

Neoliberal Revolution in Georgia: Global Systems and Local Consequences

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I would like to devote my thesis for everyone who have been the victims of unequal and unjust police violence.

Abstract

The present thesis is an attempt to theorize top-down neoliberalism in Georgia. This uses the World System approach to understand the macro structure and its local influences. Three chapters unveils aspects of neoliberalism from the global and local perspective. The first section is an analyzes of global capitalism, a macro turn which defined and guided the Rose Revolution in the post-Soviet Georgia. In second part, the work tries to analyze the penal system and production of coercive power to maintain the neoliberal state. The last chapter, includes the nationalism as a strategy and means to maintain the neoliberal transformation. The 2003 Rose Revolution was a political and economic transformation, a very rare phenomenon in the region.

Introduction

The 2003 Rose Revolution in Georgia and its aftermath had a big political and social impact on the post-Soviet space. The revolutionary spirit which brought the changes for the South Caucasus states also exported to the other countries in Eastern Europe and Central Asia. The same wave of protests happened in Ukraine and Kyrgyzstan later known as Orange and Tulip Revolutions.¹ The revolution in Georgia had its own geopolitical context it emerged. The collapse of the Soviet Union created the space in its former republics that have been successfully utilized by the global powers, primarily by the US and the West. The Rose Revolution and the changes it brought, should be seen from this prism of the global politics and economy. The Location of Georgia as a transit zone for the Caspian natural resources, proximity with the middle east, and the long border with Russia attract the attention of the global powers.²

Apart from the global interest and regional influence of the revolution, the post-revolution changes in Georgia brought a new elite and the establishment of neoliberal politics. This expressed in the elimination of the social role of the state and minimizing its impact on the economy – a new government showed the commitment to transform almost failed state into the ‘neoliberal miracle’ turning Georgia into Dubai or Singapore of the region as the president of Georgia, Mikheil Saakashvili, once expressed.³ The course of making neoliberal miracle was not in any sense a new phenomenon in the world. After Chilean experiment on September 1978, neoliberalism as a political and economic doctrine spread in the Global North and Global South

¹ Stephen F Jones, “The Rose Revolution: A Revolution without Revolutionaries?,” *Cambridge Review of International Affairs* 19, no. 1 (March 2006): 33–48, <https://doi.org/10.1080/09557570500501754>.

² Lincoln A. Mitchell, “Democracy in Georgia Since the Rose Revolution,” *Orbis* 50, no. 4 (September 1, 2006): 669–76, <https://doi.org/10.1016/j.orbis.2006.07.007>.

³ “Georgia: Singapore of the Caucasus?,” *Eurasia Review* (blog), February 21, 2011, <http://www.eurasiareview.com/21022011-georgia-singapore-of-the-caucasus/>.

alike.⁴ A neoliberalism as a political, social and aesthetic ideology was becoming the more and more prevalent political structure that flourished around the world in a name of freedom.⁵ This type of radical neoliberal transformation was almost new in the post-Soviet space. Apart from the failed attempt to liberalize the economy in Russia, Georgian case was important in two scenarios. Neoliberalism expanded not only in economic terms but in a cultural and political sense.⁶ Crafting a neoliberal state from top-down in the post-Soviet space had different impacts and consequences than neoliberalism in the Global North where the already stabilized system has its balancing institutions. The fact that neoliberalism is not a monolithic, universal structure but expressed in different ways across the continent and country-specific is a vital point for the present analyses.

Structure of the Thesis

My question and aim for this thesis can be put in a quite clear form: in what way, we can explain the transformation of Georgia from a weak post-Soviet state into a Neoliberal ‘miracle’ in the Caucasus after the 2003 Rose Revolution? I would like to push the explanation from the three perspectives. As my thesis and methodology primary investigates the macro structures and its influence on the micro level. For this reason, it is highly important to understand the global political structure in which 2003 Revolution happened. The function of the global powers and the mainstream political trends during this period is evident in multiple ways. Starting from the global political and economic cleavages in the region and beyond. The global history is my approach in which we can see Georgia not as an isolated example but the part of the global transformations. In this respect, I will adopt the approach developed by Giovanni

⁴ David Harvey, *A Brief History of Neoliberalism* (OUP Oxford, 2007).

⁵ Harvey.

⁶ “Georgia’s Mental Revolution,” *The Economist*, August 19, 2010, <https://www.economist.com/node/16847798>.

Arrighi and David Harvey which portrays the US as a global hegemonic power.⁷ Second, my inquiry touches the establishment of the neoliberal political and economic structures in Georgia. This does not make Georgia as an exception in the world but clearly, it is some sort of radical implementation of neoliberal doctrines in a semi-peripheral country. Before the 2003 Rose Revolution the state was incapable to of governing the society, allocate taxes, defend the private property or security of its citizens. The informal economy was widespread and people where tried to avoid getting into a formal economic exchange.⁸ After 2003 neoliberal reform in Georgia created a political and economic structure in which shadow economy has been under attack. The government consolidated its power to implement tremendous economic and social reforms. The main pillar under these reforms was a penal system, as the coercive was needed to defend the ongoing painful reforms. Not like in from Argentine and Chile, the Georgian experiment has been pushed by the popular support from the people who desired a functional government after the failed transition and crisis they experienced from the beginning of 90th. From the beginning, neoliberalism was in the service of the elites and it created the upper calsses, which maintained their prosperity and political stability by the coercive policing. I will illustrate this argument by looking the failed promise of neoliberalism in a reduction of poverty, rising GINI index, the prison population, and rural and urban unemployment. These indicators are something that I would like to show as a proof how neoliberal reform affected to the major part of the society and how it was sustained.

Finally, my analyses refers to the certain nationalism which was introduced after the Rose Revolution by the state. Civic-based or later called language-based nationalism has been pushed

⁷ Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times* (Verso, 1994); David Harvey, *The New Imperialism* (Oxford University Press, 2003).

⁸ David Stuart Lane and M. R. Myant, eds., *Varieties of Capitalism in Post-Communist Countries*, Studies in Economic Transition (Basingstoke, Hants: Palgrave Macmillan, 2007).

by a new elite for mainly two reasons.⁹ One to create the space in which the state-building cannot be interrupted. Second, ethnicity and ethnic politics established under the Soviet Union was not acceptable for a new elite. They willing to destroy the old Soviet ideological narrative as an act of liberation from the oppressive past and endorsing the west. The new type of nationalism explained by Hans Kohn as a good type of nationalism in a contrast with the eastern nationalism.¹⁰ Along with the change of the state strategy – new government engaged in a process of commodifying the state by selling its geography, political situation and investment opportunities globally.

These three phenomena are intertwined. Global structure determined the fate and the direction of the politics after the revolution. Neoliberalism as a political, social and economic paradigm was supported by the ‘west’, especially by the USA. Nationalism exercised by the state was in a line with the western version of the state-building and the support of the capital accumulation within the country. Research questions can be formulated in this line: What was the global political and economic system in which Rose Revolution happened? What was the role of coercive power in maintaining social stability in Georgia? How a state supported nationalism corresponded the global political structure and the capital accumulation?

The main goal of the present thesis is to fill the gap that exists in the contemporary literature around the 2003 and its aftermath. The analytical textbooks, non-fiction, academic literature either understand the revolution from the positivist perspective or through the historical or aesthetic point of view. Existing literature about the topic suggests explaining the transformation of Georgia from the colored revolution perspective, which tries to put the Rose Revolution as a positive development in the region or through the democratic critique which is

⁹ Christofer Berglund, “‘Forward to David the Builder!’ Georgia’s (Re)Turn to Language-Centered Nationalism,” *Nationalities Papers* 44, no. 4 (July 3, 2016): 522–42, <https://doi.org/10.1080/00905992.2016.1142519>.

¹⁰ Hans Kohn, *The Idea Of Nationalism: A Study In Its Origins And Background* (Transaction Publishers, 1961).

more about the reading of Georgia as a path to the liberal democracy.¹¹ My aim is to suggest a reading of the revolution and its aftermath from critical theory mainly from the global political economy and postcolonial theory. I claim that the global political structure during and after the revolution played a significant role in the so-called top-down *neo-liberalization* of Georgia. The idea of the thesis is coming from the desire to understand a very big historical transformation for the small South Caucasus region, which for many respect still has an enormous impact on the region and beyond.

¹¹ Thomas de Waal, *The Caucasus: An Introduction* (Oxford University Press, 2010); Stephen Jones, *Georgia: A Political History Since Independence* (I.B.Tauris, 2015).

Chapter 1: The Global Powers and the Role of Georgia at the beginning of 21st Century

My aim for this part of the thesis is looking at the global structures in order to understand the process called historical capitalism. The approach from the historical sociology aims to use world capitalist economy as a perspective to look at the processes through the structures and contradictions of the global capitalism to understand the global power of the world-economy. Understanding the global political-economy can give this thesis analytical tool to explain the interest of the global power during and after the Rose Revolution. Primarily, I will try to explain the hegemonic power in the world through the theory developed by Giovanni Arrighi in his book “*The Long Twentieth Century*”, where he traces the development of the capitalism and production of hegemonic power from the 15th century until 20th.¹² Then, I will look at the analyzes of the Marxist theory of imperialism. This is important to analyze the processes happened after the Rose Revolution and the change of the policy towards the West. The fall of the Soviet Union reconnected the former states into a global political economy and the developments in certain countries corresponded the global trends. The beginning of the 21st century is a history of neoliberal counterrevolution in which Georgia was not an exception but it became a significant part of it. It was global political and economic transformation that enabled Georgia to pursue its own version of neoliberalism, with cultural, political and economic terms.¹³

Historical Capitalism

The world is a very much connected and countries are intertwined with each other, so-called

¹² Arrighi, *The Long Twentieth Century*.

¹³ Georgi M. Derlugian, “Alternative Pasts, Future Alternatives?,” *Slavic Review* 63, no. 3 (2004): 535–52, <https://doi.org/10.2307/1520342>.

globalization is more the freedom of commodities that existed a long ago in the history of capitalism rather than a new phenomenon emerged after the end of cold war. The scholars who are trying to understand globalization from the perspective of cold war ignoring the entire history of global market existed at least 500 years ago.¹⁴ Emmanuel Wallerstein defined the discovery of the world-economy by the goal of colonialism and expansion of the European market in other continents for haunting the profit. By his own words, we are living today under this big structure named as a global capitalist economy.¹⁵ Theories of the world system analyze underlines a significant role of the creation of the world market in a development of historical capitalism, this two-process developed together and determine each other. The global market exists because historically capitalism as a system needed the global spaces for its reproduction.¹⁶

For this thesis, it is important to define the world structure after the Second World War and what global capitalism represents today. One of the theoretical approaches of understanding the global politics is to look at the global power and political economy. This analytical tool gives the present thesis an approach to analyzing the processes from the big picture. For this reason, I will use the analyses presented by Giovanni Arrighi, the acclaimed Italian scholar from the world system analyses. Arrighi, specialized in the global political economy illustrates how so-called neo-Gramscian framework of the hegemony can be utilized to understand the global streams and power relations.¹⁷

Territorialism and Capitalism

It is widely accepted that capitalism is not a primordial or ahistorical system, but it has a

¹⁴ Frederick Cooper, "What Is the Concept of Globalization Good for? An African Historian's Perspective," *African Affairs* 100, no. 399 (2001): 189–213.

