such as those in Korea and Botswana, have managed to reduce their country's level of corruption over time, others, such as Italy, have actually seen an increase in corruption over the past few years, largely due to unaccountable and compromised elites. Finally, this argument clashes with Karklins's recommendations, which would indicate that the accountability found in an oligarch and clan model might be a more effective step to reducing high-level corruption than the consolidation of an elite cartel, even if political leaders in it largely went after other corrupt elites in order to further their own self-interest. Indeed, Johnston's most recent work has suggested that "deep democratization" can accelerate the process of corruption reform (Johnston 2014), which would seem to be opposite to the consolidation of power present in an elite cartel country.

The Georgian case thus provides an interesting examination of the advantages and drawbacks of a top-down corruption reform model. Although low-level corruption dramatically fell in the years after the Rose Revolution, the highest levels of government continued to operate non-transparently. As shown below, the primary motivation behind this behavior was that it allowed the ruling coalition to maintain its control over important assets, not that it permitted it to extract higher levels of rents from the general population. For this reason, the lack of government impartiality in Georgia was directly connected to the centralization of power that allowed it to reduce its low-level graft. After an initial grace period, however, the public began to criticize the government over its partial administration of the law, even though the average government-citizen interaction was much cleaner than in the pre-Saakashvili period. Rumored instances of systematic malfeasance in government contributed to the rise of the Georgian Dream opposition movement, which managed to unseat the United National Movement in the October 2012

parliamentary elections and November 2013 presidential elections. In the end, the divide in the country between highly visible anti-corruption reforms and departures from the rule of law did not lead to either contentment with the status quo or generalized apathy, but rather mobilized Georgians to demand even more changes in government.

Subversion of the Judiciary in Georgia during the Saakashvili Period

In order to examine the above dynamics, it is first necessary to demonstrate that the government frequently did not follow the rule of law. This is a highly difficult methodological challenge. Whereas surveys may be a useful measure for ascertaining the levels of daily graft that people face in a country, they are less helpful for understanding behavior at the highest echelons of power. The average person may encounter low-level corruption in his or her daily life and therefore be able to say how many times the police or a bureaucrat asked them for a bribe. However, they are highly unlikely to be privy to backroom deals among the elite, and their unsubstantiated impressions of the frequency and character of such interactions often do not correspond to reality (Olken 2009). Unfortunately, given the problems involved in obtaining hard data on illegal behavior, it is difficult to find alternate information about the presence of corruption. Records of such acts are unlikely to be kept, and even less likely to be made available to researchers. Absent a systematic unveiling of previously secret sources,⁸⁸ therefore, identifying such illegal behaviors will entail a loss of precision available in other forms of social

⁸⁸ An example of this is the display of previously secret taped phone conversations in Ukraine demonstrating elite complicity in the murder of the journalist Giorgi Gongadze (Darden 2008). Once professionals had managed to identify the voices on the tapes as those of Kuchma and other top politicians, this provided an unimpeachable record of government complicity in unlawful acts, although even here this represents only one type of deviant government behavior.

scientific work. Nevertheless, by looking at connections between different actors, businesses, and government initiatives, it is possible to trace a highly suggestive pattern of elite subversion of legal rules in Georgia that was designed to obtain partisan political objectives.

The actions of Georgia's judiciary represent the most prominent example of such behavior. While popular perceptions of corruption in many government agencies dramatically fell after the Rose Revolution, continued skepticism remained about the judiciary, especially at its higher levels. A recent poll showed that 51% of the Georgian public see the judiciary as corrupt, the highest such percentage for any Georgian institution (Transparency International GCB 2013).⁸⁹ These opinions have their roots in a widespread view that the Saakashvili administration had turned the judiciary into a rubber stamp for its policies and that there was no actual judicial independence in the country during this time.

How well did such perceptions fit reality? At the lower levels of the judiciary, widespread bribe-taking in exchange for favorable results was no longer a systematic problem in the years after the Rose Revolution, falling in line with the pattern of civil service reform seen elsewhere in the country.⁹⁰ On the other hand, members of the judiciary held very little discretion over their rulings in politically charged cases. Although legal provisions existed that were designed in theory to protect judicial independence, in practice judges faced significant professional pressure from their superiors to decide in certain ways, and the safeguards intended to prevent such interference from happening were rarely enforced.⁹¹ For example, judges that issue rulings unfavorable to the administration often find themselves reassigned to remote, undesirable courts

⁸⁹ By contrast, 28% saw political parties as corrupt, and 26% saw public officials as corrupt.

⁹⁰ Interviews number 10 and 11.

⁹¹ Interviews number 10 and 19.

(Transparency International Georgia 2011). As a result, when cases rise to the level where they have an impact on the government's interests, they fail to be decided on an independent basis.

One noticeable way the courts have acted in a partisan manner is in resolving cases related to elections. The OSCE reports on nationwide elections during the Saakashvili period flagged partisanship among the judiciary as one of the most outstanding problems with Georgian democracy. In the 2008 parliamentary elections, the courts did not follow due process in regards to complaints against the ruling party, as they “refused to hear witnesses or view documented evidence, failed to address all relevant facts, applied unsound interpretations of the law, ignored the spirit of the law, or failed to provide complete or clear factual-legal reasoning (OSCE 2008).” In one case, a judge explicitly brought up the issue of which political party had appointed the CEC member adjudicating a case in question (OSCE 2008). Similarly, in the run-up to the 2012 parliamentary elections, the courts fined 68 individuals and legal entities donating to the opposition Georgian Dream party but only eight donors to the party in power, the United National Movement, despite the fact that the UNM received 6.5 times the amount of donations that Georgian Dream did (OSCE 2012). Although it is possible that Georgian Dream simply had more illegal donors than UNM did, the disparity in the donation amounts, as well as the fact that the courts held wide discretion over which cases would be investigated, suggests that the judiciary may have held the government and the opposition parties to different standards when investigating potential campaign violations.

In a similar vein, court decisions have curtailed the power of independent media. In 2007, Imedi TV was the largest pro-opposition media outlet in the country and the only such station that had national distribution. It was connected with Badri Patarkatsishvili, one of the opposition candidates for president in the 2008 national elections, and it had reported favorably on the

opposition protests that had broken out in November 2007. After a police raid on Imedi TV on November 7, 2007 forced the channel off the air and damaged its equipment, the Tbilisi City Court suspended its broadcasting license for three months (later shortened to one month) and froze its assets under the claim that it had been advocating to overthrow the government (civil.ge 11/17/07).⁹² After Patarkatsishvili's death in February 2008, Gogi Jaoshvili, a friend of Patarkatsishvili who was registered as having a controlling interest in the TV station, gave up his shares to Joseph Kay, who went on to restyle the station as a pro-government outlet with a completely different political slant than its former incarnation. Jaoshvili later stated that law enforcement agencies had pressured him into giving up his stake in the company (civil.ge 12/10/08). This left the opposition in control of two small television stations, Kavkasia and Maistro, both of which only served the capital Tbilisi.⁹³ By making use of its control over the judiciary and law enforcement, the Saakashvili government had managed to neutralize a threat to its political power.

These patterns extend to decisions over high-level prosecutions. According to formal legal designations, the Prosecutor's Office, a division of the Justice Ministry, is independent from political pressures. For example, employees of the Prosecutor's Office cannot join political parties and are forbidden to engage in political or commercial activities (Transparency International Georgia 2011). As with the judiciary, low-level investigations of misconduct are thought to be carried out impartially. Nevertheless, prosecutions have often been used as a tool to

⁹² While Imedi TV's reports were partisan and potentially unbalanced, neutral parties such as Matthew Bryza, the U.S. Deputy Assistant Secretary of State for European and Eurasian Affairs, saw the government's claims as damaging to a free speech environment (civil.ge 11/14/07). The Georgian Public Defender also saw the government's actions as unjustified and illegal (civil.ge 12/12/07).

⁹³ In the CRRC media surveys from 2009 and 2011, these stations were the only ones where a plurality of respondents said that they primarily represented the views of the opposition. Even so, they faced numerous minor cases of government harassment during the 2007-2012 period.

punish or rein in elites who pose a threat to the central figures in the government, while those who support the administration are given a pass.

An example of how this played out can be seen in the downfall of Irakli Okruashvili, one of the most powerful figures in Saakashvili's original administration who served as the Interior Minister in 2004 and then the Defense Minister from 2004 to 2006. As discussed in chapter 3, Okruashvili was one of the founding members of the Saakashvili government, and he was very involved in carrying out initial anti-corruption reforms in areas such as the restructuring of the police force. At the same time, other members of the administration disliked his hardline manner, and in 2006 he was reassigned to the Ministry of Economic Development, a move largely seen as a demotion (Asatiani 2007). Later that year, he quit the government entirely, and in September 2007, he announced he would be forming a new opposition political party. Two days later, he was indicted on corruption charges, to which he later pled guilty before seeking asylum in France. In addition, right before Okruashvili had made public the creation of his opposition party, many of his deputies had come under investigation for misuse of office. For example, the Governor of Shida Kartli region, Mikheil Kareli, who had close links to Okruashvili,⁹⁴ was dismissed from office and arrested a few weeks before Okruashvili was detained (civil.ge 9/13/07, 9/23/07).

On the one hand, it is highly plausible that in this case the corruption charges had some merit to them.⁹⁵ The Shida Kartli region, where Okruashvili and his circle were from, had been the center of illegal smuggling routes through South Ossetia and over the Caucasus Mountains, a

⁹⁴ Before Okruashvili became Interior Minister, he was the Governor for the Shida Kartli region for two months, and Kareli was his deputy governor at that time. Okruashvili is originally from South Ossetia, which borders on Shida Kartli and is, according to official Georgian law, still a part of the region.

⁹⁵ Interview number 9.

corruption issue that remained persistent in the first few years of the Saakashvili period.⁹⁶ Years before the arrests, media sources had suspected top Shida Kartli officials of being involved in the smuggling trade, although at that time the central administration defended them (civil.ge 3/13/05). Given the close links between Okruashvili and the Shida Kartli government, it would not be surprising if he had been aware of and involved in such behavior, as administration officials claimed. All the same, the timing of the corruption allegations for Okruashvili clearly suggest political retribution. The move to tolerate Okruashvili's links to corruption for a specific period of time, and only detain him when he became a threat to the administration, resembles a classic case of the use of *kompromat* to maintain central control over a prominent political figure (Darden 2008). As long as Okruashvili remained loyal to the administration, by turning a blind eye to his behavior, he was allowed to serve the priorities of the regime by furthering other parts of the reform platform, such as eliminating graft in the police force. Once he had made the choice to act on his own, however, the Prosecutor's Office immediately moved to shut him down.

The partisan judiciary was not only used to put pressure on opposition interests, but also to protect key figures within the government. In 2006, a 28-year-old man, Sandro Girgvliani, was found dead, an hour after he had gotten into an altercation in a café with the wife of the Interior Minister. Four Interior Ministry officials were later charged with the crime and convicted, although they were pardoned and released in 2009. In a judgment related to the case, the European Court of Human Rights reported that, while there was not enough evidence to directly implicate the Interior Minister or other senior officials with ordering the killing, the investigation

⁹⁶ More consistent enforcement has since brought the level of smuggling down, but serious improvements in this area only took place in the latter half of the decade (World Bank 2012). Given the timeframe, this may suggest that Okruashvili's potential connections with smuggling, along with his "untouchable" status, may have delayed changes in this domain.

and trial of the crime had seriously fallen short of impartial standards. The court refused to make the government's evidence public, the Interior Ministry was allowed to control much of the investigation despite its ties to the crime, and the entire trial lasted only nine days even though a large number of materials existed that were connected to the case (European Court of Human Rights 2011). As a result, significant concerns remained as to whether the government was acting in order to minimize culpability and protect high-level officials, and the ECHR ordered the Georgian government to pay Girgvliani's parents 50,000 Euros in damages. The Georgian political opposition made this case a cornerstone of its accusations against the government, and after Georgian Dream came to power in 2012, this case has been a major focus of its investigation of the previous administration.

