

# Development and the Role of the State; Visions of Post-Revolutionary Georgian Government

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## **Abstract**

The current research asks what was the developmental trajectory communicated by the Georgian government since 2003 to domestic and international audiences? What kind of role did the Georgian government project in social and economic development? The paper looks at the evolution of the political narrative of development in Georgia throughout the years of 2004-2012. Through analyzing the narrative we will observe the challenges that the Georgian government was trying to address through dynamic modification of the narrative; and whether the narrative was consistent, coherent and able to give convincing justification of the pursued policies.

The paper concludes that the political narrative of development can be roughly divided into two periods: the pre-war and pre-election period of 2004-2007 and the 2008-2012 period. The years of 2004-2007 can be named a stage of the minimal state. In this period government outlines modernization and Europeanization as major goals for Georgia's development. Development is understood in a traditional manner and largely equated with economic growth. The state reserves only minimal social functions of public sector salary provisions and supports only the most vulnerable - pensioners and the extremely poor. The years of 2008-2012 can be viewed as a period of a concerned and confused state. The Georgian government reconsiders its views on development and reformulates developmental goals into a reduction of poverty and unemployment. Thus the government becomes concerned with social problems. Simultaneously, the rhetoric of the 'state becoming the biggest investor' sector is combined with the rhetoric of the minimal state. Throughout 2008-2012, despite a reformulation of problems, the government is unable to report on achievements concerning social problems, therefore it repeatedly takes pride in infrastructural development, starts making more promises for the future and extends its own deadlines for the resolution of social problems. Thus, in the second stage, the government loses consistency while identifying developmental model; takes new responsibilities in the social sphere, gets more involved in economic matters, but also tries to stick to the rhetoric of a minimal state - thus it becomes confused about redefining the role of the state.

## Introduction

### Aims of the Research

The Inability of Georgian post-revolutionary government to resolve or ease the social hardships facing the country is now often named as one of the major reasons for the ruling party's defeat in the latest elections. It is often assumed that concerns of social vulnerability and democratization were sacrificed for the project of modernization. However, there is still no systematic study of the modernization process as envisioned by the ruling elite; how was it communicated and justified for domestic and international audiences; and how did it change over time?

The current research attempts to offer an account of the post-revolutionary ruling elite's discourse on development and its transformation over time. This is not an attempt to assess what the government *did* concerning development, but what the government *said* or *promised*. Despite the fact that issues like democratization, security, ethnic conflicts, and foreign relations affect developmental outcomes, this paper will limit itself to *social and economic* targets, reforms and achievements, as communicated by the Georgian government. The questions that the research aims to answer are: *What was the developmental trajectory communicated by the Georgian government since 2003 to domestic and international audiences? What kind of role did the Georgian government project in social and economic development?*

The recent electoral success of the Georgian Dream (GD) coalition placed the former ruling party, the United National Movement (UNM), in opposition. As it is too early to interpret the development discourse of the new government as well as the new opposition, the scope of the current research will be limited to the period since the revolution to September 2012.

### Why Analyze the Narrative?

Regardless of whether stories are about foreign enemies... global environmental change... welfare dependency, or the story of the state of race relations, the politics of public policy-making is played out in terms of stories and mediate how public problems are comprehended<sup>1</sup>.

Groups and individuals create and consume narratives to make sense of and interpret the reality to which they belong<sup>2</sup>. Narratives often carry a social and political role. They can be used to understand meanings

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<sup>1</sup> Fischer, Frank. Public Policy as Narrative: Stories, Frames and Metanarratives. In F. Fischer, *Reframing Public Policy: Discursive Politics and Deliberative Practices* (Oxford : Oxford University Press,2003) pp. 161-80.

<sup>2</sup> White, Hayden. (1980). The Value of Narrativity in the Representation of reality. In W. Mitchell, *On Narrative*. Chicago, IL and London : (University of Chicago Press,1980)

of events, order memories, argue, persuade audiences, and engage listeners with the narrator's experiences; often they are used to mislead the audience<sup>3</sup>.

On the national level political narratives serve as an attempt to facilitate societal interpretation of political development. The power of political narratives offered by the ruling elite is especially strong in the countries like Georgia, where freedom of media is restricted and the governmental narratives are overrepresented on the expense of silencing contesting views<sup>4</sup>.

'Discursive reality' often, does not coincide with 'political reality'. The reason why discursive reality is important is that it is shaped and, in turn, shapes the perceptions of political reality. For the researcher as well as for the consumers of the narratives there are two ways to assess the narratives: one can compare political narratives against objectively or subjectively perceived reality; or one can assess the consistency of narratives, the 'rhetorical goodness'<sup>5</sup>.