¹⁵ Immanuel Wallerstein, "The Discovery of the World-Economy," *Review (Fernand Braudel Center)* 28, no. 4 (2005): 351–64.

¹⁶ David Harvey, *Spaces of Global Capitalism* (Verso, 2006).

¹⁷ Arrighi, *The Long Twentieth Century*.

clear origin and development. The present analyses presented by Giovanni Arrighi tries to understand the formation of historical capitalism with the emergence of a new order of nations in Europe. A new inter-state system which emerged after the Westphalia order have a rational economic principle as its foundation and has a goal to establish relative peace for the interest of the property class against the monarchical rule. Meadville territorialism or monarchical sovereignty was the principle of controlling the large part of the population, while the new rational system which emerged in Europe was for the benefit of the capitalist class and the territorial acquisition was for rational economic reasons. The central reason for such strategy was the purpose of the war. The war for the old regime was meant to achieve the territorial conquest while for a new system it was for securing the interest of the bourgeois class.

The medieval system was constructed along the sovereign power of the monarchy, where the division was based on the honor and the respective customs in a different type of kingdoms. The legitimacy of the states was based not on the support of the society or the people but by inheritance and sacred religious line. The appearance of the modern system disrupted the existing framework. The model of a new framework was looking the state formation as an antagonistic to the monarchical type of power. It destroyed the old strategy of war and substituted it with a modern one. In the new system, the private property was integrated and the sacred religious rules became secularized administrative rules. Arrighi, uses Wallerstein's definition to prove that the modern system was born together with the development of capitalist world-economy.¹⁸ Starting the division of the old and modern systems, territorialism war strategy can be identified with the old system while capitalism is a part of a new system. This dichotomy is important if we want to go deep into the subject and unveil the reason behind the territorial domination. For the old system, territorial expansion it was important to have power

¹⁸ Arrighi.

over the large proportion of the population. While for the capitalist or a modern system it was crucial to have a sovereignty over the resources and thus the territory was mean to get the desired outcome. According to Arrighi:

“Paraphrasing Marx’s general formula of capitalist production (MCM’), we may render the difference between the two logics of power by the formulas TMT’ and MTM’, respectively. According to the first formula, abstract economic command or money (M) is a means or intermediate link in a process aimed at the acquisition of additional territories (T’ minus T = + ΔT). According to the second formula, territory (T) is a means or an intermediate link in a process aimed at the acquisition of additional means of payments (M’ minus M = + ΔM).”¹⁹

Arrighi claims that these two types of strategies did not develop independently and sometimes they overlapped each other. Meanwhile, the capitalist strategy for conquest clearly demonstrated the interest of the propertied class to acquire a territory for their profit. In the 15th century, the Venice elite was a group of merchants who had the power to wage the war in the continent by using other states capacity for their benefits. Meanwhile, they had no power or desire to change this system and implement a capitalist war strategy on large scale.²⁰ The failure of the Venice bourgeoisie of making a revolutionary step can be analyzed by their inability to transform the continent. The triumph of the capitalist strategy was materialized when Dutch empire became a hegemonic power in the world and dominated the whole system of credits. This for Arrighi was the end of Meadville system of governance and the emergence of the capitalist logic of domination that until today is a dominant paradigm for the war strategy. Triumph of the capitalist strategy created a new system in which the war was understood as a regressive factor over the development of capitalism and thus it should be avoided. Sometimes, a war is just the barrier to sustaining the formula of uneven geographical development, sometimes necessary means.

Thus, a new modern epoch made it possible to maintain relative peace to enhance and secure

¹⁹ Arrighi.

²⁰ Arrighi.

the process of capital accumulation. The war strategy moved from the territorial domination to the economic one. This does not exclude the idea that the territory still represents a major factor for the war but it became less and less important in a building of hegemonic power.

World-economy and Cycles of Accumulation

"This simultaneous development in opposite directions has given rise to two closely related but distinct genealogies of modern capitalism. In the genealogy sketched in this chapter, modern capitalism originates in the prototype of the leading capitalist state of every subsequent age: the Venetian city-state. In the genealogy that we shall explore in the rest of the book, modern capitalism originates in the prototype of the leading world-encompassing, a non-territorial business organization of every subsequent age: the Genoese diaspora "nation." The first genealogy describes the development of capitalism as a succession of world hegemonies. The second genealogy describes that same development as a succession of systemic cycles of accumulation."²¹

Capitalist world-economy has cycles of accumulation. Arrighi claims that two cycles of accumulation were historically associated with the capitalist system. In the following part I will define the first and the second cycle. The first such cycles for Arrighi emerged not in the industrial period but in 15th century Italian-city state like Venice. If we follow this logic, historically, capitalism was characterized by the process called by Karl Marx as material expansion. This abstract definition of the political-economy can be read as a drive that maintained the capitalism in the hegemonic position. When the money transformed into a commodity and the commodity into money. In other words:

“In phase of material expansion, money capital (M) sets in motion an increasing mass of commodities (C), including commoditized labor power and gifts of nature; and phases of financial expansion, an expanded mass of money (M') sets itself free from its commodity form, and accumulation proceeds through financial deals (as in Marx's abridge formula MM')”²²

The second cycle, turning capital into the phase of the financial expansion is, according to David Harvey and Giovanni Arrighi to resolve this inherent crisis of capital and “create”

²¹ Arrighi.

²² Giovanni Arrighi, “Hegemony Unravelling-2,” *New Left Review*, II, no. 33 (2005): 83–116.

another space to start the accumulation process again. This teleological move to conquer another space for accumulation and escape of the capital its own political society can be seen in many times in the history.²³

Both cycles have its own internal contradictions. For example, material expansion (MC) can produce the commodities and increase mass consumption but it can trigger the crisis attributed to the realization of the values. Everything created by the labor under the capitalist reproduction needs the other groups who buy these commodities. The more developed the market is (in the existing geography) there is higher risk of occur on the side of the realization problem which declines of the margin of the profit.²⁴

This cycles cannot operate alone but it always needs the central agency which directs its goals. Such agencies historically have been associated with the capitalist class who has a desire to resolve the crisis of the capital. This shift of cycle in a long run challenges the state's capacity and transfers its power into the hands of international market players. According to David Harvey, this is a temporal fix which deepens the crisis rather than resolves it.²⁵

Rise of the US Hegemony

The long historical cycles of accumulation created the USA as a powerful hegemonic power that managed to balance the world system from the Second World War. It was Amsterdam that gains a hegemonic position in the 17th century until its decline when the British Empire emerged to the new level of development of world economy. These empires go through the cycle process and created a condition for the other states to emerge as a new center. The hegemonic power, I am using here can be understood as a system which dominates the world not by the force but

²³ Arrighi; Harvey, *Spaces of Global Capitalism*.

²⁴ David Harvey, *Marx, Capital, and the Madness of Economic Reason* (Oxford University Press, 2017).

²⁵ Harvey, *Spaces of Global Capitalism*.

by the consent. After the Second World War, the US took this status because the way war ended. As we may see, the hegemonic power of the US had a big impact in turning the international society against USSR and became the acceptable power in the world scale. This hegemonic position was an important factor in maintaining a peace and stability on the global level and giving the other society a framework in which they started their own development.

The USA as power emerged from as a new center after the two bloodiest war in the 20th century and the fall of the biggest Empires. The social, political and economic conflicts that dated back at the beginning of 20th century resulted in the collapse of the major monarchical powers and recreation of completely new centers and political projects. One of them was the socialist emancipation movement culminated in the creation of the Soviet Union.²⁶ In Europe, the world became the witness of the bloodiest reign of nationalism in a form of Fascist Italy and Nazi Germany. Modernity and the products of capitalist development created the means for the mass execution and holocaust of Jews and Romany people.²⁷ The entire contents of Europe were destroyed physically and it became the bloodiest place at the end of the Second World War. This was a period in which the inter-state system, international organization, and the world diplomacy colossally collapsed. At the same time, it became the period in which the power of the World Empire transferred from Britain to the USA as a guarantor of the peace and the stability on the global level.

The Decline of the US Hegemony

The decline of the US hegemony can be associated with various circumstances that happened around the world from the 70th until today.²⁸ The idea of the present thesis is to look the material

²⁶ Arrighi, *The Long Twentieth Century*.

²⁷ Zygmunt Bauman, *Modernity and the Holocaust* (Cornell University Press, 1989).

²⁸ Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism* (Henry Holt and Company, 2010).

factors that prompted the decline of the US hegemonic power on the World scale. First and the most important factor in contributing demise of the most powerful Empire can be associated with the overaccumulation of the capital and neoliberal solution to resolve it. Neoliberalism or what many other authors call it the historical phase of capitalism was a response to solve the problem of capitalism and shift the historical cycle from material expansion to the financial rule.²⁹

Resolving the problem of the capital can cause many problems for the society at large. Primarily, unstrained flow of capital and commodification of large part of the society even the money, labor, and land. Karl Polanyi tried to explain the phenomenon of self-protection in a quite unique way. For him, the capital is always trying to expand its space and conquer the other non-capitalist domain but at the same time, the society, which finds itself in a danger by this expansion tried to defend itself from the market. These two movements develop hand-in-hand and keep balancing each other. First movement is a market which tries to push itself in every domain and the second movement opposing it. The idea of double movement was abstract principle but the phase in which he tried to explain it was particularly interesting. Historically market society was a principle which was in favor of commodifying everything including three fictitious commodities such as labor, land, and money. For Polanyi, this is a counter-movement that is against an expansion of the capital primarily in these three directions. The first - labor, as human, was for him the agent of counterbalancing the self-regulating market. As labor always trying to defend itself and restricted its commodification for Polanyi it was impossible to maintain this subordination. The second, land, nature which for the market was a source of profit and immanent to transformation. As the land is not something commodifying it is the protection of the society to keep its own place under control. The third important fictitious

²⁹ Harvey, *A Brief History of Neoliberalism*.

commodity for Polanyi was money. Money was always understood in political economy as a means of exchange, it was supported by another commodity so it was always part of human interaction supply-demand exchange cycle. Polanyi saw a danger in unregulated money as it can be used as a source of speculation and profit-making. For him, these three phenomena while allowed in the market domains turned into the fictitious commodities and can cause massive disruptions.³⁰

This challenge from the capital can cause an unlimited damage to the world hegemonic power. When the capital has a crisis of overaccumulation, historically it was resolved by the commodification of activities that before was not subordinated to the market principle, moreover, the capital was restricted to enter the zone. Resolving this crisis globally encourages the world hegemon and the nation-states under the hegemony of hegemon to commodify these three commodities. This creates the possibility of double movement, as people try to resist and society might develop the anger towards the global hegemonic power. Today it was expressed in the austerity and deregulation policy which turns the anger towards the hegemonic power and seek complementary power. This alternative can be a competitive power that is emerging against the hegemon.