The extent to which such behaviors comprise a form of elite corruption is debatable. It may be argued that the behavior of the courts, while shady and unethical, does not fall under the definition of "the use of public resources for private gain" used to delineate corruption. There is no systematic evidence that judges were directly receiving material benefits in exchange for ruling in a certain way. At the same time, the pattern presented seems to indicate that, for certain politically charged questions, the judiciary system did not uphold the rule of law. Instead, privileged individuals or groups were able to put pressure on the courts in order to get them to reach certain results. As a result, the way that the institution of the judiciary functioned in Georgia shifted the incentives of its members to operate along partisan rather than impartial lines. In such a way, it resembles the subordination of the public to the private that characterizes corruption.

The reticence to uphold the rule of law here thus does not resemble situations where the regime was simply unable to carry out a given course of action, such as pre-revolutionary

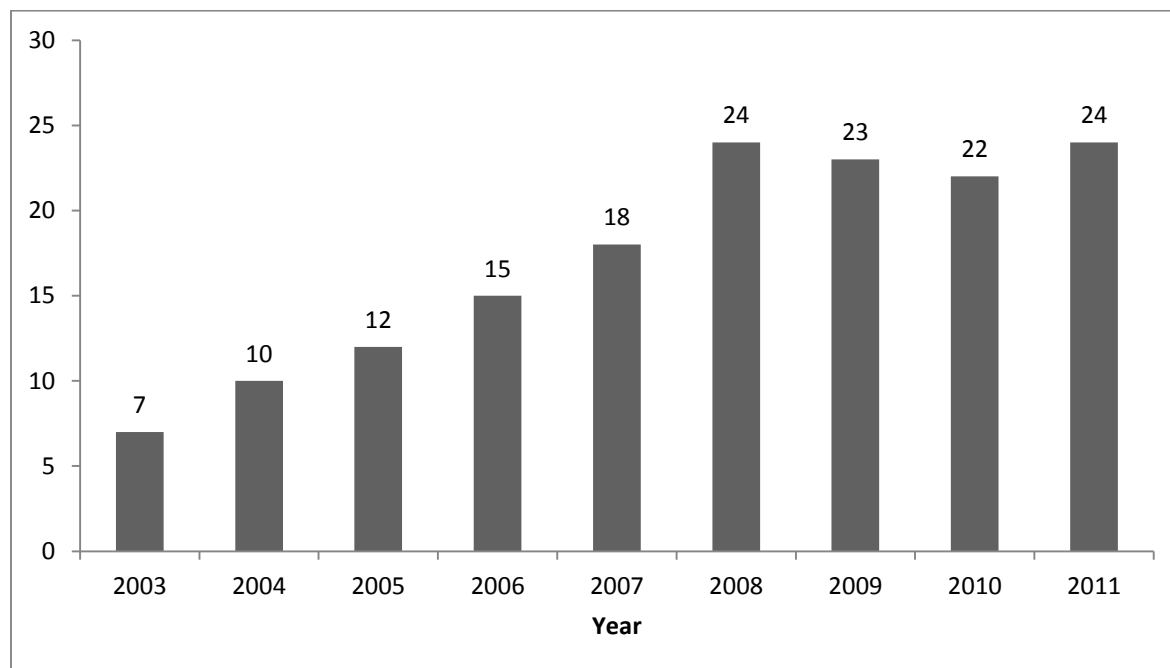
Georgia, when infighting among the elite paralyzed the government and threatened to lead to state collapse, or post-revolutionary Ukraine, where factionalism between different political parties sidetracked the Yushchenko government from making reforms. Instead, it signified a deliberate choice by the government to protect its members from external challenges, including democratically sanctioned ones. At the same time, the lack of accountability present in the judiciary did not lead to the administration primarily using this cover to avoid taking a reformist path. Instead, the move of the executive to capture the judiciary was part of a broader push to strengthen the reach of the central government, including its ability to make changes in the country. In his public statements, Saakashvili was relatively explicit about his desire to prioritize a functional state over democratization. The world leaders he suggested as role models were stabilizers such as Ben Gurion, De Gaulle, and Ataturk, rather than democrats such as Jefferson, Havel, and Walesa (Mitchell 2008). He also mentioned Singapore as a model for Georgia's development (civil.ge 2/1/11). Against this background, actions such as using selective prosecutions to keep the ruling circle in line or restricting entry to the political sphere can be seen as primarily intended to preserve the government's ability to take action on its other priorities without facing resistance.

While working against the rule of law, such behaviors represent a different type form elite corruption than present in many highly corrupt systems, where the government is mainly concerned about its ability to loot state resources. The type of corruption found in Georgia can be seen as primarily *cohesive*, designed to make sure the ruling party can stay in power and further its vision for the country's development, rather than *predatory*, designed to extort rents from assets. In this respect, it fits neatly into the elite cartel model of corruption.

Indeed, not only did Saakashvili's unchecked power not lead to an increase in overall graft, but Georgia made strong gains in overcoming petty corruption while he was in office. This outcome is not as paradoxical as it appears, once the nature of the ruling administration is kept in mind. As discussed in chapter 3, the shared characteristics of its members, such as their experience studying and working in the West and their young ages, made them more inclined than most Georgian elites to push through reforms. For this reason, the focus on strengthening the state made it easier for them to obtain their desired policies, in a manner suggested by the conclusions of standard veto player theory (Tsebelis 2002). This does not imply that all such instances were done "for the good of the country," or that elite corruption was somehow benign. In many cases, such as the Girgvliani affair, the actions taken only benefitted the elite and had detrimental effects towards justice as a whole. At the same time, in many other cases the disrespect for legal procedure was a by-product of the government's overriding goal of creating a strong, functional state.

In some cases, the control of the government over the judiciary even worked to implement reforms successfully. One such example involved the administration's fight against tax evaders. During the Shevardnadze period, tax dodging had become endemic, with off-the-record deals consisting of 60-70% of total economic activity (King 2004). This led to decreased coffers for the government as well as a perception of the state as ineffective. In early February 2004, the administration detained several prominent people, including elite businessmen and government officials, who were suspected of avoiding their tax payments. They were then sentenced to a two-month pretrial detention, during which time the government put pressure on them to pay back the assets they were thought to be withholding. Those that did so were released from detention with the charges removed, while those that refused went to trial (Wertsch 2005). The

Tax Revenue as a Percentage of GDP, Georgia, 2003-2011



Source: World Bank 2003-2011

government did not hesitate to take this course of action. Even before Saakashvili had been inaugurated on the 25th of January, his administration had detained the president of the Georgian football federation, the former Energy Minister, and the ex-chief of railways (civil.ge 12/13/2003, 12/24/2003, 1/16/2004). Georgia did come under a degree of criticism from international actors for this course of action, which often ignored norms of due process in the search for a conviction (for an example, see Peuch 2/27/2004). Nevertheless, these arrests were to continue throughout the first few months of 2004.

The push to detain tax evaders benefitted the government in several ways. Most of the targets agreed to pay the sums the government claimed they owed. This proved to be a budget windfall for the government, which was estimated to have collected over \$30 million dollars in 2004 alone from the drive (civil.ge 1/4/2005). It not only met its shortfall of funds but increase its budget by 7% over 2003 (civil.ge 10/2/2004). By 2008, tax revenues represented 24% of

GDP, up from 7% in 2003 (World Bank 2008). Given the situation in Georgian prior to the Rose Revolution, when the country was facing serious budget shortfalls due to widespread non-payment of taxes, this represented a major increase in the ability of the state to function. In addition, the ability of the government to bring suspected wealthy tax evaders to task presented a populist appeal to much of the general population. Finally, the arrests sent a powerful message that the government would not give a pass to members of the elite who wanted to act with impunity.

By subordinating the judiciary to the will of the executive and using selective prosecutions in order to punish political enemies and protect political allies, the Saakashvili administration turned the country's legal apparatus into a way to maintain its control over the country. These actions provided some benefits in enabling it to carry out its reform program. Through them, it was able to avoid facing a serious challenge in the 2008 elections from a faction that might have opposed its reformist agenda, and it gained the resources necessary to rebuild as a strong state.⁹⁷ At the same time, these actions were antithetical to the establishment of the rule of law. As the country moved away from the crisis situation that had led up to the Rose Revolution and made advances in its level of state capacity, the government faced growing criticism over its partiality in the legal process. This in turn played into its defeat in the 2012 and 2013 elections.

Removal of Legal Protections for Targets of Reform

The Saakashvili administration not only made use of its powerful position to create a pliant judiciary, but it also applied its influence more directly to further its vision for the country. It

⁹⁷ The party that had the next best showing in Georgia's 2008 election, the National Forum-New Rights alliance, obtained much of its support from Georgia's oligarchical business class.

routinely violated property rights when they would have served as a check on its redevelopment plans. Through placing assets under the management of opaque shell companies, it ensured that people close to the government remained in control of them. Finally, it sought to rein in the power of local administrations to have a say in the governance of their own regions. By consolidating power in the hands of a small group and preventing other actors from influencing the policy process, these moves blocked the establishment of the rule of law and democracy in the country. As with a partisan judiciary, in some cases they also facilitated more direct forms of elite-level graft. However, these moves assisted the central government in pushing through its modernization plans for Georgia, by ensuring the capacity of the central state to make reforms. Once again, the overriding priority was strengthening the position of the state, which had varying consequences for different levels of corruption.

One way in which the Saakashvili government placed its push for change over legal procedures was in its lack of property rights protection. As a result of the economic boom that followed the establishment of a more stable government, new construction ventures began to flourish throughout Georgia, especially in Tbilisi. The government spearheaded much of this development, using the power of eminent domain to streamline the building process. Many people whose land stood in the way of these projects, however, reported inadequate compensation for their property and a court system unsympathetic to any complaints they may have. In addition, private construction businesses led by people with close ties to the government were able to take advantage of these connections for personal benefit.