The current paper will avoid assessing the narrative as compared to political reality. It will look at the evolution of the political narrative of development in Georgia. Through analyzing the narrative we will observe the challenges that the Georgian government was trying to address through dynamic modification of the narrative; and whether the narrative was consistent, coherent and able to give convincing justification of the pursued policies. In other words, we shall see if the 'narrative reality' as drawn by the ruling elite, was able to interpret 'political reality' in a convincing manner. I hope this research will also prove helpful for the scholars who aim to assess the objectively observable success of the Georgian reforms against the outspoken promises of the Georgian government.

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<sup>3</sup> Riessman, Catherine Kohler. *Narrative Methods for the Human Sciences*. (Los Angeles, London, New Delhi, Singapore : Sage 2007)

<sup>4</sup> Concerning the restrictions and shortcomings of media freedom please see: Rekhviashvili Lela (2012) "Georgia from the Outside: The Path to Democracy" available at:

[http://css.ge/index.php?lang\\_id=ENG&sec\\_id=23&info\\_id=412](http://css.ge/index.php?lang_id=ENG&sec_id=23&info_id=412) Accessed 30 October, 2012

<sup>5</sup> In order to assess 'rhetorical goodness' we look at effectiveness and efficiency of the communication. The three objectives of persuasion are *logos*, *ethos* and *pathos*: persuasion concerned with *logos* consists of bringing about a rational and reasonable admonition or exhortation... type of persuasion related with *ethos* and *pathos* are linked with reaching consent through forms of non-argumentative linguistic force such as emotionalization, suggestion, demagoguery, propaganda and the use of threats" Reisigl, Martin. Analyzing Political Rhetoric. In Wodak, & Krzyzanowski, *Qualitative Discourse Analysis in the Social Sciences* (Houndmills: Palgrave Macmillan, 2008) pp. 96-119.

## Scholarly Conceptions of Development and its Aims

The governmental visions of what development is and what should be the state's role in promoting development are crucial in the light of current scholarly debates in development studies. There is no single definition of development; however all the diverse concepts believe that development, broadly defined, is about transformative social changes<sup>6</sup>. Furthermore, the views of what should be the goals of development have significantly changed over time<sup>7</sup>. The traditional view would equate development with economic growth: <sup>8</sup> Even today development is many times measured based on economic growth. But this approach has been challenged consistently since the 1970s. Many developing countries were experiencing growth but problems of poverty and inequality persisted or were deepening. Scholars and practitioners revised the targets of development: "The questions to ask about a country's development are therefore: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality?"<sup>9</sup>

The next important question to ask is how development can be achieved, and what role can the state play in it. Scholars have long argued whether the market or the state would bring better outcomes, to discover that neither of them is immune from various failures: "there is a widening agreement that "better," rather than more or less, is what matters when it comes to the public sector, and the literature has turned to the more mundane but all-important matter of how to improve administrative and technical capacity in third-world public sectors."<sup>10</sup> Current acknowledgement of the role of institutions, the defense of private property and rule of law, once more underline the importance of the state as a major guarantor of contract enforcement and stability<sup>11</sup>. Overall it can be said that the type of role and responsibilities the state will assume, and the way the state will intervene or not intervene in social and economic matters will definitely shape developmental outcomes for better or worse. In this context, when the concepts of

<sup>6</sup> Sumner Andy, Tribe Michael, *International Development Studies, Theories and Methods in Research and Practice*, (Los Angeles, New York, New Delhi, Singapore: Sage, 2008)

<sup>7</sup> Todaro, Michael P., Smith, Stephen C., *Economic Development*, (Boston Columbus Indianapolis New York San Francisco Upper Saddle River: Addison-Wesley, 2010) p.16

<sup>8</sup> Rapley, John, *Understanding Development: Theory and Practice in the Third World*, Boulder: (Lynne Rienner Publishers, 2007)

<sup>9</sup> Seers 1972, in Sumner, p.21

<sup>10</sup> Rapley, *Understanding Development* p.5

<sup>11</sup> See: Acemoglu, Daron, Simon Jonson, and James A. Robinson. "The Colonial Origins of Comparative Development: An Empirical Investigation." *The American Economic Review*, 2001; Glaeser, Edward, Rafael La Porta, Florencio Lopez-de\_Silanes, and Andrei Shleifer. "Do Institutions Cause Growth." *Journal of Economic Growth*, 2004; Przeworski, Adam. "The last instance: Are Institutions the Primary Cause of Economic Development?" *Archive Europeen de Sociologie*, 2004.

development, as well as the ways to achieve development are highly contested, it is important to observe how the Georgian government viewed its own role in Georgia's social and economic recovery; and how did it communicate and justify the chosen trajectory.