Changing the cycle of capitalism backfired the hegemonic center of capitalism while created another wealthiest center in the World. Around the 70th it was Japan, while today it is without doubt modern China. Another main factor for the decline of the US power can be analyzed by the war it waged in Vietnam and Kuwait. Massive defeat in Vietnam against the communism and war in Kuwait made the US as debtor country with its rival powers. Neoliberalism and its follow up, the project of globalization created the condition in which China came into the stage

³⁰ Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, 2 edition (Boston, MA: Beacon Press, 2001).

with its first cycle - material expansion.

Rise of the Project a New American Century

After the many decades of neoliberal politics pushed by the West and the US especially capital flew from the industrial west to the Global South and China. Once prosperous Western industrial capital now appeared in places like China, Mexico, India, Bangladesh, etc. This in part played a huge role in the accumulation of the capital in the Western companies but also the enormous rise of inequality around the world and within the states. Neoliberalism as an ideology was much more served to save the upper class and creating a very classed society. This also can be seen through Thomas Pickett's original inquiry. Picketty developed the extensive research on the 21st-century capital distribution between classes and shows the enormous gap between the rich and the poor by the midst of a neoliberal revolution.³¹ Globalization project did not benefit the US but more clearly created another emerging economic, and possible military center.³²

In the beginning of 20th century something significant happened in the world's most powerful state in the Atlantic in the US. The election which held between democratic candidate Al-Gore and the Republican rival George W. Bush resulted in the victory of the latter. This triumph of the Republican candidate cannot be understood as just cause of the action but a very historical moment in which the most powerful nation on the earth realized the danger it faced by the globalization and loss of hegemonic power. Neo-conservative cabinet in Bush administration had a very clear idea how to change the status quo in favor of the USA. The administration which had a mission to restore the American power got a gift. In September 11, 2001, international group of terrorist organization called Al-Qaida orchestrated a most deadly terrorist

³¹ Thomas Piketty, *Capital in the Twenty-First Century* (Harvard University Press, 2017).

³² Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the Twenty-First Century* (Verso, 2007).

attack in the heart of New York's World Trade Center. This event as a major turning point gave the power to the US to fix the hegemonic influence around the world. First such mission was to respond the threat adequately and act on behalf of the American people. Bush administration's response to the threat was a new American doctrine – War on Terror. This new doctrine liberates itself from the restrictive clauses in the constitution of the US. The US Congress gave the president a power to exercise war on terror paradigm around the world. The problem was raised within the doctrine as the terror as such was not territorially bounded and the war was meaning a lot in this context. After 2001 terrorist attack, Washington decided to intervene in Afghanistan and change the regime of Taliban by the force as it was affiliated with Al-Qaida and the leader of this organization Osama Bin Laden was living in the territory administrated by official Kabul. As there were no political and economic gains from Afghanistan, Bush administration had another much more fruitful and desirable idea to topple down the regime in the oil-rich region of the West Asia in Iraq. 2003 military intervention was a step from the US to reaffirm its hegemonic position in the world and giving the lesson to the controversial dictator Saddam Hussein. Removing Saddam from the power was a shocking decision as it costed enormous money and profit was negative. The appearance of the US in the region and beyond declined, as many scholars pointed that this was a new century in which the most powerful state on the earth started to use its own military capability with the UK to change the regime in another country without the authorization of international institution such as UN. The consequence of the military adventure changing the face of the US from its position as guarantor of the peace and stability to chaos. The US became the country in the world system which try to destroy a very system it created and positioned itself as leader of this system. By attacking the principles which it created it tried to commit suicidal mission which later caused

it to reassess the role of the intervention in generally.³³ Meanwhile, as we read it through the framework of the world hegemonic power it can be analyzed as attempt from US to maintain its world position in the future scale and dictate the world order.

The Influence of the US to the development in Georgia

Changing the strategy of global governance in the US also corresponded the developments in Georgia. The Rose Revolution had a big impact also in the US and they immediately saw Saakashvili government as a potential ally in driving the US interest in name of freedom in the global level. A free market motivated government in Georgia was a good opportunity for the US to create an island next to the Russian border from the South, in this respect the support material and ideological was important for Georgia. The neo-conservative clearly integrated Georgia in their agenda in the global power struggle.

Place of Georgian in the Global Political-Economy

Georgia was an important element of the success story in the region for the number of purposes. First, it represented the experiment in the Post-Soviet space and West Asia. The country with a relatively poor economy, stagnate government, unconsolidated elite, and geographically a small but geopolitically in the vital position and a very motivated, popular, neoliberal government. Second, for the US it has an important implication to create a neoliberal project in Georgia, the move that will helped to sustain the US power in the Eurasia.

Economic side

David Harvey and Alex Callinicos, saw that Iraqi war as a survival strategy for the hegemony of the US as they tried to impose an effective control over the West Asian oil, as controlling oil

³³ Derrida use suicide as a metaphor to explain War on Terror and I think it is reasonable to expand its to Iraqi intervention. Giovanna Borradori, *Philosophy in a Time of Terror: Dialogues with Jurgen Habermas and Jacques Derrida* (University of Chicago Press, 2013).

will maintained the US position in the globally for around the next fifty years.³⁴ Georgia is the main path if one needs to transport the oil and the gas from Caspian Basin. The geopolitical landscape of the republics gives this priority to Tbilisi. Azerbaijan is in war position with Armenia, the conflict that has no short-term settlement. On the other hand, the only way to get the oil and the gas for the western consumption is either through the Russian territory or Iran. These two countries are somehow in a hostile position with the west.

The building of the oil and the gas pipelines started in 90th and materialized in 2000th. In this respect, the control over the Tbilisi had a major economic implication in the region. On the one hand, Georgia was the main corridor for transporting the Caspian oil and gas to the West. On the other hand, controlling Georgian corridor was a perfect location to control access to troubling Caucasus mountain, the Black Sea, and Armenia.

Georgia is in the position of being the place for the transit of the biggest oil pipeline Baku-Tbilisi-Ceyhan, Baku-Tbilisi-Supsa pipeline, and South Caucasus gas pipeline. These three pipelines are the major way to transport the Caspian, mostly Azerbaijan oil and gas to the West without using the Russian territory. The main economic concern that raised during this period was coming from Russia as they see the development in the Caucasus as a threat to their economic interest. Transporting natural resources from its former republic was halting the dependency of Europe to the Russian oil and gas resources.³⁵

The Political Side

Second important economic factor for the US interest was to make comprehensive reforms

³⁴ Harvey, *The New Imperialism*; Alex Callinicos, *Imperialism and Global Political Economy* (Polity, 2009).

³⁵ "Geopolitics of South Caucasus: Georgia and Oil Prices," Böll SOUTH CAUCASUS, accessed June 3, 2018, <https://ge.boell.org/en/2016/04/01/geopolitics-south-caucasus-georgia-and-oil-prices>.

and transform Georgia into a free society by pushing it to implement extensive reforms modeled on the neoliberal paradigm. Neoconservative administration in Washington was betting on Georgia success as a part of global ideological success in the world. During the visit in Tbilisi 2005, the US president George W. Bush addressed Georgian people on the liberty square in front of large crowd. In his words: “Georgia is today sovereign and free, and a beacon of liberty in the region and the world (...) Before there was the Purple Revolution in Iraq or the Orange Revolution in Ukraine, or the Cedar Revolution in Lebanon, there was the Rose Revolution in Georgia.”³⁶ This speech from the US president clearly indicated the importance of Georgia in the agenda of neo-conservative administration not in the regional but on the global level. The administration was trying to be a forerunner of the freedom and progress in the region and beyond. A free market economy was a major weapon in their hand as they believing that these changes would build the strong economic and political structure in the region.

Security Side

From 90th Georgia was a major security concern for the US. The troubling region and multiple wars in the North Caucasus was a major threat for flourishing an instability in the region which played a fertail role in the growing insurgency. After 9/11 this threat became much bigger than it was before and the US tried to make the stability in the region for its number one priority. For this reason, the US helped Georgia to build up an extensive military program and helped its army to be on the position in fighting with terrorism in the region.³⁷

Apart from the counter-terrorism aid for Georgia, the US administration utilized Government's commitment to send their troops in the war in Iraq. On its peak, Georgian military

³⁶ “Why Georgia Matters | European Union Institute for Security Studies,” accessed May 24, 2018, <https://www.iss.europa.eu/content/why-georgia-matters>.

³⁷ Georgi M. Derluguian, “Georgia’s Return of the King,” *NEW APPROACHES TO RUSSIAN SECURITY*, Working Paper Series, 2004.

reached 3000 troops in Iraq and became thirds largest contributor for the operation of Iraq Freedom.³⁸

Rise of the US Hegemony in Georgia

Politically, Transcaucasian region or South Caucasus was under the Russian influence from the end of 18th century until today. Treaty of Georgievsk signed by Russia and Georgia to halt the influence of Ottomans and Persians in Georgian territory. The treaty was a guarantee from Russia to sustain the territorial integrity and the rule of Georgian Bagratid dynasty in Georgia. Subsequently, this treaty was violated by the death of Catherine the Great and the annexation of Georgian territories within the Russian Empire. At the beginning of the 20th and after the Great October Revolution in Russia, Georgia has formally succeeded the rule of Moscow and recognized as an independent Menshevik state by the head of social-democratic government in Russia. As the broad ideology of Lenin was to support the self-determination in the world. Meanwhile, this principle has been violated by the fierce resistance from Stalin and other leaders in the USSR who exploited the health issue of Lenin and staged the military intervention in Georgia, 1921.³⁹ Georgia transformed from the independent republic to the Soviet Socialist Republic of Georgia and integrated into the USSR until the nationalist resistance started in Tbilisi in 1989. Informally, Georgia started to secede from the union after the massacre of 1989, April 9 and the subsequent loss of legitimacy of the communist party. After the plebiscite, more than 99% vote for in favor of independence and on 26 May the government formally declared Georgia as a sovereign nation-state.⁴⁰

³⁸ "Why Georgia Matters | European Union Institute for Security Studies."