One prominent example of property rights abuse in Georgia occurred in December 2006, when an investigative report revealed that official documents recorded several restaurant owners in the Rike neighborhood of downtown Tbilisi as having “voluntarily” gifted their properties to

the government without receiving compensation in exchange. These owners alleged that the administration had pressured them into giving up their property in order to further its development plans (civil.ge 12/21/06), and they went on to hold a public protest over this issue, although it led to no response (civil.ge 4/16/07). The government was later on to transform this area to a public park. This event led to much criticism of the government from the opposition, leading it to pledge the creation of a bill to provide guarantees for the protection of property rights (civil.ge 2/27/07). However, due to in-fighting between the government and the opposition, the project became stalled (civil.ge 5/8/07), and no bill was produced. While it is impossible to prove directly that government wrongdoing led to the choice to gift property to the state, the high value of the land in question, the concentration of such actions in one area of the city, and the subsequent statements of the property owners all strongly suggest some form of coercion.⁹⁸

Allegations of property rights abuses did not only exist in Tbilisi, but they also surfaced in other parts of the country that the government was trying to develop. For example, in the Sairme mountain resort area, between December 13 and 23, 2010, twenty property owners gave their holdings to the Georgian government as a “gift” (Transparency International Georgia 2012) The government then turned over all these properties to the company Resort Sairme LLC, which it had designated to develop its previously state-owned land in the area and which was in short order purchased by another company controlled by Temur Kokhodze, a MP for the ruling UNM party. The owners of the properties later claimed that Kokhadze had summoned them to the local prosecutor’s office and forced them to give up their residences. A similar process occurred in another mountain resort area, Bakhmaro, where the government registered 79 cases of property

⁹⁸ Nine out of the 19 such donated properties for all of Tbilisi in 2006 came from the Rike neighborhood. The total value of these nine properties was over \$2.3 million (<http://propertyrights.ge/en/voluntary-gifts-or-state-“racket”>)

abandonment between January 13 and 25, 2011 (Rimple 2012).⁹⁹ Many of the previous owners of these properties had gone through numerous steps to establish their possession of these properties before abandoning them, suggesting that their abandonment was due to pressure rather than neglect or disinterest. Other such cases have been connected to areas in which the government has led high-profile tourist development operations, such as Signagi, Batumi, and Svaneti.

Another way in which the government unofficially retained its control over important assets was through the use of shell companies. A major component of Georgia's liberalization drive was the selling off of state properties. Although this could have served as an opportunity to transfer management to more efficient global bodies, in practice it often entailed allowing vested interests to regain control of the organizations in question by having shell companies win control of them through rigged auctions. Detailed information was not available about the management of many of these new businesses; their official registration information available for these companies often simply consisted of a business name and a post office box in an offshore account.¹⁰⁰ In addition, information about the type of properties to be auctioned off and the timeframe under which this was to be done was frequently manipulated, allowing the government to make sure that its favored recipient would win the bid.¹⁰¹ This habitual use of shell companies permitted elite interests to hide behind the lack of transparency and keep control of important assets while subverting formal legal rules in the process.

⁹⁹ Bakhmaro is owned by the Georgian government.

¹⁰⁰ Interviews 21 and 27.

¹⁰¹ Interview number 24.

A closer look of many of Georgian privatization drives turns up frequent suspicious irregularities. When the Madenuli gold mine was sold off in 2011 after having its previous license revoked, the winner was the Caucasus Mountain Group, an entity registered only one month before the auction (and one day before the tender was announced publicly) and whose shares were completely controlled by a shell company in Cyprus (Rimple 2012, 132-133). A related mining license was sold the next year in an uncontested bid at far below market value, once again to a company, LLC Mining Investments, formed less than one month after the auction was announced (civil.ge 3/2/12); a Transparency International official monitoring the election recognized a man representing LLC Mining Investments who was also connected to the Caucasus Mountain Group (Rimple 2012, 135).

A similar process involved the attempted privatization of Georgian Railways in 2007. In August, a government decree transferred the management of the railway to Parkfield Investment, a UK-registered company with no other information publicly available about it and no history involving railroads (civil.ge 8/20/07). Speculation at the time linked the company to Badri Patarkatsishvili, a businessman who was said to be considering swapping his control of the Imedi TV station for the railroad (civil.ge 10/24/07). Although these rumors could not be conclusively proven, a source close to Patarkatsishvili claimed that the deal existed and fell through only after the Georgian government demanded an additional \$2 billion for repair of the railway (Novaya Gazeta 2/14/08). It is also notable that the privatization deal collapsed in October 2007, two weeks after Patarkatsishvili had hinted that he might join the political opposition (civil.ge 10/11/07).

These activities demonstrate the ways that the Georgian government's violations of the rule of law represent a slightly different type of elite corruption than the standard rent-seeking model.

Certainly, some cases where powerful individuals used their influence improperly, such as the violation of property rights to build a resort under the control of a member of parliament, resemble classic instances of graft. The public works programs associated with the subjects of these deals might also have involved generous kickbacks. However, it is not clear that the divergence from the rule of law was primarily done in order to create the possibility for private benefits. When property rights were ignored, the seized land was often used to further a potential developmental goal, such as a public park or a resort catering to tourists, rather than going directly to the private use of the elite, even if high-level officials may have obtained side benefits from the development (Transparency International Georgia 2012). The move to make Georgia a more attractive tourist destination in order to gain foreign investment was one of the government's highest priorities after the Rose Revolution. Similarly, the nature of some of the shell company transactions, such as the Georgian Railways privatization, suggest that they were often used to reward supporters of the government or to prevent elites from joining the opposition. An interview subject affirmed this perspective, stating the use of secrecy was done in order to make sure that other members of the elite circle would take control of these resources and administer them the way that the government wanted, instead of to obtain graft directly.¹⁰² By keeping the administration of assets within the political team, this could in turn have prevented outside interests engaging in policies of state capture that would have diverted the regime from its other priorities. As with the subversion of the judiciary, these examples of elite corruption stem primarily from motives that were more cohesion-building than predatory, and that were related to the ability of the central government to carry out its vision for developing the country.

¹⁰² Interview number 31.

The contentious relationship between the central government and the regions represented a similar dynamic of evading formal checks and balances while extending the central administration's political control over Georgia. Before the Rose Revolution, the Georgian government had a very limited ability to influence the behavior of local administrations. This was not limited to its most apparent manifestations, such as its lack of control over Abkhazia and South Ossetia, the move of Ajara towards becoming a quasi-fiefdom of Aslan Abashidze, or increased discontent in the Samtskhe-Javakheti and Kvemo Kartli regions. Even majority-Georgian locales saw a reduced influence of the central government, as local leaders began to hold greater sway. In order to preserve order, Shevardnadze often appointed local clan leaders to top positions in the regional administrations, although this allowed them to run illegal businesses from their offices without fear of a broader crackdown (Stefes 2006, 110).

Such figures would be unlikely to sign off on Saakashvili's priorities for the country. In chapter 3, I showed that members of the administration that Saakashvili created in the beginning of 2004 shared certain features, such as experience studying and working in the west and young ages, which inclined them to support reform priorities. These characteristics, however, were not held by many of the other elites in Georgia. Although systematic data on the regional leadership during the Shevardnadze period is not available, a sample of its most high-profile regional political figures shows they came from a very different background. Aslan Abashidze, the leader of the semi-autonomous republic of Ajara, who had run the region as his own personal fiefdom during the Shevardnadze era, had begun working in government during Soviet times and had served as a regional leader since the early 1990s. The governor of Imereti, the most populous region outside of Tbilisi, had also come of age during the Soviet period, never worked outside of the region, and held a presence in regional government from the 1970s onwards

(www.tetrebi.org).¹⁰³ The governor of the second most populous region, Kvemo Kartli, who almost immediately after the Rose Revolution fled to Russia after being investigated for misappropriation of gold, also had served since 1994 as a local leader in the Shevardnadze administration (civil.ge 12/5/03). None of these leaders represented types that would be likely to harmonize their own political preferences with those of the Westernized central government. What is more, these figures held complete power over their regions during the Shevardnadze period, controlling the appointment of lower-level regional positions (Wheatley 2005, 120).

Once the Saakashvili government had established its position, it therefore worked to eliminate the areas in which local governments could operate outside of central controls. In order to make sure that vested interests did not take control of regional institutions such as the police force, the government recruited young people who had not been socialized into the prior system, placed them in regions other than their own, and had them keep tabs on each other's behavior.¹⁰⁴ In this way, their peers would be more likely to hold them to a higher standard rather than collude with them in diverting resources to their home region. Regional leaders were replaced in the same way. As in Russia, the President of Georgia has the power to appoint regional governors, and Saakashvili frequently made use of this prerogative in order to make sure that local administrations remained in loyal hands. For example, after Imereti, which had previously been known as a center for the *vori-v-zakoni*, or "thieves-in-law", stalled in its reforms during the 2004-2008 period due to its criminal history and poor economic situation, Saakashvili appointed the deputy head of his administration, Lasha Makatsaria, to be governor of the

¹⁰³ This governor, Teimuraz Shashiashvili, ran against Saakashvili in the 2004 presidential elections, winning all of 1.9% of the vote. He would subsequently serve as a member of a number of small opposition parties.

¹⁰⁴ Interviews number 48 and 49.

province in order to make sure things were being changed in the way that he wanted.¹⁰⁵ In addition, the Saakashvili administration eliminated completely the previously autonomous *temi*, or village, level of government, instead assigning districts to supervise the management of villages (George 2009).

In some ways, this move towards central administration over the regions had beneficial effects for corruption. With local clan leaders no longer in control, area resources were less likely to be diverted from their intended uses. The replacement of the entire traffic police with new personnel, many not from the region, meant that local units were just as clean as those in Tbilisi.¹⁰⁶ At the same time, this centralization had negative consequences for regional representation. As the Saakashvili administration pushed for more control of sub-national affairs, not least through the replacement of state and local officials, regional administrations lost the discretion to make decisions for themselves. Since all significant initiatives came from the central government, no incentives remained for local authorities to suggest beneficial changes, and those who did were likely to see them go nowhere. As a result, talented locals left for the capital while those who remained became more apathetic.¹⁰⁷ What is more, while central monitoring of local leaders reduced their capacity to take bribes, those with access to higher officials, such as a governor, retained the possibility of benefiting personally from the redevelopment plans of the government.¹⁰⁸ The attempt by the government to take control of

¹⁰⁵ Interview number 26. Note that it was only after Makatsaria came to power that Saakashvili presented his plan to relocate the Parliament to Kutaisi, the center of Imereti.

¹⁰⁶ Interviews number 36 and 48.

¹⁰⁷ Interview number 47.

¹⁰⁸ Interview number 47.

local administration therefore did not result in the establishment of rational-bureaucratic rule as much as it allowed the central government an effective veto over regional policies.

A story one regional NGO activist told me illustrates the point clearly. Before the Rose Revolution, when people from the regions paid their electricity bill, each local and regional official took a cut of the money. As a result, very little of the tariff was passed on to the ministry in Tbilisi, which was perpetually short of funds, leaving it unable to provide reliable power to the country. After the Rose Revolution, the government moved to eliminate these middlemen by streamlining and digitalizing the payment process. This meant that bills were sent electronically to the Energy Ministry, preventing the money from being stolen along the way. However, the ways that the ministry members used the budget are far from clear; the NGO had attempted multiple times, always without success, to obtain a set of accounts from the ministry. For this reason, it was impossible to say how the money was being allocated, and nothing stopped high-level officials from using it in ways not sanctioned by the rule of law.¹⁰⁹ Of course, lack of transparency by itself should not be taken as a sign of misrule, although it is notable that the Energy Minister from 2007-2012, Alexander Khetaguri, was one of the first officials the Ivanishvili government tried for corruption in 2012 (he was since acquitted). At the same time, the shifts in the payment process perfectly demonstrate the way that the growing control of the central government began to become a law unto itself.

¹⁰⁹ Interview number 48.

Conclusion -- Exploring the Divide in Corruption Types

As this chapter makes clear, the fact that the Saakashvili administration took strong steps to remove petty corruption from the country does not mean that Georgia subsequently functioned according to the rule of law. Rather, in many areas, such as judicial decisions, property rights administration, and privatization tenders, elites connected with the government managed to use their positions illicitly in order to keep control of state resources. The central government also moved to cut out local administrations from the governing process. While these behaviors do not invalidate the finding that low-level graft has fallen, they present a different analytical problem. If the Georgian government had truly wanted to reduce corruption, why did it not push to the same extent against high-level malfeasance to the extent that it did against everyday forms of bribery? Alternatively, if the government was willing to turn a blind eye to favoritism in certain areas, why did it move so strongly to eliminate it elsewhere?