## **Methods and the Data**

In order to analyze the governmental discourse on developmental goals and policies I will rely on the method of public policy narrative analysis as formulated by Fischer. In order to construct a 'narrative rationality,' the narrator commonly employs a diversity of elements: "such as facts, values, structural coherence and metaphors – systematically come together in the logic of narrative form"<sup>12</sup>. The structure of each narrative of public policy can be studied based on observing three simple pillars: discussion of the problem, solution proposed, and expected outcomes.

Presidential annual reports, speeches and statements are used as a database for analyses<sup>13</sup>. All of the available presidential annual reports to the parliament from 2005-2012 are used as key texts; while over 50 presidential speeches for domestic and international audiences are used as important supplementary material. For the years under observation, the President of Georgia not only enjoyed extensive executive power, represented the government and ruling political party, but also has served as a key speaker to the domestic as well as international audiences. Focusing on presidential speeches is important as they are supposed to reflect and denote the position of Georgian government and the then ruling United National Movement.

## **Brief Summary of the Findings**

The way the Georgian post-revolutionary government envisioned development and the role of the state in development can be roughly divided into two periods: the pre-war and pre-election period of 2004-2007 and the 2008-2012 period. A number of events occurred in 2007-2008 that defined a shift in governmental rhetoric concerning development. Because of the war of August 2008, the global financial crisis, political instability since November 2007 and elections in 2008, the Georgian government was faced with various challenges that influenced the ways government viewed its role in social and economic matters. The third but unfinished revision occurred shortly before the parliamentary elections; however these short lived changes are hard to classify at this time as an independent third stage. We need to note

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<sup>12</sup> Fischer, Frank. *Reframing Public Policy*, pp.161-80.

<sup>13</sup> The official transcripts and English translation of the speeches are taken from the presidential website: The Administration of The President of Georgia, Press Office, Available at: <http://president.gov.ge/en/> Accessed 16 September 16, 2012

once again that these stages are only describing the evolution of the rhetoric about development, which often did not coincide with actual governmental policies.

The years of 2004-2007 can be named a stage of the **minimal state**. In this period government outlines modernization and Europeanization as major goals for Georgia's development. Development is understood in a traditional manner and largely equated with economic growth. The state reserves only minimal social functions of public sector salary provisions and supports only the most vulnerable - pensioners and the extremely poor. In economic matters the state is guided by the principles of economic liberalism. The minimal state is justified and legitimized by the overall economic recovery and the international approval of governmental economic policies. In these years governmental discourse can be seen as firm and relatively consistent<sup>14</sup>.

The years of 2008-2012 can be viewed as a period of a **concerned and confused state**. The Georgian government reconsiders its views on development and reformulates developmental goals into a reduction of poverty and unemployment. Thus the government, in contrast to the minimal state period becomes **concerned** with social problems. Economic policies are aimed at retaining a liberal direction, but also are subjected to numerous interventions. The rhetoric of the 'state becoming the biggest investor' sector is combined with the rhetoric of the minimal state. Throughout 2008-2012, despite a reformulation of problems, the government is unable to report on achievements concerning social problems, therefore it repeatedly takes pride in infrastructural development, starts making more promises for the future and extends its own deadlines for the resolution of social problems. Thus, in the second stage, the government loses consistency while identifying developmental model; takes new responsibilities in the social sphere, gets more involved in economic matters, but also tries to stick to the rhetoric of a minimal state - thus it becomes **confused** about redefining the role of the state<sup>15</sup>.

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<sup>14</sup> It needs to be noted the governmental position concerning the developmental path was influenced by several key figures in the ruling team. The positions of ideologues like Kakha Bendukidze, Levan Ramishvili, Lado Gurgendze and others shaped the minimal state rhetoric. The early statements(2003-2004) of Mikheil Saakashvili were more socially loaded; however soon after coming to power the views of the ruling elite converged around accepting liberal or libertarian vision of development. For detailed discussion please see: European Stability Initiative. *Georgia's Libertarian Revolution, Part One: Georgia as a model*. (Berlin,Tbilisi,Istanbul : European Stability Initiative, 2010), European Stability Initiative. *Georgia's Libertarian Revolution, Part three: Jacobins in Tbilisi* . (Berlin, Tbilisi, Istanbul : European Stability Initiative, 2010)

<sup>15</sup> The fact that the Georgian government starts discussing social problems and intervention in economy, does not mean that these problems were absent throughout 2004-2007. The shift illustrates that the perceived need to address these problems on rhetorical level increased since 2008.