³⁹ "Georgia: Another Revolution Was Possible," openDemocracy, November 21, 2017, <https://www.opendemocracy.net/eric-lee/another-revolution-was-possible>.

⁴⁰ Francis X. Clines and Special To the New York Times, "Soviet Georgians Vote in Independence Plebiscite," *The New York Times*, April 1, 1991, sec. World, <https://www.nytimes.com/1991/04/01/world/soviet-georgians-vote-in-independence-plebiscite.html>.

1921 annexation and 1989 massacre was a major concern for the nationalist elite in Georgia that almost destroyed the hegemonic position of Russia in Georgia. This phase culminated during the war in the separatist region in the North-East of Georgia and Russian support of the self-determination of Abkhaz minorities.

The chain of these events transformed Russian hegemony in Georgia as unpopular and elevate pro-western sentiments in Georgian society. Even though the central government in Georgia was not efficient, President Eduard Shevardnadze had a very clear goal to implement multiple reforms and seek close cooperation with the US and the European partners. The Rose Revolution was a major peak for the acceleration of this cooperation and the Georgian government openly endorsed the pro-US policy in the region.

Under the rule of President Mikheil Saakashvili (2004-2012) Georgia's number one ally was the United States. Economic, military, and geopolitical support for Georgia under the Bush administration was extensive. After the Russo-Georgian war in 2008 and the global financial crisis, the US provided one billion aid to Georgia to build the economy, infrastructure, and military capabilities.⁴¹ This was an extensive support if we consider the fact that Georgian nominal GDP was less than 13 billion in 2008.⁴²

Until 2018, the US hegemonic power in Georgia is still strongest and the ruling or major oppositional parties has a very clear pro-US orientation. After the historical transformation and painful events, Russian hegemony in the eyes of the people collapsed.

Politically Georgia was a major concern for the US for several reasons but primarily it can be

⁴¹ Steven Lee Myers, "White House Unveils \$1 Billion Georgia Aid Plan," *The New York Times*, September 3, 2008, sec. Europe, <https://www.nytimes.com/2008/09/04/world/europe/04cheney.html>.

⁴² "GDP (Current US\$) | Data," accessed May 31, 2018, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2008&locations=GE&start=2008&view=bar>.

put in the context of the cascading Velvet Revolution started after the fall of Berlin wall and the NATO enlargement position to the East. The aim to counter Russian position in its respective former Soviet Republics was always an issue and this possibility has been captured by Bush's administration after the government of Georgia openly expressed a willingness to integrate into the US military sphere to tackled the Russian power in the region. By 2018 public opinion polls realized by National Democratic Institute shows that the 30% of respondents selecting the US as the best guarantor of the security while 63% think that Russia is the biggest threat for their security, among them 33% perceives Russian military intervention as a top threat. Aggravated numbers illustrate that 53% thinks that the threats coming from Russia.⁴³

Georgia was successfully integrated into a global political-economic order and development. Saakashvili government idea to move to the neoliberal path was determined by the global power-structure and the interest in the region. The most interesting things that happened is the match of the visions between the US and Georgia. A new government was motivated for neoliberal changes and that's was where the US had an expertise. In the next chapter, I will review the consequences of neoliberal political and economic doctrine from the recent history of Georgia.

⁴³ Laura Thornton and Koba Turmanidze, "This Research Project Are Funded with UK Aid from the British People," n.d., 92.

Chapter 2: Neoliberalism in Georgian Colors

In this chapter, I will review the history of Georgia before and after the Rose Revolution. Then I will describe the economic and structural reforms that shape social reality in Georgia. In this respect, I will analyze the development in Georgia after the revolution by looking at conjunctions between economic deregulation and its influence on a large part of society. Specifically, I argue that the neoliberal reforms the government launched immediately after the revolution created the need for a strong police presence to maintain order throughout the reform phase. In this chapter I will argue that the import of a Zero Tolerance policy played a critical role in maintaining the political power of neoliberalism. The best way to illustrate this is to look at the conjunction between unemployment, inequality, and the rise of prison population as a strategy for preserving the neoliberal reforms and recovering its social consequences.

Georgia before the Rose Revolution

The dissolution of a super power such as the Soviet Union and the subsequent independence of 14 Republics inevitably created a new equilibrium in the global order. All the former Soviet Union republics, except Belarus and Turkmenistan, slowly moved toward a free market economy and the democratization process had been started within these republics. 27 years since the collapse of the USSR, only the Baltic states can be characterized as having gone through a successful transition from a state planned economy to a free market liberal democracy. The dissolution of the Soviet Union was a disaster for the South Caucasus as it brought with it a long term economic decline, primarily in Georgia, which is a period of 1991-

1994 lost considerable amount of GDP. If in 1991 GDP (PPP) of Georgia was 20,259 USD by 1994 it declined to 7,562 USD.⁴⁴

The civil war and following Military coup which deposed anti-Russian, nationalist leader Zviad Gamsakhurdia's government and installed the military council subsequently gave power via election to the former foreign minister of the Soviet Union and head of the Georgian Soviet Socialist Republic Eduard Shevardnadze. Under the rule of Shevardnadze, the political and economic stability recovered in a very steady way. The state started a slow economic growth but the levels of corruption and crime raised while the living standards declined dramatically. The political body of the government had not change since the collapse of the Soviet Union, 1989 nationalist movement with an idea of removing old elite and declaring independent Georgia succeeded but the same politicians were at the head of the state. Meanwhile, the economy started a steady growth from 1995 it did not recover to the position of 1989 and the institutional performance of the state becoming weak. The weakness can be explained by the ongoing wars, detachment from the Soviet Economy, widespread corruption, etc. Researchers focusing on the state and states role in the transformation underline the incapacity of the Georgian state to rule after the collapse of the Soviet Union. This analysis refers the state's inactive role and the effect of internal corruption. The description of Georgia until the 2003 Rose Revolution has been framed by authors such as Barbara Christophe as "Capitalism as Organized Chaos".⁴⁵ Shevardnadze's regime reached its culminated level after the reported fraud of the election in November 2003. Opposition parties demonstrated against the stealing of the election and thousands of people went out to the street to protest against the regime. The

⁴⁴ "GDP, PPP (Current International \$) | Data," accessed May 31, 2018, <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD?end=1994&locations=GE&start=1991>.

⁴⁵ Lane and Myant, *Varieties of Capitalism in Post-Communist Countries*.

main political party that oversaw the protest was the United National Movement, led by Mikhail Saakashvili. The most charismatic leader in the whole opposition specter whom had obtained an education in the US. He was also the most popular politician among the people who were protesting the election. During a week demonstration, Saakashvili along with activists entered the buildings of parliament when President Shevardnadze was giving a speech in front of newly elected MPs. With the help of the protesters, he entered the main hall of the building with a rose flower in his hand and powerfully yelling to the president to resign. The live streaming of this event shocked the people in Georgia, they saw Saakashvili as their savior. The President with the help of security guards escaped from the main room and the opposition forces took control of the whole parliament building. After some moments, Saakashvili was standing in the same place where the president addresses the parliament and started to drink Shevardnadze's own tea from the table. This gesture symbolically showed him as a successor and winner over the old Georgian president. Eduard Shevardnadze announced his resignation from the post. The transitional government scheduled the elections for January 2004. The election which took place on January 4 was a landslide victory for President Mikheil Saakashvili where he received 96% of the votes against 1.6% with his closest rival Temur Shashiashvili.⁴⁶

Post-revolution syndrome

The overwhelming euphoria that revolution brings cannot be maintained always in its form. The ecstatic effects from the political upheavals can be slowed down and disappear if the promises have not been addressed by the government. Georgia's revolution for many people was the start of something new in a country full of corrupted politicians and ineffective government. Where police were a source of a bribe, the state institutions, including the court was just a façade where the money and influence in the government was a vital point for their

⁴⁶ "Georgia Swears in New President," January 25, 2004, <http://news.bbc.co.uk/2/hi/europe/3426977.stm>.

survival. A new political elite decided to establish the state institution for the service of the people. The new government set out on a radical neoliberal project in Georgia, projecting a fast catch up with the west. As Paul Manning argues, a new elite had a desire to remove an old Georgia from the earth and erect a new one in its place.⁴⁷ Scholars such as Jones argue that there was a revolutionary spirit and wish to change the status quo, but there was nothing revolutionary in it.⁴⁸ Saakashvili's government repeated the same strategy as had happened in Chile, Argentina, Bolivia or the UK. At that time neoliberalism was already tested and experienced across the globe. From the beginning, it was a class project which drove Georgia from organized chaos onto a similar line as that taken by the Latin American states, where the whole reforms make the coercive power stronger, while the large part of the society fall into the further misery.

The Neoliberal Reforms

Neoliberal reforms have been implemented systematically since the Rose Revolution. The primary aim of these reforms was to bring economic success to Georgia in a short-term by so-called shock doctrines.⁴⁹ The Saakashvili led government had an idea to pursue these forms in a fast and coercive manner. He was as a person always trying to identify himself with the Kemalist leader and founder of modern Turkey Ataturk, Lee Kuan in Singapore, or Reagan in the USA.⁵⁰ It is no doubt that he had a clear neoliberal attitude towards social and political issues.⁵¹ The belief in the outcome of neoliberalism was not also an exception as it was globally

⁴⁷ Paul Manning, "The Epoch of Magna: Capitalist Brands and Postsocialist Revolutions in Georgia," *Slavic Review* 68, no. 4 (2009): 924–45, <https://doi.org/10.2307/25593795>.

⁴⁸ Jones, "The Rose Revolution."

⁴⁹ Klein, *The Shock Doctrine*.

⁵⁰ Stephen F. Jones, "Reflections on the Rose Revolution," *European Security* 21, no. 1 (March 1, 2012): 5–15, <https://doi.org/10.1080/09662839.2012.656596>.