The findings of this chapter and chapter 3 provide an answer to this question, as they suggest that the major concern of the Georgian government was increasing state capacity. The same centralization of power that aided the Georgian government in its fight against low-level corruption also permitted it to insulate elite forms of political corruption from popular pressures for reform. The move to consolidate the control of state institutions among a loyal, like-minded group not only helped the government to push through its policy agenda, as veto player theory would suggest. It also eliminated mechanisms that could have provided checks and balances to the actions of the ruling elite, thereby shifting their incentives towards ignoring the rule of law. In many ways, this argument supports the contention of authors such as Hellman (Hellman 1998) that a greater number of veto points and more democratic pluralism are beneficial for

accountability, and that the centralization of power ultimately removes the incentives for politicians to move against corruption. However, at the same time, this poses the question of why any reforms at all took place in Georgia after the Rose Revolution.

To explain this, it is necessary to go back to the shared characteristics of the Georgian leadership. Certainly, many highly autocratic countries have some of the worst track records for corruption on both the petty and elite levels. Johnston's official mogul states are ruled by a single group that controls the government and uses its power to divert public resources to its own members (Johnston 2005). What differentiated post-revolutionary Georgia from these states was that its leadership shared a pro-Western, reformist outlook that had its roots in a common socialization process, which included time spent studying and working in America or Europe and young ages that prevented them from having matured under the Soviet system. As a result, they were relatively more inclined as a group to move against corruption, even if this value preference was not always absolute. At the same time, they shared the basic human tendency to misuse power in their own favor if there were no constraints on its usage. Together, these factors led to the mixed behavior eventually seen in Georgia.

This account has several consequences for the study of anti-corruption reforms. First of all, it emphasizes the importance of not considering corruption to be a single construct, but rather looking at the different ways that such behavior can occur. While low-level corruption significantly declined in Georgia after the Rose Revolution, this does not mean that the entire government operated along ideal principles of good governance. Instead, opacity continued to persist at the highest levels of the government. At the very least, this allowed the administration to maintain its control over state resources and priorities, even when not sanctioned under the rule of law, and in some cases it permitted high-level graft to emerge. Despite the country's

improvement in worldwide corruption rankings, events in post-revolutionary Georgia represent a more complicated and problematic story than simply ‘corruption fell’.

Even more interestingly, the same underlying features facilitated both the decline in corruption levels and the lack of respect for the rule of law. Chapters 3 and 4 showed that Saakashvili’s administration was able to implement its anti-corruption reforms in ways that Yushchenko’s did not, due to the close-knit network among its ruling class and the monopoly on power that it created for itself within the state. While such features may have made it easier for the government to make changes, they also created a lack of accountability among the elite that permitted them not to uphold inconvenient rights. For this reason, a decline in corruption and an establishment of the rule of law should not necessarily be seen as linked behaviors. Instead, features reflecting an elite-cartel corruption syndrome, predicated on the strengthening of state cohesion, both aid in the reduction of graft and the facilitation of legal protections. Such an association is not limited to Georgia, but can also be found in other formerly poor countries that saw a quick decline in their level of corruption, such as Singapore under Lee Kwan Yew or Rwanda under Paul Kagame.¹¹⁰

The implications of this may be disquieting from a normative standpoint. Although it is easy to cheer on the decline of corruption if it goes hand in hand with a stronger rule of law, the benefits of anti-corruption reforms are less palatable if they also involve an elite subverting impartial rule and acting with impunity. Even if many of their actions do result in positive changes in society, the negative features of a lack of accountability may outweigh these gains, especially when placed alongside the corrupting tendencies of unchecked power. However, if the

¹¹⁰ Chapter 6 discusses the Rwandan case in greater detail.

strong state capacity that contributes to this trend also helps anti-corruption reforms to succeed, this tradeoff must be faced squarely rather than ignored.

Postscript: The Implications of the 2012 and 2013 Elections on Anti-Corruption Reforms

For the Saakashvili administration, there was a tight connection between the consolidation of power, in ways that often flouted the formal rule of law and the ability to push a reform agenda. By removing potential competitors for influence from the political sphere, the Georgian government had a free hand to advance its plan for the country, helping it to take actions such as reducing the level of corruption in Georgia. However, while this allowed it to make policy changes more easily, there is still a measure of incongruity in this arrangement. At some point, the persistence of elite-level corruption and the lack of consistently enforced rule of law would represent a stronger threat to equal treatment of citizens than low-level graft.

As the years after the Rose Revolution passed, this discontinuity became a more important political issue. Saakashvili followed up on his high favorability ratings after the Rose Revolution by delivering long-overdue and highly popular reforms, and for three years only a few minor protests broke out against the regime. However, by 2007, things began to change as the governing coalition fragmented and the pace of change slowed. The departure of Okruashvili from the government set off the first major demonstrations since the Rose Revolution in November 2007. Other key ministers, such as parliament speaker Nino Burjanadze and public defender Sozar Subari, also quit the government in the next few years, citing elite corruption as one of the reasons for their choice. In addition, another series of anti-government protests occurred in the spring of 2009.

Despite all this, the Georgian opposition remained fragmented throughout the first decade of the 21st century. Partially due to genuine popularity and partially due to his deployment of administration resources in a partisan fashion, Saakashvili was easily able to win re-election in 2008, gaining 55% of the vote to 26% for his closest competitor. Until 2011, the UNM was widely considered likely to stay in power, and although Saakashvili was unable to run for president again due to term limits, rampant speculation existed over whether he would follow a similar path to Vladimir Putin and control the government from a position such as prime minister with a pliant ally serving as president.

The entrance of Bidzina Ivanishvili, Georgia's richest citizen, into Georgian politics upended these expectations. Ivanishvili formed a new opposition coalition, Georgian Dream, which united some already existing opposition parties with Ivanishvili's own inner circle. It then became the most popular political force in the country, gaining a majority of seats in the 2012 parliamentary elections and winning the 2013 presidential election. Afterwards, it took steps to prosecute several members of Saakashvili's inner circle. By the end of 2013, it had broken the concentration of power that Saakashvili had maintained over the 2003-2012 period.

Why was Ivanishvili able to succeed in gaining power in the country, despite the barriers which had kept previous competitors at bay? Ivanishvili's wealth and previously low political profile provided some advantages to his campaign that other opposition political parties did not possess. Ivanishvili used some of his personal fortune, valued at \$6 billion, to position his campaign as a serious force, including funding pro-opposition TV channels that raised his profile throughout the country. His wealth also enabled him to weather fines that the government levied against his organization, which may have driven a candidate with less resources from the political sphere. In addition, his lack of a previous ideological stance may have helped his

campaign. The parties making up the Georgian Dream coalition ranged in their outlook from pro-Western to nationalistic, and Ivanishvili might not have been able to bring them together if he had held a record of tilting towards one or the other of these poles. In the beginning of the campaign, he defined himself by distancing himself from both the ruling party and what he called the “pseudo-opposition,” opposition parties that had taken stances (such as establishing closer ties with Russia) that were broadly unpopular in Georgia and that Ivanishvili refused to include in his coalition. By leveraging his large amount of resources and his lack of previous political commitments, Ivanishvili could optimally position himself to challenge Saakashvili and his associates.

At the same time, the UNM actively used its advantage in political power and resources to block Georgian Dream from winning the election. Although Saakashvili ultimately respected the actual election results, he implemented many measures to sideline Ivanishvili from power in the same way that he had done to other competitors. When Ivanishvili first announced his candidacy in October 2011, the Georgian government quickly moved to revoke his citizenship, on the technicality that he had gained dual citizenship with France in violation of Georgian law, and it was only restored after Ivanishvili won the election. (No moves to strip him of citizenship had taken place before he declared himself an opposition member, despite his situation being widely known.). The government took other actions to undermine Ivanishvili’s position as well, such as shutting down the Ivanishvili-owned Cartu Bank in order to investigate supposed irregularities, launching multiple prosecutions against Georgian Dream for misuse of campaign funds, and seizing satellite dishes from television stations connected to Ivanishvili that it alleged were being used as part of a vote-buying scheme. Although there may have been some merit to these charges, as mentioned before, government agencies acted much more strictly against Georgian

Dream than against the UNM, despite similar accusations being directed against the pro-government party. For example, the State Audit Office interrogated hundreds of Georgian Dream activists about their campaign activities, while not taking the same sorts of actions towards other parties, including the UNM, despite requests from non-governmental organizations for them to do this (Transparency International 'Analysis of the Pre-Election Process' 2012).

These moves may yet have prevented Georgian Dream from winning the elections, had it not been for a graphic video released in the final weeks of the campaign that showed prison guards beating and sexually abusing inmates. This forced the resignation of the prison minister and sparked days of protests against the government, including a rally of tens of thousands two days before the elections (RFE/RL 9/29/12). The UNM tried to contain the scandal by promising an overhaul of the prison system, while at the same time it claimed the opposition had bribed prison officials to gain the footage so that it could discredit the government (RFE/RL 9/21/12). However, these measures were unable to stop the momentum of Georgian Dream, which won the elections outright with 55% of the vote.

It is notable that these recent releases had such an effect. Polls taken two months before the election showed the UNM with a commanding lead of 24 points over Georgian Dream, although the survey had an admittedly high 34 percent non-response rate (NDI August 2012). What is more, in these polls, citizens did not name prison reform as one of the most important political priorities for the country, instead mentioning issues such as jobs, territorial integrity, and affordable healthcare (NDI June 2012). Even if the prison scandal showed a distasteful side to the ruling government, by itself it would therefore seem unable to cause such a massive swing in public opinion. The videos were therefore significant, not just because of what they indicated about conditions in Georgian prisons, but because they played into a larger narrative of

Saakashvili's party flouting the rule of law. By highlighting a tolerance in the administration for the blatant disregard of legal procedures, the footage suggested a broader framework of elites associated with the government acting with impunity while less powerful citizens suffered. As a result, it tapped into popular discontent with the issues mentioned earlier in this chapter, spurring the population to vote for a change in regime.

In the end, this episode highlights the fact that an elite cartel-style system of corruption, focused on generating cohesion among political and economic leaders rather than extracting illicit rents, still is likely to generate discontent among a public hoping for a truly impartial government. While it may aid in the passing of reforms and allow the state to eliminate petty graft, at some point, citizens will begin to protest the lack of an impartial legal system and the ability of the elite to hold themselves to different standards than the general public. At this stage, the strengthening of additional institutions, such as a truly democratic process, may become the highest priorities for reform, with the aim of eventually minimizing illicit behavior to the role of Johnston's influence markets. That being said, sequencing will remain an important consideration: the changes Georgia has seen in the past three years would not have been possible a decade ago, when state capacity itself was at risk.

Chapter 6

The previous three chapters used a two-country case study comparison to analyze why Georgia, but not Ukraine, succeeded in reducing its corruption levels. They suggested that several key mechanisms led to this divergence, such as the concentration of power in the hands of the central government and the creation of an administration that was not socialized into the former status quo. Despite these suggestive findings, however, this comparison suffers from the weaknesses of most case study research. In particular, it is impossible to tell from the two cases alone whether the reasons behind Georgia's success are generalizable, or whether factors unique to Georgia's history, culture, and political situation led to the eventual outcome in the country. If the latter is the case, the events in Georgia have little relevance both for building political science theory and for deriving practical policy implications.