## Stage I - Minimal state, 2004-2007

### Broad Developmental Aims

In the years 2004-2007, the post-revolutionary Georgian government aims to modernize the country and find its place among European, democratic, developed nations. These broad and ambitious sets of aims when better defined show the type of development envisioned: “Our developmental formula is to achieve political freedom for the state, and economic freedom and equality of opportunities for our citizens.”<sup>16</sup> This summary of developmental goals defines three pillars of developmental aims in a precise manner: the first political pillar focuses on “freedom” that can be understood as retaining sovereignty and regaining territorial integrity; the second, economic pillar stresses economic freedom, illustrating that principles of a free market economy are the priority; and the social pillar promotes the equality of opportunities; the state wishes to create a fair playing field for the citizens to achieve their goals.

### Problem Identification

By 2003 there were numerous problems that the Georgian state and society faced, and it was the choice of the incoming government to establish a hierarchy of problems; decide on the amount of effort that had to be spent to solve each of them. For the first four years in power, the ruling elite chose to conceptualize most of the problems as ‘the bad inheritance of the Shevardnadze period’. Out of the ‘bad inheritance’, the shortcomings in state building, state weakness and corruption were problematized the most.

I suggest we recall what Georgia was like a year ago. Georgia was a failed state - disintegrated, demoralized and humiliated. It was a country that had lost all attributes of statehood; a country where corruption, lawlessness and injustice reigned supreme; a country where ordinary citizens were routinely cheated by the state;... a country that had no defense capabilities, not a single working tank or enough ammunition to last for just an hour in battle <sup>17</sup>.

According to post-revolutionary political narrative, the absence of strong and dignified state caused a set of security, economic and social problems. Up front were *economic* failures; the new government saw corruption, over regulation, corrupt privatization and ineffective bureaucracy as major causes of the inability of the state to raise revenues and implement economic reforms. These failures caused poor performance of the economy, poor GDP growth, an empty treasury and overall poverty in the country.

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<sup>16</sup> The Administration of The President of Georgia, Press Office, Speeches and Statements, 2006

<sup>17</sup> The Administration of The President of Georgia, Press Office, Annual Report ,2005, Available at: <http://president.gov.ge/en/> Accessed September 16, 2012

In *social* matters, the post-revolutionary government saw problems on two fronts. Firstly, due to budgetary constraints the state was unable to fulfill its social responsibilities, like the provision of pensions, salaries for civil servants, power supplies, helping the vulnerable and defending human rights. Secondly, due to the absence of the rule of law, the citizens did not have a chance to succeed based on their capacities; instead they were treated unfairly and arbitrarily because of a corrupted state system. Unemployment and poverty came onto the agenda relatively late, in 2006-07, and were perceived as secondary problems.

Let us look at where we were in 2003 and where we will be in 2010..., at the end of this year Georgia will be taken off the list of low-income countries, or - to say it directly - poor countries (which was completely unacceptable given our country's potential), and put on the list of medium-income countries, which is a category that includes all of the world's fastest developing economies. Our goal is, by achieving a high level of economic development, to ensure that the main problem in Georgia in 2010 should be not unemployment, but other concerns such as salaries and so on<sup>18</sup>.

This and other passages from presidential speeches illustrate that social problems were expected to be resolved through general economic recovery of the state. When the post-revolutionary government spoke of Georgia being a poor state, it did not particularly focus on human poverty, but the country's overall economic performance.

### **Solutions and Achievements - Economic reforms**

Throughout 2004-2007, the Georgian government communicated a consistent view of what should be done to address economic problems. The first and the most important task for the new Georgian government was to strengthen governmental institutions, reform the administration, fight crime and corruption. By 2005 the presidential speeches are consistently outlining the new government's hierarchy of priorities as the following: firstly, reforming the state apparatus; secondly, resolving energy problems and investing in infrastructure; thirdly, reforming the economy and increasing employment opportunities.

Specific economic reforms were also envisioned and discussed. These visions were clearly influenced by the agenda of 'Washington Consensus' suggestions, which suggested fast liberalization, deregulation and liberalization<sup>19</sup>. The new ruling elite wished to liberalize the economy, reduce taxes, enhance the state

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<sup>18</sup> The Administration of The President of Georgia, Press Office, Annual Report ,2005

<sup>19</sup> For the detailed discussion about 'Washington Consensus' please see: Williamson, John , "The strange history of the Washington Consensus", Journal of Post-Keynesian Economics Vol. 24 No ,2 2004



capacity of rent extraction, privatize state assets, reduce regulations, defend private property, and liberalize the labor code, financial and banking systems. These steps were expected to improve the business environment in the country and attract foreign direct investments. The government aimed to benefit from Georgia's geo-strategic position and open the Georgian economy for international trade and economic exchange.