⁵¹ Dimitri Gugushvili, "Do the Benefits of Growth Trickle-down to Georgia's Poor? : A Case for a Strong Welfare System" (University of Kent, 2014), <http://ethos.bl.uk/OrderDetails.do?uin=uk.bl.ethos.655221>.

viewed as a positive development one must push. As neoliberalism was a political and economic doctrine that was reactionary to old Keynesianism in the global north, the situation in the post-Soviet space was radically different. The Soviet Economy until it collapsed was a centrally planned economy and consumerism, which in the Keynesian economy was initial - was not profound. Instead of there being private labor relations, the state was an employer and the labor rights were elevated to the highest stage. The Georgian economy in the Soviet Union was mostly corrupt and the informal market was widespread from the 1970's until it collapsed in 1989.⁵² Georgia in the Soviet period was a major vacation hotspot due to its nature, the climate, and the sea. throughout the Russian Empire, it was informally referred to as "Russia's Italy" or "Sunny Georgia" during the Soviet times.⁵³ There were multiple industrial towns based on the mining of copper, gold or iron, but Georgia was not a major industrial center for the Soviets. The main Georgian output throughout the Soviet Union came mostly from subsidized agricultural products.⁵⁴

Structural Reforms

After the revolution, the new government pushed through an extensive liberalization of the market. The Minister of the Economy and head of Georgian reforms, Kakha Bendukidze was once called John Galt in the Caucasus. John Galt is a character in libertarian writer's Ayn Rand's novel "Atlas Shrugged". Under Bendukidze, everything from the food safety agency to the labor inspection office had been abolished, as Stephan F. Jones argues, the tariff regulation and corporate tax was reduced to the absolute minimum, the power of employees and labor unions

⁵² Gerald Mars and Yochanan Altman, "The Cultural Bases of Soviet Georgia's Second Economy," *Soviet Studies* 35, no. 4 (1983): 546–60.

⁵³ Susan Layton, *Russian Literature and Empire: Conquest of the Caucasus from Pushkin to Tolstoy* (Cambridge University Press, 1994); webdecker- www.webdecker.de, "Rezension: Sonniges Georgien. Figuren des Nationalen im Sowjetimperium," Kulturverlag Kadmos - Berlin, accessed May 24, 2018, <http://www.kulturverlag-kadmos.de/neuigkeit/rezension-sonniges-georgien.-figuren-des-nationalen-im-sowjetimperium.html>.

⁵⁴ Derluguian, "Georgia's Return of the King."

were endangered, regulation mechanisms were lifted, and the government started a massive privatization of key industries and enterprises⁵⁵. The states deregulations policies were directed toward the elimination of corruption, removing the state's social and welfare roles, and marketization of the everything that can be sold as a commodity. As Richard W. Rahn put it:

“Georgia has been engaged in fundamental tax reform, rate lowering and flattening, including removing almost all taxes on capital that are the seed corn of the economy. The Georgians are actively reducing the size of government by doing away with ineffectual programs and those that can be better done by the private sector. As part of their successful effort to get rid of much of the corruption that had been rampant, they reduced the number of government workers by 50 percent, raised the salaries of those who remained and put in place a zero-tolerance policy regarding corruption.”⁵⁶

Making the country a paradise for investment and the privatization of most of the airports, ports, land, and natural resources helped the economy to grow fast in the initial few years and this reached its culmination in 2007. However, this dramatic growth and its benefit was not distributed evenly throughout society. Dimitri Gugushvili argues, that the neoliberal reforms had been launched in multiple directions. Downsizing the public sector and the implementation of a neoliberal governance as a best mean for achieving this form of transparent rule. The pre-revolution government had problems collecting taxes as corruption was still rampant. Reforming the law enforcement helped the government in succeeding in the effectiveness of tax collection.⁵⁷

Deregulation of state bureaucracy became a top priority for the state as this allowed business to continue to function without interruption. The licenses and permits for business activities reduced to a minimum "by 85 % from 900 to 136".⁵⁸ This for the government also had another

⁵⁵ Jones, “Reflections on the Rose Revolution.”

⁵⁶ Richard W. Rahn This article appeared in the Washington Times on October 15 and 2008., “Georgia’s Wise Decisions,” Cato Institute, October 15, 2008, <https://www.cato.org/publications/commentary/georgias-wise-decisions>.

⁵⁷ Gugushvili, “Do the Benefits of Growth Trickle-down to Georgia’s Poor?”

⁵⁸ Gugushvili.

dimension to symbolically reject the regulatory practices that were associated with the Soviet style of ruling. Another significant reform was the countries labor code. It is widespread in the neoliberal political-economy that the labor code and restriction of employer rights is a fundamental threat to the success of business. Hiring and firing the employees should be decided between free individuals and their agreements represents the best will. Structural factors predetermine the difference in positions of the employer and employee, this in neoliberal ideology means that the rights enjoyed by the employee are removed. Free agreement between individuals is an even more dangerous phenomenon in a country the economically is less developed. In the Georgian case, it almost means legalized enslavement, because in many cases the employees have two options, to agree to the humiliating conditions, or starve. This was a principle behind the implementation of a labor code, which practically destroyed the rights of employees with employers. The International Trade Union Confederation (ITUC) described the new labor code as the worst in Europe, while the Georgian government called it “the best labor code in the world”.⁵⁹ This fundamental difference between ITUC and the Georgian government is not a cynical gesture but instead represents a fundamental ideological belief. The idea behind the ITUC’s analysis was to assess the labor code from an objective perspective while the Georgian government at that time believed that deregulation was the best option for everyone. This was not based on the facts, but it was a mere ideological assumption.

Another key target for the government was tax reform. Formal tax under Shevardnadze’s government was progressive income taxation, which was immediately substituted by the flat tax, furthermore 20 out of 26 other taxes were abolished. Taxation for the neoliberal doctrine was something that slowed economic growth, whilst making available more money for business

⁵⁹ “Georgia’s New Labour Code Marred by ‘Loopholes and Gaps,’” Equal Times, accessed May 25, 2018, <https://www.equaltimes.org/georgia-s-new-labour-code-marred>; Gugushvili, “Do the Benefits of Growth Trickle-down to Georgia’s Poor?”

can more effectively create the surplus required for future investments that will benefit all. Included in the list of neoliberal structural reforms, there was a reduction of tariffs and establishment of free trade agreements with countries in the west, former Soviet republics, and Turkey. This decision massively endangered the fate of agricultural products as the tariffs for these products was putting Georgian agricultural output into competition with other countries. With regards to privatisation, the government made systematically moved the ownership of key industry from public to private hands. The objective for this was, short term revenue for the government, and at the same time the major service and transport sector would be more efficient in private hands, attracting further investments.⁶⁰

Police, Zero Tolerance, and Neoliberalism

A major achievement declared by the Saakashvili government was police reform. The eventual reforms of the police were taken to a gold standard and a model to be copied by other countries. The arguments and discussions around police reforms come mainly by the point of its effectiveness in combating crime, lowering Georgia's position on the corruption index, the institutional structure and how it serves the "general interest" of the public. Scholars working on these issues dismissed the social role of police in Georgia after the reform stage, instead, they focused on the initial achievement, as a success of the reform.⁶¹ The main problem for this analyzes lies in the denial of the class division in the country and eventual conclusion that the police have fulfilled the general interest of the public. To understand the success of the police reforms it is pertinent to review the pre-revolution police performance, the conditions of criminality, and the social role the police played after the Rose Revolution. Speaking about the

⁶⁰ Gugushvili, "Do the Benefits of Growth Trickle-down to Georgia's Poor?"

⁶¹ "Police Reforms in the Republic of Georgia: The Convergence of Domestic and Foreign Policy in an Anti-Corruption Drive," ResearchGate, accessed May 27, 2018, https://www.researchgate.net/publication/263690183_Police_reforms_in_the_Republic_of_Georgia_The_convergence_of_domestic_and_foreign_policy_in_an_anti-corruption_drive.

police reform, I would like to link it to broader neoliberal developments and specifically the rise of inequality in Georgian society that followed the revolution. I argue that the now reformed police have been used by the state to maintain order in the face of rising social insecurities that posed a threat to the government and the success of the neoliberal reforms in general. That is to say the police were used to prevent a public backlash against the rising social insecurities that would be brought on by the neoliberal reform agenda. It is crucial to understand the history of crime in Georgia and specifically within this phase of police reform.

Brief History of Crime in Georgia

The revolutionary government inherited a legacy of criminality. Crime was prevalent before 2003 as the social and political conditions were producing an environment particularly conducive to high levels of crime. This can be understood by the ineffectiveness and corruption of the Post-Soviet government, the decline of the quality of life, and the very troubling social and economic problems the country was facing. Among other things, there was a subculture of criminality in Soviet Georgia called Thieves-in-Law. Dissolution of the USSR and collapse of state institution created a power vacuum that was immediately filled by gangs who identified themselves with this subculture. These groups were so powerful that they were controlling the streets and the informal economy, and they were able to do this so effectively as they had a deep state structure throughout Georgian society.⁶² During the Soviet times this sub-culture was in some sense tolerated by the state as they were playing a role in maintaining social stability. Thieves-in-Law or *Vory* was a counter-hegemonic informal institution, the bastion of the anti-modern system. They became an influential following the decline of the Soviet Union from 80th to onwards. The culminating effect of their power expressed after the fall of the regime and

⁶² Gavin Slade, "The Threat of the Thief: Who Has Normative Influence in Georgian Society?," *Global Crime* 8, no. 2 (May 1, 2007): 172–79, <https://doi.org/10.1080/17440570701362398>.

subsequent declaration of Georgian independence. As the country was falling apart with civil and separatist war, this criminal group gained considerable power over society further constituting an alternative state within the Georgia state. A survey conducted in 1993 demonstrated that some 25% of schoolchildren wanted to become a *vor (thief)*, which is the highest authority within the criminal group.⁶³ The people who belonged to these groups were not allowed to collaborate with the police, follow the rules determined by any authorities, and at the same times they were informally controlling the streets and so-called street boys. During 90th, they had a level of authority exceeding that of the police or the court. The most vivid illustration of this was their informal role as a court, they would settle disputes according to their own unwritten laws, for applicant who voluntarily sought justice through them. Taking all of this into consideration it demonstrates the inability of the government to act according to a law, further erosion between economic activity and criminality created the social strata which controlled a different economic activity in the country and had enormous influence on a number of ministers or state representatives. After the revolution, the Saakashvili government decided to wage war against this sub-culture. The time had come when the new police reform would be established, the president declared that the war against criminal groups:

“I want organized crime and its supporters to know that no matter what kind of noise they will stage, whatever attempts or blackmail they will resort to... no matter how much money or influence they and their patrons have, we will reach out to each member and participant of organized crime and their supporters.”⁶⁴

Police Reform

The police in Georgia from the Soviet time until the revolution was a majorly corrupted

⁶³ Slade.