The ideal way to get around this problem would be to use a cross-national comparison across time to identify factors correlated with successful reforms worldwide, but this is more difficult than it appears. First of all, few worldwide datasets on corruption exist that would be suitable to accomplish this goal. Some multi-national data sources, such as the Transparency International rankings, are not directly comparable across years, making it impossible to use them for panel data analysis. Other surveys providing evidence of engagement in corrupt behavior, such as the World Bank BEEPS Index, only cover a certain region of the world, and so they cannot be the basis for a global comparison. Although it would be possible to use them for within-region comparisons, such an approach would still involve relatively few cases, and factors specific to that region might influence their outcomes in ways not applicable elsewhere.

In addition, the cross-national study of anti-corruption reform faces a more serious difficulty: very few instances of successful reform exist. While there is a fair amount of variation in corruption levels across states, these patterns demonstrate remarkable consistency over time. Indeed, factors reaching back centuries serve as reliable predictors for a country's current level of corruption (Treisman 2007). The few cases of successful reform appear as outliers in the cross-national comparison. For this reason, rather than attempting to determine correlates of corruption reform from a large data set, a better method of understanding the common threads between different reform outcomes is to examine individual cases of successful corruption reduction and identify what, if anything, ties them together.¹¹¹

In this chapter, I take a first stab at providing such additional case studies. In order to avoid selecting on the dependent variable, I look at two comparison pairs, where one country managed to enact reform while another, similar one failed to do so. I start with another country, Rwanda, which has managed to reduce its corruption levels over the past few years, despite being poor and having a history of corruption and instability. I discuss why this country managed to make significant changes while Liberia, in many ways a seemingly more promising candidate for reform, did not. I then look at Mexico in the late 1980s and early 1990s, where reform did not take place despite the country possessing several of the same features as Georgia, such as a centralized government staffed by Western-educated technocrats. To do this, I compare its trajectory over this period of time to that of Chile, which currently has significantly lower levels of corruption than most other Latin American states. Due to my lack of experience with countries outside of the former Soviet region, these accounts are mainly illustrative, in the hope that

¹¹¹ This is a goal of the Anticorrp project, which is currently attempting to improve research on good governance and anti-corruption reforms. One of their research projects involves developing case studies of successful reforms, in order to see what they hold in common. See www.anticorrp.eu/work_packages/wp3 for more information on this.

political scientists who focus on these regions will look into these cases in greater detail. Still, my findings suggest that the combination of a low number of veto players and an externally-trained administration was not only key to the Georgian transition, but also play an important part in distinguishing successful from failed reforms in other areas of the world.

Centralized Reform in Africa: The Case of Rwanda

Apart from Georgia, Rwanda is the other notable anti-corruption success story of the past decade. Its jump in the Transparency International rankings parallels Georgia's: it rose in 2006 from a position of 121st out of 163 states, with a score of 2.6 out of 10, to one in 2014 of 55th place out of 177 states, with a score of 49 out of 100 (Transparency International CPI 2006-2014).¹¹² Other metrics portray a relative lack of systemic graft within the country. 13% of the population reported having paid a bribe for government services in the past year, a figure far below the average for Africa (Transparency International GCB 2013). In another survey, 6.9% of business owners claimed to have paid a bribe in the last year, as opposed to a sub-Saharan African average of 22.9% (World Bank 2011). What is more, 55% of the population thought that corruption had decreased in the country over the 2007-2010 period, a figure surpassed only by Georgia among internationally recognized states (Transparency International 2010).¹¹³ This decline came after the government put in place a number of anti-corruption policies, such as requiring authorities to disclose their assets, providing legal cover for whistleblowers, and prosecuting offenders at both the low and elite levels (Bozzini 2014).

¹¹² Transparency International switched from a 10-point scale to a 100-point scale in 2012.

¹¹³ Palestine also had a higher value, with 59% thinking corruption had improved during this period.

As in the Georgian case, this low level of corruption is especially notable because Rwanda seems a least-likely case for clean government. Its GDP per capita (at purchasing power parity rates) is only \$1,452, placing it among the 15 poorest countries in the world (World Bank 2013). Among the 13 countries that the Anticorrp Project initially surveyed as best reformers for corruption, only Rwanda and Georgia had a GDP per capita (purchasing power parity) of under \$10,000, although about half the countries in the world fall into this category.¹¹⁴ It has also had to recover from the chaos of the 1994 genocide, a process that may have been expected to preempt the possibility of systemic good government reforms in the country. Even more interestingly, the mechanisms that lie behind Rwanda's ability to decrease its corruption levels resemble, and in some areas are even more extreme than, those that facilitated Georgia's success. As in Georgia, the Rwandan government, and in particular President Paul Kagame, used its concentration of power to push through top-down reforms. Because it had near-total control over the political system in the country, it could create a tightly cohesive government of young, foreign-trained officials and prevent its potential political competitors from accessing power, often by extra-legal maneuvers. As a result, it could enact its preferred program without facing opposition.

As the leader of the Tutsi rebel army, the Rwandan Patriotic Front (RPF), Kagame did not rely upon electoral politics or bureaucratic promotion to rise to the top levels of power in Rwanda. Instead, he used his military success in the Rwandan Civil War to place himself in the position of vice-president in the summer of 1994. In the late 1990s, the RPF transitioned from a military force to a civilian political party overseeing the country, and its leader was the Rwandan President, Pasteur Bizimungu, a Hutu who had fought against the genocide with the RPF. During

¹¹⁴ See the first footnote in this chapter for more information about the Anticorrp project.

this time, the party used its status as a military victor and stabilizer of the country to extend its political control and concentrate power within the presidency. At the same time, it made little progress in the fight against corruption. While other priorities may legitimately have been more pressing, this was also likely due to the fact that Bizimungu lacked the will to make changes. He was said to have been implicated in corruption and to have opposed anti-corruption inquiries in this area for fear of being investigated himself (Reyntjens 2013, 15). It was only in 2000, when Bizimungu resigned over growing criticism of his rule and Kagame took control of the presidency, that reforms started to advance.

Once Kagame became president, he quickly moved to reshape his government. Many of the old elites either resigned or were forced out of their positions, among other reasons because of their focus on obtaining patronage revenues (Booth and Golooba-Mutebi 2012, 387). In their place, Kagame introduced a new ruling class that were more responsive to his priorities. Many of these new elites were young returnees from the diaspora who had graduated from universities abroad or elite Rwandan institutions and could function as capable technocrats (Booth and Golooba-Mutebi 2011, 392; Reyntjens 2013, 43). They also held traits uncharacteristic of Rwandans in general, such as being Tutsis, English (as opposed to French) speakers, and members of the RPF (Reyntjens 2013, 168; Bozzini 2014, 11). These similarities both helped to build consensus among members of the administration in favor of reform and create distance between them and the general population. This in turn generated an attitude of paternalism among the elite, many of whom saw ordinary Rwandans as irresponsible children needing to be led by a more enlightened group (Reyntjens 2013, 82 and 166). Not surprisingly, Kagame looked towards modeling Rwanda as a developmental state along the lines of the “Asian Tigers” rather than a robust democracy (Straus and Waldorf 2011, 41). As Kagame said when describing his

reform strategy, “You can’t fight corruption from the bottom. You have to fight it from the top (Kinzer 2008, 236).”

In addition to creating a cohesive administration of young, foreign-educated technocrats who identified more with each other than with the general population, Rwanda resembled Georgia in that it actively prevented potential competitors from gaining power. It first ensured that the RPF could maintain its control over the government. Before the 2003 presidential election, the government arrested and convicted former president Bizimungu, who was planning on running in the election. This charge was most likely true, but it would probably not have been followed up on had he agreed not to challenge the ruling party (Kinzer 2008, 225). Kagame also cracked down upon other parties which had the potential to be challengers. As a result, he went on to win in 2003 and 2010 with 95% and 93% of the vote, respectively, in elections that outside observers considered far from free and fair. In many ways, Rwanda was even more extreme than Georgia; while Saakashvili may have used state resources to manipulate election outcomes and pressure opposition members, there was still some measure of competition within Georgian elections. By contrast, Kagame oversaw a full-fledged autocracy.¹¹⁵

The Rwandan government also suppressed non-governmental factions that could have blocked Kagame’s reform plans. It cracked down on independent media, and press outlets that criticized the government faced harassment, judicial sanctions, and even physical aggression towards their reporters. In 2015, Reporters Sans Frontieres, an independent monitor of press freedom, ranked Rwanda’s media climate in 161th place out of 180 countries worldwide (Reporters Sans Frontieres 2015). Civil society organizations met a similar fate. The government used umbrella structures to organize state-approved local NGOs, and it restricted, suspended, and

¹¹⁵ While Freedom House considered Georgia to be “partly free” during the time in question, it ranked Rwanda as “not free”.

expelled NGOs that operate outside of these systems (Straus and Waldorf 2011, 90).¹¹⁶ Once again, this is an even more severe course of action than that which took place in Georgia, where a vibrant (if small and elite-centric) civil society persisted throughout the Saakashvili period. Finally, one of Kagame's most noticeable initiatives has been to attempt to eliminate the discussion of ethnicity in public life, claiming that "there are no Hutu and Tutsi, but only [Rwandans] (Reyntjens 2013, 198)." Although critics suggest that this has been used as a cover for Tutsi domination of the government and other elite sectors, it also has aimed to paper over a major historical fault line within Rwandan society, the emphasis of which could both lead to a repeat of past atrocities and stand in the way of Kagame's developmental plan for the country.

Since the Rwandan government is a cohesive administration that views itself in a paternalistic relationship to the rest of Rwandan society and attempts to remove potential challengers from the political scene, it is not surprising that, despite the progress made against general corruption, many of the same issues present in Georgia involving elite-level corruption, a lack of local governance, and the absence of a dependable rule of law have also emerged in Rwanda. Little accountability or transparency exists for the actions of government leaders (Bozzini 2014, 24), and there are close ties between business and government figures (Bozzini 2014, 19). As a result, the procedures under which business contracts are procured and the nature of company ownership are highly unclear. There are indications that top politicians benefit from this uncertainty and have come to control key economic assets outside of their official purview (Bozzini 2014, 20-22). Even the mechanism through which this takes place is reminiscent of Georgia, as government-business partnerships have been used to centralize rents that otherwise

¹¹⁶ Admittedly, one of the reasons for this course of action is that the pre-genocide civil society tended to be clientelistic and ethnic-oriented, two behaviors the government strongly wanted to discourage (Straus and Waldorf 2011, 89).

could have been captured on the local level (Booth and Golooba-Muteli 2011, 402). Regional discretion has also declined under Kagame's rule, as under an ironically named "decentralization" campaign, centrally appointed authorities have displaced locally elected representatives (Straus and Waldorf 2011, 68). Finally, as in Georgia, the judiciary, which could otherwise serve as a check on these behaviors, has become subordinate to the central government. The country's ombudsman is a top ideologue of the ruling party, and judges, prosecutors, and auditors avoid investigating cases of reported grand corruption involving the RPF (Bozzini 2014, 16). Through these measures, the members of the administration have avoided facing checks on their behavior, which has led to overly non-transparent or even illegal actions alongside the push for national reforms.