Throughout the four years under discussion presidential speeches also identify the priority sectors for the Georgian economy: infrastructure, construction, diversification of energy sources as well as development of internal energy resources. Tourism and agriculture were seen as vital sectors that needed support.

Fast and effective implementation of these goals was seen as an achievement that the Georgian government constantly takes pride in:

Instead of a stagnating and backward country, we now live in a new Georgia which has been recognized by the world as the leading country in terms of reforms. ..

Economic "shock therapy" works well and is indeed the only way to move from a criminal economy to a market economy<sup>20</sup>.

These and numerous other passages illustrate the Georgian government claims that the reforms were triumphant. On the one hand administrative, anti-corruption, and economic reforms were successfully accomplished; on the other hand, outcomes are visible in terms of extensive external approval of governmental reforms and improved economic indicators.

### **Solutions and Achievements - Social Policy**

Throughout 2004-2007, the Georgian government saw increases of pensions and civil service salaries as a major target for improving social conditions. The target of the Georgian state was to restore social justice and provide equal opportunities, which was understood as ensuring that state institutions treat citizens impartially: "No single state body will treat you badly. The rest is up to people<sup>21</sup>". Therefore, government took pride in the reform of university entrance exams, which is one of the least corrupted newly established systems, and gives a chance to students to demonstrate their capacities. In the healthcare system, speeches outlined the establishment of free access to emergency assistance and natal care. The second dominant target concerning healthcare and education was to rebuild and reconstruct facilities and bring them up to international standards.

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<sup>20</sup> The Administration of The President of Georgia, Press Office, Annual Report ,2005

<sup>21</sup> The Administration of The President of Georgia, Press Office, Annual Report ,2005

Once and for all Georgia must not be viewed as the poorest and lagging country. Education is the most prestigious field. Georgian education and healthcare system should resemble the systems of the well-developed countries and we should seriously prepare for that<sup>22</sup>.

As for unemployment, the problem was commonly seen as a hindrance to “full realization” of capabilities rather than as a widespread and deeply challenging phenomenon. The government did not propose any direct social policies, instead made it clear that it was the responsibility of each individual, not of the state, to take care of own socio-economic problems:

The government is not able to feed its citizens the way they were fed, and everybody has to accept this fact, since it’s a normal market relationship.

The important thing is that if somebody believes in their own power, in their own talent, if they think they are stronger than others and can go forward, then they should compete in free competition<sup>23</sup>.

## **Stage II – Concerned/Confused State, 2008-2012**

### **Problem Identification**

Throughout 2008- 2012 the broad developmental targets of the Georgian state remain the same as before. The radical breakaway from past years is felt in governmental discourse in the ways the government sees the problem. Since 2008, presidential speeches identify social problems, mostly poverty and unemployment as the most important challenges for Georgian state. The presidential speeches clearly refer to the dissatisfaction of Georgian society with the neglect of social problems; therefore the governmental outlines that it will become more involved in disseminating the fruits of economic success:

In speaking with people throughout Georgia, I discover what they think. And what they think is that the government takes care of our country, but not of our people...

Their condition underscores the importance of our chief obligation – not only to develop the country, but also expand the circle of people who are benefiting from this development.

Every small result within our plan strengthens our faith in the fact that Georgia is advancing. But it is a fact that a lot of citizens of our country, in the cities and villages of Georgia, still do not feel this advancement in terms of their family conditions.

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<sup>22</sup> The Administration of The President of Georgia, Press Office, Speeches and Statements, 2006

<sup>23</sup> The Administration of The President of Georgia, Press Office, Annual Report ,2005

Not only create a richer country, but expand the circle of the people who will benefit from these riches; a wider circle of developed villages, accessibility of healthcare, citizen involvement, optimism, and success<sup>24</sup>.

Not only the government started talking of poverty and unemployment as problems, but it also acknowledged the social needs and problems of the middle class or average citizens. The change in the structure of the annual speeches over time illustrates the radical break with the rhetoric prevalent in 2004-2007. If previously the speeches would underline bed legacies and report post revolutionary success in state building, since 2008 the president started each speech by addressing the vulnerable groups to show that the government is aware and concerned of social problems. This type of approach was largely absent by 2004-2007. To illustrate the point, let me quote the presidential annual speech of 2009 in length:

Today, in such tough period of time for Georgia, I address the whole Georgia, the whole society that is fighting with hardship in this very tough period of time for Georgia from here....