⁶⁴ “Civil.Ge | Saakashvili Speaks about Prison Riot, Hails Police,” accessed May 31, 2018, <https://old.civil.ge/eng/article.php?id=12191>.

institution. The bribe was a prevalent means of getting out of trouble for the ordinary citizens and the perception toward the police was highly negative. The police in 90th even negotiated with criminal groups which was further consolidating the criminal groups deep state structure. The police were not an exceptionally corrupted institution under the pre-revolutionary government but it was one of the most decayed parts of the state system. The main priority for the government after the revolution was to radically reform the police structure and operation.

The police reform was launched in five directions. First, the dismissals of the officers identified with the corrupt system. Second, creating and changing the police agencies. Third, change to the recruitment system. Fourth, the implementation of better training in the Police Academy. Fifth, increases to the salaries of police officers. These reforms happened rapidly and brought with them a complete overhaul of the system.⁶⁵ The government's commitment to the newly reformed police was symbolically expressed in the architectural perception of the police buildings. New glass police stations were built against the old Soviet block-buildings. The idea was to completely erase the perception of the corrupted police on the mental level by installing new transparent buildings.⁶⁶ This top-down approaches from the government in the direction of reforms can represent a familiar tactic used by the revolutionary government in many different phases of reform. The same logic of fast reforms had been launched in different institutions. The logic was that the fast, shock therapy, will be met with an initial outrage but once this is over resistance will be gone. The speed and aggression of these reforms on instable institutions makes a complete overhaul possible with very minimal long term backlash. The government implemented a cascade of reforms in this style. Scholars studying these initial reforms were often praising the Saakashvili government in their speed and quality. Even the

⁶⁵ "(2) Police Reforms in the Republic of Georgia."

⁶⁶ Steve Rosenberg, "Can Glass Walls Tackle Corruption?," *BBC News*, July 10, 2013, sec. Europe, <http://www.bbc.com/news/world-europe-23231993>.

World Bank rated Georgia as the top fast reformer country in the world.⁶⁷

Police reform was an important step in creating the states capacity to rule the country. During the Shevardnadze period, even the capacity of the state to control the border, maintain its sovereignty, or for citizens to feel comfortable enough to trust the police. Reform dramatically changed the situation and the state became capable in taking effective control over the borders, state institutions, and got the truth from the citizens as a police became the least corrupted institution in the country. It is important to clarify the timeline of the police reform. At the beginning police, even highway police were motivated to be friendly towards the citizens and the command from the Ministry of Interior was to perform their service nicely to begin to build trust among its citizens. The name of the Police changed from the Soviet *Militsia* to *Policia*, the ideological turn that government decided to break up with its own past and endorse a new, European or US-style police. At the same time, it was a demonstration to the west that they were committed to westernizing Georgia.⁶⁸

An atmosphere of disappointment towards the government started soon after the cascade of reforms had been implemented. Many people had been fired, new economic reform did not change the material conditions for most citizens the elimination of the certain type of informal economic sectors even worsened the situation, the rate of crime increased which endangered the future fate of the reforms. Saakashvili's government realized that the situation needed to be addressed and they decided to crackdown on their own population. In February 2006, Saakashvili declared Zero Tolerance policy for the minor crimes, the policy that gave the police

⁶⁷ "Civil.Ge | World Bank Says Georgia Top Reformer," accessed May 29, 2018, <https://old.civil.ge/eng/article.php?id=13477>.

⁶⁸ "(2) Police Reforms in the Republic of Georgia."

full sovereignty to impose control over the entire country.⁶⁹

The History and the Ideology of the Zero Tolerance Policy

Zero Tolerance policy as a strategy for addressing crime first started to control the social failures caused by neoliberal ideas implemented under the Reagan administration in the US. It was mainly an antipoverty policy to address the issues caused by the ineffectiveness of the neoliberal state in general and cut off social spending coupled with massive deregulation policies. In the global North, policing of marginalized groups became the program of the state to address issues such as inequality, unemployment, and social misery. If under the welfare regime it was a matter of social policy, under the neoliberalism it turned to be a part of law enforcement. The neoliberal ideas of the trickle-down economy as the best way for distribution wealth and general well-being of society was a just ideological belief that had a very rare material proof. Instead, the society in the US, which faced the massive demolition of the welfare state impacted the social reality a very hard. Wacquant argues that the same academic, think-tanks, and policymakers who previously were the allies of neoliberal ideas, now advocating the punitive measures to be addressed for those who commit the crime. The idea that law and order should be used to address the social issues was a widespread common knowledge for ideological side of neoliberalism.⁷⁰

This policy had major two goals – to maintain the neoliberal system and portray it as an effective, natural way for dealing with the challenges society facing and normalize an insecure environment caused by the deregulation politics. At the same time, the discourse of law and order as a solution was championed. As a meta-policy, punitive measures were recognized to

⁶⁹ "President: No Tolerance for Crime," *Civil.Ge*: (blog), February 14, 2006, <https://civil.ge/archives/109861>.

⁷⁰ Loïc J. D. Wacquant, *Prisons of Poverty* (U of Minnesota Press, 2009).

be the best solution for reducing the poverty and managing marginality. Wacquant also goes further and says that this was an intentional attack against social policy and primarily against welfare regime waged by anti-welfare ideology.⁷¹

Zero Tolerance in New York

Zero Tolerance policy was policing strategy that emerged in 1994 in the New York City. The policy was connected to the New York City mayor Rudolph Giuliani and the Chief of police William Barton. These two figures became prominent candidates of propagating the idea of the penal state as a solution against poor of the city. Widely known as "*Police Strategy No. 5 Reclaiming the Public Spaces of New York*" was a approach that started the punitive police action against the people they perceived as a dangerous element of society.⁷² The strategy outlines the challenges the society was faced in their perception and how to combat it with policing. According to the strategy, the dangerous elements of the city occupied the parks, the streets, the public transports, causing decay for the urban infrastructure and its decent inhabitants. The strategy was created primarily for the interest of the middle and upper class as they were target groups to whom the city should be returned. This paper underlines the basic actions that are required to defend the public property and clean the streets from prostitutes, bikers, graffiti artists, drunk people, etc., to establish the order and control.⁷³

The idea Giuliani and Barton proposed was a Zero Tolerance policy towards minor crimes. This policy has its own roots in Broken Window theory which is an idea that belongs to a

⁷¹ Loïc Wacquant, "The Penalisation of Poverty and the Rise of Neo-Liberalism," *European Journal on Criminal Policy and Research* 9, no. 4 (December 1, 2001): 401–12, <https://doi.org/10.1023/A:1013147404519>.

⁷² *Police Strategy No. 5: Reclaiming the Public Spaces of New York* (Police Department, City of New York, 1994).

⁷³ Neil Smith, "Global Social Cleansing: Postliberal Revanchism and the Export of Zero Tolerance," *Social Justice* 28, no. 3 (September 22, 2001): 68.

psychologist performing an experiment about the smashed windows of a car. The idea behind the theory is that if there is a small disorder in the neighborhood (smashed window) it triggers the sense of disorders, which encourages other wrongdoers to commit crimes and this can generate a major sense of disorders and criminality. The theory which was not validated by any empirical data and proved only via psychological experiment. Broken Window theory formed the basis of the Zero Tolerance policy. The policy consisted of the actions with aim to combat minor crime by consistent and harsh policy measures which would prevent the other crimes to be committed. It is the strategy to punishment, normalization of the poor and marginalized communities in the society. These policies have been implemented by three important means. First, increases to police staff and equipment, changing the system of the police operation and give the captains certain quotas to be achieved, and advancing the technology which will facilitate police actions. This was an important infrastructure to be deployed to make zero tolerance policy possible. At the same time, the police have been transformed from the public institutions devoted to the community needs and problem-solving to a corporate enterprise. High-ranking police officers have been fired and the average age of officers has been reduced from sixty to forty.⁷⁴ The main goal was to squeeze and repress the underclass or sub proletariat to enhance the life of the people who follow orders and do not violate any rules – middle and upper classes. The initial results of the policing were very frightening; the police were arresting people for anything from urination to drinking. Arresting people for minor crime created the problem of the mass incarceration in New York City. The figure showed the arrest in the city increased by 23%, and the arrest for the minor crime by 40%, while for the drug offenses by 97%. On the opposite side, the arrest for the serious crime increased only by 5%. This statistic lays down an important fact that the targeted goal for the police was not a major threat to the

⁷⁴ Wacquant, *Prisons of Poverty*.

community but the minor offenses.⁷⁵

The outcome of the zero-tolerance policy is highly debatable. The overall reduction of the crime in other cities around the US had a similar level drop without applying the zero-tolerance policy. Meanwhile, Wacquant argues that Zero Tolerance policy was not designed to meet the crime reduction but to target the specific group of people and criminalized their behavior.⁷⁶ The policy disproportionately targeted the racial and ethnic group, it became the fearmongering force for the black community. Other, like Neil Smith, argues that this was a revanchist move from the upper-class to take control over the city.⁷⁷

Radical Critique of Neoliberal Penal State

The critique of neoliberal policing points the increase of prison population in advanced industrial society due to the frequent use of penalization to manage social insecurity. The social disorder caused by the structural politics of neoliberalism and fall of the welfare state is met with the policing rather than social politics.⁷⁸ The constant denial of the need of social interventions into the economy and granting to a free market the authority to manage it can trigger enormous dissatisfaction among the people on the bottom of social hierarchies. During the Keynesianism political-economy, there was agreement between wage labor and the capitalist class. This balance was achieved by the continued struggle of workers across the world and particularly in great success in advanced capitalist states.⁷⁹ The implementation of neoliberal structural adjustments allowed the capital to escape from welfare restrictions, which

⁷⁵ Chris Cunneen, "Zero Tolerance Policing and the Experience of New York City," *Current Issues in Criminal Justice* 10, no. 3 (March 1999): 299.

⁷⁶ Wacquant, *Prisons of Poverty*; Loïc Wacquant, "Crafting the Neoliberal State: Workfare, Prisonfare, and Social Insecurity," *Sociological Forum* 25, no. 2 (2010): 197–220.

⁷⁷ Smith, "Global Social Cleansing."

⁷⁸ Wacquant, "The Penalisation of Poverty and the Rise of Neo-Liberalism."