In all these ways, the reform drive in Rwanda resembles that of Georgia. Like Saakashvili, Kagame pushed to enact reforms in his country, but this is more than a story of one person's will. Instead, he used a de facto veto majority over the actions of the government in order to facilitate a top-down implementation of the anti-corruption drive, through measures such as creating a cohesive administration allied more closely with Kagame than the majority of the population and preventing potential challengers to his rule from emerging. As a result, he could make radical changes without having to fear that those who benefitted from the status quo would be able to block them, even if this also led to the temptation for those at the highest levels of government to misuse their power.

The obvious candidates for a negative comparison to the Rwandan case would be other countries in the East African region, such as Burundi or Uganda, which have not seen a fall in corruption in the post-civil war period. However, in each of these cases, it is far from clear that the government possessed the necessary political will to push through reforms. Since will is a

necessary, although not sufficient, factor for reform success, the events in these countries can provide only a limited amount of information as to the features that distinguish Rwanda from other less successful attempts at reform. It is therefore necessary to look at a different region of Africa in order to find a country where the leadership named lowering corruption as a priority but was unable to make changes. One such country is Liberia, which also shares with Rwanda low income levels and a history of ethnic conflict.

Liberia may seem to be an odd selection for a negative case, as it may appear at first glance to have made some steps against corruption. Unlike Ukraine, its ranking in the Transparency International index has improved in the years since the end of its civil war. While in 2007, it placed 150th out of 180 countries with a score of 2.1 out of 10, in 2014 it ranked 94th out of 176 countries with a score of 37 out of 100 (Transparency International 2007-2014). Although this increase does not match the rise that Georgia and Rwanda encountered, it still represents a greater gain than most countries saw during this time period. There are a number of reasons for this rise. The Harvard-educated, Nobel Peace Prize-winning leader of the country, Ellen Johnson-Sirleaf, holds a reputation for bringing good governance to Liberia, including in some areas related to corruption. For example, she has taken steps to strengthen institutions designed to reduce corruption, such as creating the Liberian Anti-Corruption Commission (LACC) to investigate allegations of graft and increasing the role of the General Auditing Commission (GAC). In addition, her government has improved the transparency of regulations in the country, which among other things has led to a growth in tax revenue during her time in power (Chêne 2012). Finally, a number of individual government members linked to corrupt actions have been removed from their posts. All these actions would seem to suggest a genuine desire to take action against corruption.

Nevertheless, a more detailed examination of corruption metrics shows that this apparent progress has not, in fact, reduced corruption in the country to the same extent as in Georgia and Rwanda. A 2013 survey asking whether or not individual citizens have paid bribes for official services reported that 75% of Liberians had done so in the last year, the second highest rate in the world (Transparency International GCB 2013).¹¹⁷ Outside observers consider all sectors of the state to be involved in corruption, ranging from petty interactions involving organizations such as the police, which are notorious for shaking citizens down for bribes (Human Rights Watch 2013), to more elite actors connected to lucrative economic sectors such as the timber, oil, gas, and diamond industries, where procurement contracts have remained opaque despite numerous restructurings (Chêne 2012). While the anti-corruption institutional reforms look impressive on paper, they have been less effective in actually making changes. Limited resources have hampered the ability of the auditing bureau to carry out its investigations, and the anti-corruption commission is responsible to the judiciary, which has frequently declined to follow up with its prosecution recommendations (Transparency International 2011). In 2013, neither of these institutions were able to generate any convictions for corruption (U.S. Department of State 2013). Finally, the population does not have confidence in the government's actions: 63% of citizens according to the Afrobarometer and 47% according to Transparency International see the government as performing badly in this area, and by a 49 to 26 margin Liberians perceived corruption to be increasing, rather than decreasing, in the country (Afrobarometer 2012; Transparency International GCB 2011).

¹¹⁷ This can be contrasted with the 13% of Rwandans and 4% of Georgians who claimed this, although it went down from 87% of Liberians saying this in 2009, the last time Transparency International surveyed the country (Transparency International GCB 2009-2013).

By itself, Liberia might seem to be an example of how, even with motivated leadership, corruption can be all-but-impossible to remove in a country possessing a history of conflict and facing severe poverty. However, as has been shown, Rwanda came out of similar circumstances and still managed to curb its corruption levels. Why did Liberia not follow a similar path? Some hints can be found in Johnson Sirleaf's public statements. In an interview with *Foreign Policy* magazine, she stated that she was afraid that pushing anti-corruption reforms through the government would result in a legislative revolt against her reform program: "The agenda before the legislature is so large that I needed to calculate where I put my weight. I have to cut my losses (Mahtani 2010)." She sounded a similar theme in an interview with the *New York Times*, where she mentioned she was torn between firing every corrupt official and keeping on enough personnel to make sure that the government could operate (Bergner 2010). These accounts suggest that, as in the case of Ukraine, the need to keep the government together restricted the discretion of the president to take action against corruption, even though she may have had the will to do so.

Such first-person accounts, of course, could merely be self-serving justifications for a lack of success in decreasing corruption. At the same time, they fit the theoretical model predicting reform outcomes mentioned earlier. Since Liberia is an electoral democracy, its president is forced to obtain popular support in order to stay in power rather than having a free hand to further her own policies. As with many other democracies in developing countries, such support is gained through clientelistic rather than programmatic sources. In the 2011 presidential election in Liberia, the first round results mapped closely onto the ethnic divides in the country, which

played a major role in its civil war (Boas and Utas 2014, 51).¹¹⁸ The parties, including Johnson Sirleaf's Unity Party, used patronage in order to mobilize these ethnic networks. For example, the tactics of the Unity Party included distributing rice in order to secure votes, promising development projects to areas of potential supporters, and buying the support of opposition leaders who did not make it to the runoff (Boas and Utas 2014, 55).

As a result of this need to employ clientelism in order to stay in power, it can be difficult even for someone personally disposed to reduce corruption to enact reforms. The members of this leader's party would have to obtain the resources necessary to win support, and in a poor, recently unstable country such as Liberia, licit sources of revenue such as taxes may not provide sufficient funds to meet this goal. Corruption may then become a practical necessity, and as a result powerful legislators in such a system may become unlikely to attempt reforms. For example, when Johnson Sirleaf submitted a bill to the legislature in 2011 that gave the Liberian Anti-Corruption Commission direct (if non-exclusive) power to prosecute corruption cases, the legislature voted it down (Human Rights Watch 2013). As a result, a reform-minded executive may face the dilemma, alluded to by Johnson Sirleaf in her interviews, of whether to make peace with corruption in order to stay in power and accomplish other legislative goals or whether to risk losing control of government and having a less scrupulous leader take over. In either case, the prospects for reforming corruption seem slim.

¹¹⁸ In the second round, Johnson Sirleaf won with over 90% of the vote, but this was because her opponent boycotted the runoff, and there was a much lower turnout in opposition strongholds. The first round results are therefore much more indicative of the actual preferences of the population.

Too Many or Not Enough Technocrats? The Case of Mexico

The comparison between Rwanda and Liberia shows that, in a system where corruption is present, leaders inclined towards reform may benefit from holding a monopoly on power, rather than operating in a more decentralized system. However, another type of corruption failure needs to be taken into account. Not all centralized systems have enacted reforms; indeed, the majority of them have failed to do so. The most authoritarian countries tend also to hold the worst rankings worldwide in terms of corruption levels (Sung 2004). If reforms are easier to accomplish when power is concentrated, this needs to be explained.

In many cases, of course, the reason for this lack of reform comes down to there being no will from the leadership to do so. As Hellman and other authors have suggested (Hellman 1998; Frye and Mansfield 2003; Andrews and Montinola 2004; Gehlbach and Malesky 2008), a lack of checks and balances can protect a ruler whose primary goal is to extract rents from the general population. It should not be surprising, therefore, that in authoritarian countries such as Uzbekistan and Turkmenistan where the leadership has never seriously championed the goal of reform, corruption levels are among the highest in the world. What is more, such administrations often are found in poor countries where the dominant culture possesses certain traits, such as high survival values, correlated with large amounts of corruption. As a result, such states may already resemble “least-likely” cases for reform.

Nevertheless, there are still a few such countries where the administration, as in Georgia, consisted of young, foreign-educated ministers who publicly announced their commitment to reform, but which did not see a reduction in corruption (Gardner 1980). Although such governments may espouse the technocratic ideals connected with the values they encountered in

their training, if such rhetoric does not coincide with changes in behavior, it would cast doubt on the credibility of this dissertation's account of top-down reform success. Not every such administration, of course, is as distinct from the general population as the Saakashvili cabinet was. There is likely to be less penetration of international norms in a regime made up of people who had trained in-country through a foreign-run program than in one consisting of people who had actually studied and worked abroad for significant periods of time. In addition, situations where civil servants follow up their external training with years of service within a corrupt government may lead to them discarding their educational values if they want to survive within the existing system. By contrast, the members of the Georgian government were extremely young, and many lacked experience within the previous administration. All that being said, examples still exist of very similar governments to Georgia not managing to deliver on anti-corruption reforms. For example, the administration of the Mexican president Carlos Salinas de Gortari in the late 1980s and early 1990s made a point of hiring foreign-trained technocrats, but their education outside of the country did not lead them to take active steps against corruption.¹¹⁹

When Salinas gained the presidency, many people saw him as Mexico's best hope for reform. Earlier in the 1980s, the country had gone through a significant recession, and popular discontent with this situation made it difficult for the Institutional Revolutionary Party (PRI), whose one-party, clientelist rule had lasted from the 1930s onwards, simply to maintain the status quo. Salinas was accordingly able to use his technocratic training and experience (he had received a MPA and Ph.D. from Harvard University, and had spent the past five years as the Minister of Programming and Budget in the country) to pave his way to power as an economic reformer, despite misgivings from the political machine of the PRI (Centeno 1994, 11-12). Once in office,

¹¹⁹ I thank Emily Sellars for bringing this example to my awareness.

he took several steps similar to those of Saakashvili in Georgia. He selected a technocratic-minded administration, many of whom had degrees from American universities and were young: over a quarter of them were under 40, and over half under 45 (Centeno 1994, 107-8). At the same time, these figures all had close ties to the PRI (Centeno 1994, 108), which continued to monopolize power in Mexico; the first truly free and fair elections in the country would take place in 2000. Given the paths of Georgia and Rwanda, one might have therefore expected Mexico to undergo good-governance reforms in the next few years leading to a decline in corruption, even if certain high-level violations of impartial rule persisted due to the lack of checks and balances. Instead, corruption remained a major problem in the country.

It is true that systematic data on corruption has only begun to be collected in the past couple decades, making it harder to tell the extent to which levels of corruption changed in Mexico over the period of 1988-94. Exogenous sources of corruption not directly related to the actions of the central government, such as graft connected to the drug trade, may have risen during this time period (Morris 1991, 126; Morris 1999, 629-30), making it difficult to identify exactly which state policies affected corruption. An increasingly active civil society and press may have also brought additional cases of corruption to light during this time, leading to a false perception of its rise (Morris 1999, 631). Nevertheless, enough information exists to show that, by the end of Salinas's time in office, bribery and graft were still major issues in the country. The first Transparency International survey, conducted in 1995, puts Mexico in 32nd place out of 41 countries surveyed, with a score of 3.18 out of 10 (Transparency International 1995). A survey of Mexico City residents in 1994 showed that 48% of them had been extorted by the police force, and one in 1995 stated that 88% of them saw corruption as widespread (Morris 1999, 625). While the lack of systematic sources makes it difficult to pinpoint the exact level of corruption in

the country, it is at least clear that the same level of reforms that occurred in Georgia and Rwanda did not take place in Mexico during the 1988-94 period.