I address the most deprived part of the society. I address each family that has to fight with poverty and hopelessness daily...

I address each displaced person, who was thrown out of their houses ...

I address each and every unemployed person, there are many of them ...

I address those people who were finally employed during last several years, but lost their jobs during this world economic crisis and still are losing...

I address people below the edge of poverty, every single person living in poverty, those who are obliged to live and survive on state assistance, which is very low ...

I address all pensioners, who served all their lives for their homeland, but today have very low pensions ...

I address farmers, who are not yet able to find market to sale their products... We all know very well, that we will not be able to build strong Georgia without strong village...

I address teachers and professors, people who work in medical sphere, these people raise generations with their honest service and hard work. They need better working conditions, assistance and more appreciation...

I address soldiers and policemen, who are ready to sacrifice their lives to protect their homeland ...

I address businesspeople, who employ and give jobs to our people who do not have easy days today. They are fighting with very difficult results of the world economic crisis. They need more assistance from the Georgian

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<sup>24</sup> The Administration of The President of Georgia, Press Office, 2011,2012

government...

I address these groups of the society. First of all we are accountable before them and our priority is to take care of these people...

Our efforts should be directed not towards the political wrangling, but towards overcoming unemployment in the process of global financial crisis.<sup>25</sup>

During 2008-2010, three events are viewed as the causes of Georgia's social and economic problems. These are the economic crisis, war with Russia, and internal political instability. In the light of these challenges the government fears contestation over its chosen economic path, and wants to prove to international and national audiences that it is devoted to economic liberalism even after the crisis: "The governments of developing countries suffer a lot of financial deficits, because investors have a fear that major economic policy may change very soon"<sup>26</sup>. The government attempted to address private sector problems as well, admitted that its focus on punitive measures might have negative consequences on businesses and was willing to show support and understanding.

The post- 2008 government shows more **concern** with social problems. This tendency reflects the necessity for the government to react on the rhetorical level to the 'political reality' and address the most pressing issues of unemployment and poverty. However for five years (2008-2012) the government did not reformulate the problem, or identify specific reasons behind the continued social misery. The fact that the problem statement becomes so repetitive over the years indicates that there was little progress made to resolve the social problems.

### **Solutions and Achievements - Economic Policy**

Since 2008, the government's chosen rhetoric about its minimal involvement in economy has altered. In order to address the problems imposed by the global financial crisis, and the war of 2008, had negative effects on Georgia's economy; the government advertized that it activated "economic diplomacy", to receiving a considerable amount of international aid for investing in Georgia's economy. The government elaborated its economic stimulus project, which made Georgian government the biggest investor in economy. The economic stimulus package of 2.2 million Gel was aimed at job creation and was heavily invested in the construction sector.

Construction is the backbone of the economy, constructions and infrastructural projects employ our

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<sup>25</sup> The Administration of The President of Georgia, Press Office, Annual Report, 2009

<sup>26</sup> The Administration of The President of Georgia, Press Office, Speeches and Statements, 2009

companies, which have huge problems because of the global crisis. Construction gives work to many parallel industries like transportation, enterprises of construction materials, cement and other construction materials. Wide scale construction makes the whole economy work and employs many people.<sup>27</sup>

Thus governmental rhetoric embarked on stressing that it became ‘the biggest investor in economy’ while it also attempted to retain ‘minimal intervention’ rhetoric. This logical contradiction was accommodated through two major strategies. Firstly, it was constantly outlined that the crisis is an exceptional situation when the state needs to be more involved, and secondly, the Georgian government tried to give numerous signals to let the audiences know that it is defending liberal economic principles. In order to prove its devotion to liberal economic principles, the government took various steps, among them made constitutional changes to make economic liberalism irreversible.

Our main emphasis will now be on the continuation of the liberal economic reforms and ensuring that they are irreversible, in order to maintain our position and make progress in attracting investments.<sup>28</sup>

In order to facilitate private sector development, the government came up with numerous plans and initiatives that aim at improving the business environment, and in 2011 a new economic course was proposed to create a better environment for doing business; but instead of punishing, focus on “serving” the businesses.