⁷⁹ Harvey, *A Brief History of Neoliberalism*.

eventually deepened the problem experienced by the underclass. The category of the underclass for contemporary analyzes can be captured as a drug dealer, local criminals, peoples who stealing and making disorders in the neighborhood. The cultural explanation of these types of groups could bear a color of cultural racism while claiming that certain community's behavior is part of their culture. This type analyzes always played a role in legitimizing the coercive power, it has not only articulated the racist discourses towards certain groups, it further tries to shift attention from the social and material analyzes of the problem. The difficulty for the state dealing with underclass is twofold, either creation of alternative programs such as employment, treatments or to disappear them from the public. According to the principles of neoliberalism, it was much more cost effective to send to jail the people whose behavior was a danger to the social order. This also legitimizing the state and the society which was a very much "fear consumers".⁸⁰

This is a reason why Wacquant claims that the harsh police practice had not an actual intended rational goal in terms of crime reduction, but to discipline and normalize the behaviors of the sub-proletariat or underclass. If the Keynesian model was designed to lift them from their material conditions and change their social role, the neoliberal state tries to use what Naomi Klein named "shock doctrine". While trying to expose people in danger of jail or send them into a bar, thus regulate and discipline their behaviors. The actual aim of this policy is to disappear the class which is no longer in the demand of the upper-class interest to be seen in the streets. As Wacquant argues, the contemporary state is a liberal-paternalist state. For the top, it is a liberal, while at the bottom it is associated with the repression.⁸¹ Aihwva Ong, put it slightly different way while explaining the logic of the neoliberal state. For him, there exist

⁸⁰ Bauman Zygmunt, *Work, Consumerism And The New Poor* (McGraw-Hill Education (UK), 2004).

⁸¹ Wacquant, "The Penalisation of Poverty and the Rise of Neo-Liberalism."

exception from neoliberalism and neoliberalism as an exception. Former describes the condition for the upper-class under neoliberalism as they are excepted from the punitive side of neoliberalism, while the latter characterize the permanent condition for the bottom class as they are subject of neoliberal exception from the society.⁸²

The Global Prevalence of Zero Tolerance

Meanwhile the overall rejection of the policy from the scholars and the critique of its success in achieving the desired goals of crime reduction, zero-tolerance policy have been exported globally. William Barton became the iconic figure of the policy and he was invited to the different metropolis in the world for the advice and creating the policy of crime reduction.⁸³ It needs to be emphasized that the neoliberalism as a socio-economic and political ideology created the ground for the creation of zero tolerance policy and while theorizing the implementation of this policy we need to consider this fact. In Wacquant words: *"invisible" hand of the deregulated labor market to the "iron fist" of an intrusive and omnipresent punitive apparatus*" traveled globally as a strategy of freedom of commodity and consumerism. The punitive measures championed as a response to the people who were not suited for this new transformation. As neoliberalism differs across the continent and so do zero tolerance policy. This policy as a strategy also traveled across the continent and it has been experienced in different ways. The policy was deployed in war-torn Iraq to counter the insurgency and reassert US interests. Scholars working on the occupation of Iraq point out the imperial strategy of dispossession has become successful because the effective function of police. In New York it had a substantially different mission and results than in Brazil. The racial segregation, poor

⁸² Aihwa Ong, *Neoliberalism as Exception: Mutations in Citizenship and Sovereignty* (Duke University Press, 2006).

⁸³ Diane E. Davis, "Zero-Tolerance Policing, Stealth Real Estate Development, and the Transformation of Public Space: Evidence from Mexico City," *Latin American Perspectives* 40, no. 2 (2013): 53–76.

favelas, massive inequality and the corruption gave the authority the power on behalf of zero tolerance to justify the suppression and killing of Brazilian citizens labeled as a criminal. The Brazilian situation for Wacquant presents the best illustration of the essence of the zero-tolerance policy. In a country where the poverty and crime are intertwined the punitive measures to anti-crime means the war against poor.⁸⁴ Zero Tolerance policy exported in Africa, Latin America, Europe, and Asia. The name of William Barton became famous and governments were inviting him for creating the strategy for their countries.

Import of Zero Tolerance in Georgia

“I am initiating a new draft law: zero tolerance towards even petty crime. I am initiating amendments to the criminal code, which envisage banning conditional sentences for house burglary, street robbery, possession of drugs and other petty offenses. ‘No’ to conditional sentence; everyone who commits these [crimes] should go to jail.”⁸⁵

This was a famous proclamation from the president of Georgia when he launched one of the most horrific and traumatic policy in the history of the Republic of Georgia. In the present analyzes, I want to highlight the material conditions that made the implementation of Zero Tolerance policy necessary. My argument is against the general view that such a policy was designed to defeat crime. It is true that criminal situation worsened after the neoliberal reforms as many people were excluded from economic activities. The aim of this reform was to control and discipline the discontent in the population caused by the reforms. To clarify my initial argument, I will look the rate of unemployment, inequality index and rise of the prison population as a strategy to manage the social problems the reform caused.

⁸⁴ Loïc Wacquant, “Toward a Dictatorship Over the Poor?: Notes on the Penalization of Poverty in Brazil,” *Punishment & Society* 5, no. 2 (April 1, 2003): 197–205, <https://doi.org/10.1177/146247450352004>.

⁸⁵ “President.”

The political and economic outcome

Zero Tolerance policy appeared after ten years after the neoliberalism became the central political paradigm in the US. On contrary, Georgian case represents only two-year period before this policy has been implemented by the government. This changes can be understood by the speed of the Georgian reform and its outcome in short term for the majority. Against the reading of Zero Tolerance by academic as a source of crime reduction and state-building, I believe that Georgia experienced mass frustration as the society was not satisfied by the false promises of neoliberalism and to silence this anger the government used the penal system as a solution.

The structural reforms implemented by the state did not benefit large part of the society.⁸⁶ By looking to the numbers, the urban unemployment after the revolution was raised from 21.6% to 26.4% while the GDP growth in 2004 was 5.8%, in 2005 9.6%, and in 2006 12.34%. Overall the GDP growth from the revolution until the Zero Tolerance policy was 28% while the urban unemployment raised by 4.8%.⁸⁷ This is a clear illustration how the deregulation and restriction of the business benefited the small part of the population while it did not reach to the large part of the society, even though the GDP increased so does the unemployment. Zero Tolerance policy was a major way to maintain this social insecurity by repressing the discontent from the people. Wacquant formula of the invisible hand of the deregulated market and iron fist expressed in a critical way.⁸⁸

⁸⁶ Gugushvili, "Do the Benefits of Growth Trickle-down to Georgia's Poor?"

⁸⁷ "Distribution of Population Aged 15 and Older by Economic Status in Urban Areas, 1998-2017*," Survey (Geo Stat, n.d.), http://www.geostat.ge/index.php?action=page&p_id=146&lang=eng; "GDP Growth (Annual %) | Data," accessed May 29, 2018, <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=GE>.

⁸⁸ Wacquant, *Prisons of Poverty*.

Another hidden fact of the story is the systematic attack on the shadow economy. As the informal market was widespread from 80th until the revolution, the neoliberal government decided to go tough on informal market. Such big campaign was the closure of Ergneti market in 2005 as a hotspot of untaxed Russian products and selling Georgian goods in exchange.⁸⁹

Further indicator for my argument is a rise of prison population after the Revolution. The prison population in 2003 was 6,119 and at the end of 2011 is raised by more than 300%, reached its highest number 24,114.⁹⁰ This massive incarceration as Wacquant argues is a general strategy for the neoliberalism to manage the social insecurity. Georgia in 2011 was in the fourth position by 547 prisoners to 100,000 population behind the US, Rwanda, and Russia.⁹¹ This high number also correlates the unemployment rate in the country. As the unemployment raised during Saakashvili government so does the prison. In 2011, urban unemployment was 27.4% while the rural unemployment 6.9.⁹² Also, the methodology of measuring the unemployment is a very inconsistent as it measures self-employment and highly unproductive sector such as agriculture as employment even though in reality the agriculture allows the rural population to escape starvation.

Another indicator, which is highly possible would show the correlation between the neoliberal state and the rise of the penal system is not fully available during this period. Such as immigration and overall index of inequality. There is not enough evidence about the cause of immigration but the population by from during Saakashvili the general population decreased from 3,964 to 3,739. GINI index shows that in 2010 the index reached 40.1 coefficient and

⁸⁹ Waal, *The Caucasus*.

⁹⁰ Gavin Slade, "Crime and Excessive Punishment: The Prevalence and Causes of Human Rights Abuse in Georgia's Prisons," n.d., 85.

⁹¹ "NCJRS Abstract - National Criminal Justice Reference Service," accessed May 29, 2018, <https://www.ncjrs.gov/App/Publications/abstract.aspx?ID=262857>.

⁹² "Distribution of Population Aged 15 and Older by Economic Status in Urban Areas, 1998-2017*."

became the most unequal state among the former USSR republic.⁹³

It is also worth to mention that the prison population was a red line for Saakashvili government in 2012 when the video types of systematic torture leaked into the media and resulted in the local and the global outrage towards the government. The horrific videotapes triggered the largest demonstration two weeks before the election and resulted in the defeat of his regime.⁹⁴

Overall, the reforms undertake by Saakashvili government did not reach the large part of the society. The police reforms that the government initiated later used as a power to repress the demands of wider society.

⁹³ "GINI Index (World Bank Estimate) | Data," accessed May 29, 2018, <https://data.worldbank.org/indicator/SI.POV.GINI?locations=RU-GE-AM-AZ-KZ-KG-TM-TJ-LV-EE>.

⁹⁴ Miriam Elder, "Georgia Prison Guards 'Captured on Video Torturing Prisoner,'" *The Guardian*, September 19, 2012, sec. World news, <http://www.theguardian.com/world/2012/sep/19/georgia-prison-guards-torture-video>.

Chapter 3: Nationalism and State Development

In this chapter I will try to outline the development of Georgian nationalism and the national policy after the revolution. Namely, how the global free market conditions determined an internal reorganization of the nationalism and national policy of the state. In this respect, I will review the development of civic nationalism after the revolution. This was a type of nationalism which was an important means for succeeding in the reforms. Secondly, will illustrate the government strategy to create the brand business model from Georgia as a strategy to attract the foreign direct investments. The argument of the present thesis is that the state supported nationalism was in a service of the market economy. This is an important part to understand the how the country started positioning itself in the global market and politics.