Why did the Salinas administration fail to reduce corruption, despite a similar setup to other reformist governments? To answer this question, it is important to understand that, while corruption may have remained a problem in the country, economic reforms took place in other areas between 1988 and 1994. During this time, Salinas and his team launched a widespread liberalization drive, which included privatization, deregulation, curtailing the power of labor unions, and preparing the entry of Mexico into NAFTA (Centeno 1994, 16-17). These reforms reflected the technocratic priorities of the administration, who had been socialized into support of “Washington consensus” policies during their educational and bureaucratic training (Centeno 1994, 191). Although the reforms were initially popular, with over 60 percent of the Mexican population supporting Salinas in 1991 (Centeno 1994, 19), the ability of the central government to coordinate a common program and not have to worry about populist opposition or organized special interests assisted in its pushing through changes.

At the same time, the technocratic wing of the administration did not hold total discretion over state policy. In addition to tasking its foreign-educated officials with economic reform, the PRI also relied on its patronage machine to stay in power. By providing benefits to rural or poorer voters in exchange for political support, this wing of the party helped to cement the dominance of the PRI in Mexican politics. The foreign-trained economists initially were leery of these old-style party leaders, to whom they gave the nickname of *dinosaurios*. However, as the liberalizing reforms gave rise to discontent from sectors such as unions, the new elite group realized that they would need to coexist with the party machine if they were to stay in power (Centeno 1994, 64-65). This alliance was in turn to have consequences for the level of corruption

in the country. Since even the reformers in the administration needed to turn a blind eye to the clientelist practices associated with the party, they could not make anti-corruption reforms a centerpiece of their strategies for change (Morris 1991, 134). In this case, the seeming monopoly of power that the PRI possessed was not as concentrated as in the Georgian and Rwandan cases; while the economic technocrats may have held close ties to each other, their alliance with the overseers of the party machine meant that they did not hold a veto over the policies that the government would produce.

Chile offers a potential contrast in this area, although one that should be considered with caution, because few solid pieces of data exist for its corruption levels over the course of the 20th century. From the first availability of systemic data in the mid-1990s onwards, however, Chile's levels of corruption are more similar to those of Western Europe than Latin America. It placed 14th out of 41 countries on the first Transparency International survey with a score of 7.94 out of 10, a higher ranking than countries such as the United States, France, or Japan (Transparency International CPI 1995).¹²⁰ In the most recent survey, it placed 21st out of 175 countries with a score of 73 out of 100, one place lower than the United States and one place higher than Austria (Transparency International CPI 2014). The World Bank found in 2010 that only 1.3 percent of Chilean firms experienced a request for a bribe in the previous year, a figure similar to the OECD average of 1.6 percent and much lower than the world average of 17.6 percent (World Bank 2010).

Since data on corruption before the 1990s is scarce, it is difficult to establish for how long Chile has experienced such low levels of corruption. One possibility some researchers mention is that Chile's long period of democracy in the middle of the 20th century helped it to lower its

¹²⁰ In its first few years, the Transparency International survey sample largely consisted of rich Western nations.

corruption levels (Rehren 2014; Pollack and Matear 1996). Although this would fit with one of Treisman's determinants of corruption (Treisman 2000), these accounts provide little data to back up this assertion. What is more, they fail to account for the prevalence of patronage in the country's politics before the 1973 coup of Augusto Pinochet. In a situation reminiscent of the PRI in Mexico, politicians regularly used patron-client ties during this period to funnel resources to their base in exchange for support, a pattern that was replicated on all levels of Chilean government (Pollack and Matear 1996; Valenzuela 1977). While clientelism and corruption are not the same thing, the need to reward one's supporters often diverts public spending from where it is most required, a pattern resembling that of corruption (Kitschelt and Wilkinson 2007). For this reason, even if Chile had less corruption in the mid-20th century than other Latin American nations, it would seem to have made an additional step forward in this area during the time of the authoritarian Pinochet government (1973-1990), when it dismantled the patronage networks of the previous period.

The Pinochet dictatorship resembles Georgia (or, perhaps even more so, Rwanda, given its record of extreme repression and human rights violations) in many ways. It included in its administration many young, western-trained economists, the so-called "Chicago Boys," who went on to set the country on a radical course of liberalization and deregulation. This cohort of technocrats saw themselves as set apart from mainstream political and intellectual currents in Chile, and they relied on Pinochet as the one force who could allow them to implement their preferred policies (Valdes 1995). The government also took extreme measures to suppress dissent and exclude its opponents from the political process. Because of its fully authoritarian character, the government did not need to turn a blind eye to a political machine in order to stay

in power, as happened in Mexico, but it could instead use direct coercion and repression to stay in control. As a result, it could accomplish a more thorough restructuring of the political system.

Because of these factors, the Pinochet government managed to dismantle clientelism in the country, a state of affairs which largely continued even after the return to democracy (Manzetti 2010, 243). Most importantly, in order to implement its desired free-market economy, the administration carried out civil service reform along meritocratic lines. Previously, this had not taken place, as it would have threatened the distribution of patronage and thereby would have unseated any ruling party attempting it (Geddes 1994, 114). Without having to worry about such political concerns, however, the administration could put in place its desired policies. At the same time, it did not replace the previous patronage system with an authoritarian rentier state. Despite the repressive and authoritarian nature of the government, there was no evidence of financial irregularities on a massive scale under military rule, and in individual cases of corruption involving the armed forces, the culprit was uncovered and severely punished (Pollack and Matear 1996, 376). This is not to say corruption was substantially eliminated in Chile: as in Georgia and Rwanda, major cases of alleged graft and favoritism involving senior government figures were not investigated (Pollack and Matear 1996, 376). Nevertheless, the ability of a firmly centralized administration to avoid a reliance on patronage could very well help to explain the eventual divergence in corruption levels between the Mexican and Chilean cases.

The Mexican case provides an important counter-example for my findings, in that it shows that it is not enough to include an externally trained, technocratic elite in an administration in order to produce reforms. Internal dynamics can determine whether or not such a cohort has the necessary leverage to make changes. That being said, the presence of such officials may indicate the possibility of the administration being interested in implementing reforms. In a comparative

study of technocratic governments that held a monopoly on power, Miguel Centeno looks at five examples of such regimes: Taiwan, Singapore, South Korea, Chile, and Mexico (Centeno 1993). All these countries other than Mexico currently have good-to-excellent corruption ratings, leading to the possibility that Mexico is the outlying case.¹²¹ While additional political dynamics may amplify or blunt the power of such a group to make changes, such a result still suggests the importance of leadership backgrounds for the eventual fate of reforms.

Conclusion

As discussed above, the examples in this section are meant to be illustrative rather than conclusive. Drawn from secondary sources and analyzed by someone lacking an in-depth knowledge of Africa or Latin America, these accounts do not possess the same empirical richness as the findings in the past three chapters. That said, the mechanisms of centralization and top-down reforms that led to the outcomes in Georgia resonate here as well. The monopoly of power Kagame held in Rwanda aided its push for reforms (although not in the area of elite corruption), while the greater dispersion of control in Liberia hindered its move for change. This was not incidental to the outcome, but critical to it; the need for the central administration to appease its electoral allies in Liberia created clientelist demands that made it ultimately impossible for the Liberian government to take the radical steps to curb corruption that the Rwandan government managed to implement. Similarly, the Salinas administration, while possessing many of the features of other successful reformists, was still too dependent on its patronage machine for it to implement anti-clientelist changes, a constraint the fully authoritarian

¹²¹ In the current Transparency International rankings, Singapore is in 7th place worldwide, Hong Kong in 17th, Chile in 21st, Taiwan in 35th, and Mexico in 103rd (Transparency International CPI 2014).

Pinochet government did not have to obey. As a result, these short case studies suggest that, if the will for reform exists among the top layers of government, greater consolidation of power in the hands of a strongly cohesive administration can aid, rather than hinder, the push for successful anti-corruption reforms.

Conclusion

This dissertation has argued that, under certain conditions, centralization of power can play an important role in assisting a country's reform program. Because the administration of President Mikheil Saakashvili dominated politics in Georgia after the Rose Revolution, it had the ability to implement its preferred policies without facing opposition. As a result, it could deliver the anti-corruption reforms it had promised to put in place. By contrast, Ukrainian President Viktor Yushchenko needed to make alliances with additional political factions after the Orange Revolution in order to form a viable coalition. He therefore held much less discretion over the legislative agenda, and so he was unable to enact his proposed reforms. This emphasis on the importance of top-down centralized power contrasts with findings suggesting that decentralization assisted economic reforms in former Communist countries (Hellman 1998; Frye and Mansfield 2003; Andrews and Montinola 2004; Gehlbach and Malesky 2008; Bagashka 2013). Instead, it supports Tsebelis's theory of veto players (Tsebelis 1995, 2002), which states policy change is more likely when power is concentrated among a few key actors.

The contrast between outcomes in Georgia and Ukraine should not be interpreted to mean that any time power is concentrated, reform is likely to result. Some of the most autocratic countries in the world are also among the most corrupt. Greater centralization will only lead to reforms if the authorities in question are inclined to push for change. While such a proposition may sound rather tautological, I claim that leaders recruited from outside the existing political order have a greater chance of holding alternate preferences to the status quo, and so an administration whose members came from different backgrounds than the previous one is more

likely to enact reforms.¹²² In the Georgian case, Saakashvili's team possessed features, such as previous experience studying and working in the West and young ages, which made them less tied to the norms of the former political system in the country. Some of these characteristics by themselves may even have made the leadership more prone to advance reforms. In Ukraine, on the other hand, the Yushchenko administration needed to recruit major national political figures in order to create an inclusive coalition government. As a result, the members of the post-revolutionary administration had already spent many years in Ukrainian politics, and so they had personal interests in maintaining the status quo and may have been more skeptical about the possibilities for reform. This made it less likely that a sincere anti-corruption push would take place in the country.

In addition, this dissertation emphasizes the importance of not seeing corruption as monolithic and reforms as an all-or-nothing proposition. A government can easily reduce one type of corrupt behavior while allowing another type to persist unabated. In Georgia, the state largely eliminated low-level corruption, such as citizens paying bribes to policemen or government officials. At the same time, the Saakashvili administration often failed to uphold the rule of law and permitted corrupt acts involving economic and political elites. This was not accidental, but instead resulted from the use of centralized power to enact anti-corruption reforms. Even officials generally supportive of reform felt the temptation to bend the rules in their favor if it benefitted them personally. Without a system of checks and balances restricting them, they could use their ability to enact the policies they wanted in order to to lock in

¹²² It is important to interpret this finding probabilistically; not every outside group is going to push for lower corruption levels. Even in cases when this does not occur, however, the new administration may attempt to make changes in other areas. For example, the Communist revolutions in places such as Russia and China did not end up reducing corruption, but they did represent a break with the past of another sort. If corruption is taken to be the status quo, such a shift in leadership priorities will be more likely to produce reforms, even though it will not happen in every case.

advantages for themselves. As a result, the same concentration of control that made it easier to push for change as a whole also served to block reforms in certain areas.

Policy and Normative Implications

As chapter 3 shows, the central government drove the reforms in Georgia. While local civil society organizations advocated for change, and international actors helped to fund some of the new initiatives, the Saakashvili administration was largely in charge of planning and launching the reform drive. This example shows that elite consolidation, far from serving to block reforms as Hellman (1998) and others have suggested, can instead prove an effective path towards reducing corruption, as well as more generally shaping informal institutions. These findings give rise to several suggestions for effective anti-corruption policy, as well as raising some important normative implications.