Thus the Georgian government more or less retained the rhetoric of supporting economic liberalism throughout 2008-2012. But compared to previous years it showed some ambivalence in defining how far the state can be involved in economic matters. Throughout these years the government takes pride in managing to avoid major economic collapse after the war and during a global financial crisis. In post war years presidential speeches stress how macroeconomic stability was maintained, and how well Georgia was performing relative to neighboring countries. Since 2009 the indicators of Georgia’s economic success, recovered growth rates, and flourishing of construction and tourism were pointed out. The Georgian government was still freely boasting of economic achievements which were used to justify economic policy direction.

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<sup>27</sup> The Administration of The President of Georgia, Press Office, Annual Report, 2009

<sup>28</sup> The Administration of The President of Georgia, Press Office, 2009,2010

## Solutions and Achievements - Social Policy

Since 2008, the government announced the second wave of reforms in social policy and promised to focus on content and accessibility of education and healthcare instead of infrastructural development of these sectors. However, the plans presented to the citizens as a solution were changing from year to year, and often new plans stressed infrastructural development again, instead of solving the accessibility problem as promised.

A good example of the inconsistent approach of the government is healthcare insurance. By 2009, the Georgian government presented the cheap medical insurance program. Based on this program the poorest citizens would have to pay less than 2 Gel for being insured, while the rest would be subsidized by the state social funds. By 2010, presidential speeches redefine the problem from medical insurance being unaffordable to medical insurance failing to satisfy customers' needs, and the government offers mediation between citizens and insurance companies. By 2011 the plans that were outlined in 2010 are forgotten once again and governmental discourse focuses on increasing the numbers of insured. However, little specifications are given about the ways these goals would be attained. Somewhat similar inconsistency is visible in the educational reforms where the solutions focus on security or privatizing food provision in schools instead of content and accessibility.

Considering that the productivity of Georgia's agricultural sector is low (only comprising 8-9 percent of GDP), over 50 percent of the population is dependent on this sector, and poverty is widespread in rural Georgia. Thus the support of agriculture should be discussed as part of social policy. However the governmental plans concerning agriculture are also inconsistent and mostly provide temporary or one-term aid. In 2009 the government announced "money to every village" project, distributing 20 million Gel to the villages. In 2011 a new initiative offered Georgian farmers high-yield wheat and maize seeds, with the hope that Georgian maize could be exported.

Besides supporting education, healthcare and agriculture, since 2008 the state tried to address the newly acknowledged and prioritized unemployment and poverty problems. However, it proved largely unable to offer any fresh or new strategy for resolving these problems and much like pre-2008 period, the rhetoric relied heavily on the promise that social problems would be solved as a consequence of the private sector development. By 2011-2012 the inconsistent plans turned into more and more exaggerated promises concerning the future achievements. The presidential speeches focused on ambitious plans for 2015, which were too broad, repetitive and sometimes strikingly unrealistic:

Nothing will be considered a success until we break unemployment.

That is why we are continuing to invest in major infrastructure projects, to build new roads, new railway lines, and continue to supply Georgia with gas.

With our infrastructure development plan, by 2015:

Every city in Georgia will be connected by a road of international standards.

- The Tbilisi-Batumi railway rehabilitation will be completed and travel time will decrease from 8-10 hours to just 3.
- Construction of the Tbilisi bypass railway will be completed.
- Construction of the railway connecting Georgia to Europe (Baku-Tbilisi-Karsi) will be completed, and freight will then travel from Beijing via Georgia to London.
- More than 70% of the population will have natural gas (including village populations).

And most important of all, we seek to develop our tourism not only so that we can show off our country to foreign visitors, but, above all, to improve the welfare of our citizens and to spur rapid economic growth, to create jobs and increase the income of our people”<sup>29</sup>.

To conclude, the understanding of social welfare remained linked to economic development in general. The Georgian government either constantly advertized temporary interventions, one-term programs and aid, or focused on infrastructural development. The rhetoric became heavily future oriented: “There are concrete signs of recovery, important indicators to show that we are on the right track and have better prospects for the future. We have created tens of thousands of jobs for the coming years”<sup>30</sup>. Social problems thus become more and more linked with vague hopes and promises for the future; government became less able to talk of specific and concrete improvements in the lives of poor or average citizens. Thus, even if the state expressed **concern** with social problems it failed to reinvent the convincing narrative about solutions; in other words – it became **confused** about redefining the role of the state.