Rose Revolution and Civic Nationalism

President Saakashvili a true winner of the revolution had a quite different idea of nation-building and national policy than his predecessors Zviad Gamsakhurdia or Eduard Shevardnadze. He was not interested in a sectarian division of Georgia as Gamsakhurdia and had much better ambitions than Shevardnadze who failed to create any viable institutional or state policy towards the national minorities.⁹⁵ This extremely painful experience from the past of losing the control over the two non-Georgian ethnically populated territories and the autonomous status of the third one was a big historical, material, and political challenge for a new government. In a new neoliberal modernization paradigm, the nationalist tensions need to be avoided and the peaceful phase for the capital accumulation should be created. Nobody will ever invest in country which is not politically stable. The position of the Georgia for the western

⁹⁵ Ghia Nodia, "Components of the Georgian National Idea: An Outline," *Identity Studies in the Caucasus and the Black Sea Region* 1, no. 1 (January 1, 2009), <http://ojs.iliauni.edu.ge/index.php/identitystudies/article/view/8>.

eyes was also ambiguous. The regular post-Soviet state in a very troubling region in the Caucasus.⁹⁶

The Rose Revolution was as such an attempt to break the existing rules in Caucasus and remaking the success story from Georgia. Reorganization of the identity of Georgia was a beginning of the story from a new government. They reinvented the flag from the history of Meadville kingdom and installed red cross flag to express the Christian roots and to show the west that Georgia was a cornerstone of Christianity in the region. National policy of the state has changed to more moderate state-building which including all Georgian minorities in the state affairs.⁹⁷

I will review two major political projects under Saakashvili to understand the idea behind the re-building and re-branding the nation after the revolution.

From Civic Nationalism to Re-branding the Nation

Saakashvili government started to launch its national project around a new identity for Georgia in which all other ethnic groups were called Georgian-Armenians, Georgian-Azerbaijanis, Georgian-Abkhazians, etc. His main enemy in this political battle was the Soviet type of nationalism triumphing in the separation of small minorities and creation of tensions between them. In this respect, Georgia tried to formulate the nationalism which itself resonated more with the western type of patriotism.⁹⁸

Saakashvili government's move to integrate the ethnic minorities in Georgian political community needed to go to the strong civic type of national policies. The implementation of

⁹⁶ Waal, *The Caucasus*.

⁹⁷ Derlugian, "Georgia's Return of the King"; Berglund, "'Forward to David the Builder!' Georgia's (Re)Turn to Language-Centered Nationalism"; Manning, "The Epoch of Magna."

⁹⁸ Berglund, "'Forward to David the Builder!' Georgia's (Re)Turn to Language-Centered Nationalism."

the civic type of nationalism was important in two ways. First, it would help the ethnic non-Georgian minorities to integrate into political society and second, it will remove all possibilities for neighbour countries to play with the ethnic separatism. This also would have a positive attitude towards the two breakaway regions which de-facto declared an independence during the Shevardnadze period. What Saakashvili and his team were doing was the construction of a meta-national narrative which combining all ethnic groups living in Georgian sovereign territory. This type of national policy was not alien and it has a cultural background from history as the Georgia was always multiethnic and not homogeneous entity. At the same time, it was only possible for this government to persuade the west that they were not going to repeat the examples from Balkan region. These policies have been expressed in language-centered politics when the government strongly backed the implementation of Georgian language in minority populated areas and launched multiple language programs in the secondary and higher education.⁹⁹

Civic type of nationalism was also important in the process of capital accumulation. It is widely understood that war or societal cleavages are damaging to the fundamental value that capitalism stands for – private property. For the new government, 2003 was a period to change the habit of political conflicts to support the process of uneven development. Another important aspect of the popularity of the civic nationalism was an elite desire to negate the other forms as backward and Russian exported. This has also deep root in the historiography of eurocentrism when the western European thinkers tried to portray the east as not developed as west and giving the dangerous status to its nationalism. In general, western nationalism understood as civilized, good, while the eastern, as non-civilized, bad.¹⁰⁰ These two factors, a free market as a liberation

⁹⁹ Jones, “Reflections on the Rose Revolution.”

¹⁰⁰ Kohn, *The Idea Of Nationalism*.

program and the idea of civilized national policy.

Russia as the Enemy

A new Georgian meta identity had only one enemy in the production of the discourse – it was Russia. Russia and the Soviet Union was something hostile against which Saakashvili's government started battle. The mobilization of the forces and the portray Russia as a existential threat for Georgia helped his government to survive multiple times. After the riot police crackdown the 2007 anti-government demonstration he resigned and re-scheduled the election. The number one election promise for him was to return the territories under the Russian influence and in 2008 Georgian forces had an attempt to take over the separatist held territories which was ended by the war with Russia. The one of the main idea behind such an operation in a very tourbulent conflict can be explained by his new nationalist motivation to reclaim support from the people and removing the Russian backed separatist from South Osetia would help his image and reputation. Neoliberalism in some sense needed this nationalism to sustain its image and power. Apart from the Russian war, this expressed Saakasvhlis commitment to proclaim himslef as a liberator and exporter of freedom in the region. Except the fact that the Russo-Georgian conflict critically damaged his reputation and Georgia lost even more territories, he tried to use this war as a strategy to present himself as a saviour and victim of Russia's aggressive policy. The sturctural failure of the neoliberal policies has been balanced by various nationalist strategies and strive for the legitimation.¹⁰¹

David Harvey underlines the factor of nationalism as a strategy for neoliberalism to sustain and gain legitimacy among the people. Nationalism as a strong identity was used by the neoliberal state to frame its social failure and survive. Georgia was not an exception from this trend and simillar with Hindu Nationalism, civic nationalism has been used in a time of a crisis

¹⁰¹ Jones, "Reflections on the Rose Revolution."

to mobilize the people for the nationalist cause. At the same time, the government rhetoric towards any dissent activism was multiple times framed as a plot against the Georgia from Russia.

Rebranding the Nation a Postmodern Development

Authors of postmodernity arguing that the process of modernity has reached its own limits and we are today live in the society characterized by the postmodern system. In this so-called postmodern condition, it is becoming more and more difficult to determine the reality and the truth. Postmodernity also appeared in the process of nation-building and the way the state operates. In this new trajectory, nation-states are competing with each other and trying to sell its own version of the nation as the best product. If so-called the triumph of individualism and idea of self-expression prevailed in the world, the idea of government to transform nations into a commodity became one of the ways for the countries to compete others globally. World order encourages primarily small-states to enter into a competition with large states by transforming their communities into a business model.¹⁰²

Georgia was no exception to this trend and it radically tried to sell itself on the global market. Georgian nation-branding was expressed in different sides but we can separate three critical side of the branding. First, it was a geography of the country, as a unique place to attract the investments and tourists all over the world. Second, the history, as a source of old Christianity and winemaking tradition and third, most important the business climate and achievement of country in the easiest business doing climate. The Georgian reforms, from deregulation to crime reduction and flat taxes was sold on the global market as a success to attract investors and the government was directly involved in this process. Multiple news media articles, tv programs,

¹⁰² Melissa Aronczyk, *Branding the Nation: The Global Business of National Identity* (Oxford, New York: Oxford University Press, 2013).

commercials in the western broadcast, and the physical presence of Georgian government official in business forums was a gesture from the Saakashvili government that they were expecting to sell all their neoliberal achievements for the global investor looking for the places to reproduce their own capital. In 2007 Georgian government hired the British company M&C Saatchi to create the brand of Georgia and the advertisement company tried to sell the Georgian business opportunities for the investors.¹⁰³

The attempt to create the business model from the countries connects the neoliberalization of the governance. The state sovereignty is defined as a job for the competing other states in attracting the foreign direct investment.

¹⁰³ Aronczyk.

Conclusion

This thesis is an attempt to theorize the conditions and consequences of neoliberalism in Georgia. I tried to look at neoliberalism from the historical sociology perspective by understanding the global political-economy and its influence over global power productions. The idea to link the global order with the development of capitalism is an important exercise if we want to understand the contemporary global hegemonic and economic order. I tried to theorize a neoliberalism as a political and economic reaction to the problem of capital overaccumulation by looking at it through the lens of Marxist analyzes. At the same time, I illustrated how neoliberalism can damages the position of the world hegemonic power. Neo-conservative administrations strategy to launch a project ‘New American Century’ was an attempt to reassert US hegemonic status by controlling the global natural resources. The idea of reaffirming the US hegemonic power has integrated Georgia as a part of this strategy and success story. The Bush administration’s motivation to control west Asian natural resources and the ideological battle with Russia brought Georgia into a part of global power struggle. The geography and the location of the country were crucial aspects of the interest in the region. Post revolution Georgia and young neoliberal reformers got enormous support from the US and the west in their neoliberal reforming phase. The ideology of neoliberalism as a best possible way of development was a mainstream political trend after Ronald Regan and Margaret Thatcher. Georgian case is significant by its top-down, forced neoliberalism. In the first chapter, I tried to illustrate this perspective by looking the global capitalist development on the macro level and its influence over the local politics.

The Second Chapter is in connection to the first one, by looking at the economic and political consequences of the revolution. The failed promises of neoliberalism created mass antagonism and resistance towards the neoliberal government. A reform phase which caused massive social

insecurity was maintained by the repressive penal system. I showed this by looking at the correlations of unemployment and inequality on the one hand, and the rise of the prison population on the other hand. Specifically, I tried to emphasize the role of Zero Tolerance policy used in penal system to maintain social insecurity by incarcerating people massively. As Polanyi argues, there has never been implemented a free market naturally but always by the state coercive apparatus to adjust the society to it. The Zero Tolerance policy which supported neoliberalism to deal with social insecurity was widely used as a coercive practice across the world. Georgian case was not exception from this development. Zero Tolerance policy designed to combat the certain criminal groups expanded to a large society and became the fear practice used by the state for silencing the dissent.

As the neoliberal top-down development was a priority for the state, the state engaged in the production of a nationalism that was in a line with the goal of capital accumulation. A civic type of nationalism was an achievement for Saakashvili government in addressing the problems the state was facing and to maintain the legitimacy over the long period. The language perspective in this policy was a dominant system as the government tried to create a new country naming all Georgian minorities as half Georgian and part of a new political community. Another important aspect for a new government was to bring the country on the international market by commodifying it for attracting the investment. This is today a strategy for branding the nation and sell its achievements on the global level.

The present analyzes brings into light a neoliberal state-building in the post-soviet society. The neoliberal experiment in Georgia had enormous social and political consequences that the state is still trying to manage the inherited crisis from this state-building from 2003 until 2012. Scholars, activists, and social movements still struggling to rethink the recent history of Georgia. I believe that this little part can play a role in theorizing and understanding the consequences, failure and future development of the country. Historical mistakes and failures

can be an opportunity in the future to avoid the same mistakes and build a democratic political society.

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