One implication of my dissertation for the design of anti-corruption reforms might be that domestic conditions will play a large role in their success or failure. In particular, if the leadership of a country is disinclined to push for reform, a successful movement to reduce corruption may not be possible, no matter what changes are made to government programs and formal institutions. Although this may seem to be a depressing conclusion, it could in fact assist in the making of effective policy by allowing donors to focus on a subset of likely reform cases. In a strategy similar to that of the Millennium Challenge Corporation, by identifying and partnering with governments that hold the promise of actively pursuing reform, the international community could maximize the effectiveness of its investments in this area. By contrast, pressuring governments unfriendly to reforms to implement supposedly “reform-generating”

institutions such as an anti-corruption bureau may simply represent a waste of time and money. In such a way, a recognition of the fact that some governments are more reform-prone than others may pave the way for better anti-corruption policy.

That being said, some policies may improve the chances of anti-corruption reforms taking place. One consistent theme of the dissertation has been that not all leaders are identical. While self-interest remains a factor in all societies, some types of officials, such as ones not previously socialized into a corrupt system and ones with previous technical and practical experience obtained in an “impartial government” society, might be more likely to press for genuine changes. If this is true, it suggests that one of the best strategies for promoting reform would be to expand programs that provide academic and professional exchanges between the global North and South, such as the Fulbright or Muskie fellowships. As stated in chapter 3, the Georgian government aggressively recruited alumni of such programs when staffing its administration, and the critical mass of people with these backgrounds within the administration helped it to maintain its commitment to its policy priorities. It is true that, in the absence of a government with a sincere will to reform, such measures may not prove effective. Chapter 4 mentions that graduates of these programs also hoped to work for reforms after the Orange Revolution, but the Ukrainian government did not choose to hire them. At the same time, even creating a network of individuals with common backgrounds could help to generate a significant bloc that might hold a government accountable for reforms in the future.

This dissertation also holds implications for governments genuinely hoping to reduce the levels of corruption within their own countries. It suggests that the concentration of power may prove a more effective means to reform than an attempt to diffuse control to different actors in an attempt to create a unified front for change. One of the key hindrances to reform is that the

defenders of the status quo can mobilize to block threats to their position. The more reformers choose to share power with other national leaders, the more possibility there is that opponents of reform can manage to capture a key veto point and thereby prevent change from occurring. The events of Georgia and Ukraine illustrate this principle. While Saakashvili's concentration of power allowed him to make reforms without facing resistance, Yushchenko's need to include additional parties into his coalition gave them the ability to threaten the collapse of his government if he chose to push for his policy preferences.

A related implication may be that a "big bang" strategy of governance (Rothstein 2011), in which a regime attempts several reforms in a short period of time, may prove a more effective means to reform than a push for more gradual changes. Since governments tend to become less popular over time, the chances will increase that an administration's control of power will weaken and other actors will begin to play a larger role in the political system. If by this time, reforms have not yet been made, the diminished cohesion in the government will make them harder to accomplish. Saakashvili was able to reduce corruption in Georgia to a large extent because he used his spike in popularity in the year after the Rose Revolution to plan and implement anti-corruption reforms in several key areas. By contrast, Yushchenko did not move as quickly against corruption after the Orange Revolution, which meant that before the year had ended, he had lost much of his support and found himself in a significantly weaker political position.

In addition to policy recommendations, the normative implications of this dissertation require consideration. Traditional models of "good governance" tend not to emphasize the consolidation of power among a small elite. Instead, efforts to curb corruption instead focus on empowering the citizenry to hold leaders to account, by such means as elections and outside monitoring.

Unfortunately, such methods have not always led to positive results. Poor yet well-established democracies, such as India, have held many elections, but this has not made them more disposed to move against corruption than liberalizing autocracies such as China (Sun and Johnston 2009). Similarly, chapter 4 shows that the post-Orange Revolution democratization and dispersal of power in Ukraine mainly led to several years of gridlock and factionalism, rather than a reduction in corruption.

Instead, the examples of Georgia and Ukraine show that, in some cases, elite consolidation can be a more effective route to the reduction of corruption than decentralization of power. Given the importance of controlling corruption in order to attain both economic development and an impartial political system, this pathway to clean governance provides obvious benefits to society. At the same time, this may also lead to government actions that do not line up with traditional notions of “good governance”. In many cases, such as the move to regain withheld tax receipts, the Georgian government made use of measures that civil society actors and the international community saw as overly autocratic. Chapter 5 demonstrates that the concentration of power connected with these top-down reforms permitted elites to engage in self-serving behaviors without needing to fear popular sanction. In addition, the successful reformers mentioned in chapter 6 made use of even harsher state powers than Georgia did, in many cases going quite far into authoritarianism. As a result, the overall merits of an elite-driven strategy of reform are rather unclear, even if such behaviors can make it easier for a country to reduce its corruption levels.

In my view, the answer to this question largely depends on the relative likelihood of success for alternate pathways to reform. This is a question that lies outside the scope of my dissertation: to establish the presence of a top-down elite-centric route to change is not to say that other, very

different processes could not also take place under certain conditions. In addition, it is possible that both a reform-minded administration and a motivated civil society could bolster each other in their goals. For example, as discussed in chapter 3, the Liberty Institute and other high-profile NGOs in Georgia played an important role both in bringing Saakashvili to power and highlighting abuses once the new government was in office. Still, the successful reform drives in this dissertation originated predominately from centralized administrations. An evaluation of the desirability of such moves therefore requires a consideration of the conditions under which different reform pathways may be more or less feasible.

In many ways, the events in Georgia resemble the situation Thomas Hobbes describes in *Leviathan* (Hobbes 2008). In the years before the Rose Revolution, the complete breakdown in the country led to a situation where no centralized authority could regulate people's behavior. In this situation of "anarchic corruption" (Stefes 2006), no incentives existed to prevent people from focusing on their short-term self-interest, leading to the threat of state collapse. The Rose Revolution staved off this outcome by allowing a dominant central government to emerge in exchange for returning order to the country. What is more, the Saakashvili administration was not simply attempting to consolidate its power, but instead implement changes that could help bring the country closer to the political vision of its leaders in areas such as eliminating corruption. In other words, the new Georgian government functioned as a "reformist leviathan."

The extent to which one sees Hobbes's arguments as describing the real world should therefore impact how one evaluates the events in Georgia. If one accepts as largely true Hobbes's claims about society, such as that people will default to immediately selfish behavior in the absence of consistently enforced institutional constraints, then it is easy to see the reform process Saakashvili enacted as something to be celebrated. Indeed, even if most other highly corrupt

countries, such as Ukraine, did not approach the same level of social disorder that Georgia did in the early 2000s, their legacy of corruption made it difficult to launch long-term plans for economic development. Instead, the potential remained for unrest over the particularistic division of resources, even if relative stability could be maintained for a short period of time. In such cases, a centralizing force that can coordinate a potential reform plan would provide the best route for a government to overcome such internal conflicts and set the country on a promising future path.

On the other hand, the Georgian case also suggests many cautions for those skeptical of Hobbes's premises. If one feels more convinced than Hobbes of the ability for individual actors to come together on a measure involving the common good, the drawbacks associated with a centralized reform drive such as Saakashvili's may outweigh its potential benefits. An approach to anti-corruption activism focusing on bottom-up civil society action may avoid the problematic offshoots of the Georgian reforms, such as the establishment of an autocratic government that does not always take into account the popular will. Even if one's conception of the world lies between these two extremes, it is important to realize that elite-driven anti-corruption reforms, however desirable may be some of their effects, should not be seen as normatively unproblematic. Instead, real tradeoffs may exist between the benefits they bring and their associated costs.

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Appendix: List of Interviews

Pre-dissertation research, Georgia, 07/2010-08/2010

- 1) Academic NGO representative, Tbilisi
- 2) Professor, Tbilisi
- 3) Anti-Corruption NGO representative, Tbilisi (follow-up in interview #10)
- 4) Think Tank Analyst, Tbilisi (follow-up in interview #9)
- 5) Academic NGO representative, Tbilisi
- 6) Development NGO representative, Tbilisi
- 7) Think Tank Analyst, Tbilisi
- 8) Think Tank Analyst, Tbilisi

Dissertation research, Georgia, 09/2011-07/2012

- 9) Think Tank Analyst, Tbilisi
- 10) Anti-Corruption NGO Representative, Tbilisi
- 11) Foreign Embassy Officials, Tbilisi
- 12) Think Tank Analyst, Tbilisi
- 13) Civil Society NGO Representative, Tbilisi
- 14) Think Tank Analyst, Tbilisi
- 15) Independent Analyst, Tbilisi
- 16) Civil Liberty NGO Representative, Tbilisi
- 17) Professor, Tbilisi,
- 18) Professor, Tbilisi
- 19) Civil Liberty NGO Representative, Tbilisi
- 20) Think Tank Analyst, Tbilisi
- 21) Development NGO Representative, Tbilisi
- 22) Mid-Level Interior Ministry Official, Tbilisi
- 23) Think Tank Analyst, Tbilisi
- 24) Conflict Resolution NGO Representative, Tbilisi
- 25) Professor, Tbilisi
- 26) Think Tank Analyst, Tbilisi
- 27) Anti-Corruption NGO Representative, Tbilisi
- 28) Think Tank Analyst, Tbilisi
- 29) Parliamentary Advisor, Tbilisi
- 30) Mid-Level Justice Ministry Official, Tbilisi
- 31) Anti-Corruption NGO Board Member, Tbilisi
- 32) High-Level Interior Ministry Official, Tbilisi
- 33) Former Government Minister, Tbilisi
- 34) Representatives from an International Organization, Tbilisi
- 35) Think Tank Analyst, Tbilisi
- 36) Former Mid-Level Interior Ministry Official, Tbilisi
- 37) Businessman and Opposition Supporter, Tbilisi
- 38) Member of Parliament, Tbilisi
- 39) High-Level Government Bureaucrat, Tbilisi

- 40) High-Level Interior Ministry Official, Tbilisi
- 41) Opposition Party Member, Tbilisi
- 42) Civil Society NGO Representative, Tbilisi
- 43) High-Level Justice Ministry Official, Tbilisi
- 44) Expatriate Resident of Kutaisi, Kutaisi (via Skype)
- 45) Professor, Tbilisi
- 46) High-Level Finance Ministry Official, Tbilisi
- 47) Mid-Level Official, Kutaisi
- 48) Local NGO Representative, Kutaisi
- 49) Former High-Level Government Official, Tbilisi
- 50) Cabinet Minister, Tbilisi

Dissertation Research, Ukraine, 05/2012-07/2012

- 51) Professor, Kyiv,
- 52) Academic NGO Representative, Kyiv
- 53) Think Tank Analyst, Kyiv
- 54) Former Yushchenko Administration Official, Kyiv
- 55) Anti-Corruption NGO Representative, via Skype
- 56) Public Policy NGO Representative, Kyiv
- 57) Former Representative from an International Organization, Kyiv
- 58) Former Yushchenko Administration Official, Kyiv
- 59) Independent Analyst, Kyiv
- 60) Civil Society NGO Representative, Kyiv
- 61) Professor, Lviv
- 62) Businessman, Lviv
- 63) Foreign Embassy Officials, Kyiv