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<sup>29</sup> The Administration of The President of Georgia, Press Office, Annual Report,2011

<sup>30</sup> The Administration of The President of Georgia, Press Office, Annual Report,2009

## Conclusions

### What is the Role of the State?

Throughout 2004-2007 Georgian government was consistent and firm concerning the visions of development. The general objective was to make Georgia a successful, modernized and developed/rich country. The major problem identified at this stage was the state weakness during the Shevardnadze period. Therefore all the efforts were made to fight corruption, reform and strengthen the state administration. These changes were supposed to facilitate economic development and make the government capable of fulfilling social responsibilities. The ruling elite outlined that it chose to follow principles of economic liberalism, to create small and effective government, strengthen the rule of law, pursue privatization and deregulate the economy, create an environment conducive to doing business. On the side of social welfare, the government also chose to take minimal responsibilities. It promised “equal opportunities” for citizens which meant that government would ensure there was no corruption and everybody was equal under the law, but the citizens would have to take care of their own wellbeing. Throughout this first stage, the Georgian government was able to point out various achievements that served to legitimize chosen strategies. Mainly the achievements were expressed in economic growth, decrease in corruption, increase of governmental effectiveness, development of infrastructure, and appreciation of Georgian reforms by the international community. Besides, the Georgian government was able to point out that the state became able to fulfill the basic social responsibilities like increase of salaries and pensions, accessibility of emergency healthcare, resolution of energy problems, development of previously inexistent infrastructure, etc. Thus throughout 2004-2007, the ruling elite was able to identify targets, accomplish reforms and report the success of those reforms. The model of development that it communicated with the audience can be described as a **minimal state**.

Since 2008, the Georgian government rethought what development means for the Georgian state and partially redefined its role in social and economic matters. It can be said that before 2008, the Georgian government was guided by traditional understanding of development and was undoubtedly influenced by the “Washington consensus” agenda. Afterwards, the Georgian government discovered what development scholars revealed in 1970s, that major targets of development should be the reduction of poverty, unemployment and inequality. Since 2008 the governmental aim was to support the Georgian population in times of crisis, and disseminate the fruits of previous economic success so that each citizen of Georgia would feel improvement in their wellbeing. But throughout 2008-2012, the Georgian government was hardly able to report successful resolution of the problems that it outlined since 2008.



What the government was taking pride in was again economic recovery, decrease of corruption, infrastructural development, and positive assessment of Georgia's reforms by international institutions. The social problems like unemployment and poverty remained unsolved in unsatisfactory manner year after year. The Georgian government's rhetoric decreased in reporting achievements and increased in terms of making promises and asking for "keeping the hope". The timeline of fulfilling promises also increased from year to year, while old timelines were forgotten. The 50 month plan presented in 2008 for eliminating poverty was no longer mentioned by 2011 and new plans were made to address the old problems.

By the year 2015 - based on our calculations and taking into consideration the current conditions - the population of Georgia will reach 5 million again. By this time, the budget of Georgia will double, unemployment will have been cut in half, the average salary will increase by 50%, and Georgia will be one of the fast-growing economies in the Europe. All the projects, all the programs and all the reforms we implement today and undertake to perform in the future will serve to fulfill these goals.<sup>31</sup>

Thus the Georgian government failed to offer any consistent story about solutions. It could not communicate any clear or systemic vision of what could be done to ease social problems, therefore the rhetoric became repetitive, redundant and future oriented.

In this period the Georgian government also partially changed its discourse concerning the role of the government in economic matters. On the one hand the government claimed that it became the largest investor to help the crisis hit economy; on the other hand it claimed to retain the path of economic liberalism and talked of the state becoming a 'service center' for businesses. Despite the attempt to prove devotedness to the principles of economic liberalism, the presidential speeches would outline the approaches to economic policy making that clearly deviated from the logic of 'non interventionism'. Firstly, though announcing itself a main investor in economy the government was also choosing which sectors would absorb investments, thus openly proposed support for the development of some sectors (mostly construction sector) over others. Secondly, the government proposed various interventions in agriculture, and sometimes presented the plans concerning how much the agricultural output, export; etc would be expected for the coming years<sup>32</sup>.

These rhetorical moves were aiming to accommodate diverse pressures but resulted in the construction of contradictory narratives. Thus the governmental discourse on the development became somewhat

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<sup>31</sup> The Administration of The President of Georgia, Press Office, Annual Report,2011

<sup>32</sup> The Administration of The President of Georgia, Press Office, Annual Report,2011

**inconsistent and confused.** In social matters, the government focused on poverty, unemployment and the wellbeing of “ordinary people”, but failed to propose new solutions to these problems. In economic matters the government retained the rhetoric of minimal intervention in the economy, but on the other hand proposed a number of interventionist steps.

### What Comes Next?

Towards the end of its second term, the now former government of Georgia attempted to reinvent its developmental position significantly. Post June 2012 period can be seen as continuation and climax of already accelerating socially oriented rhetoric of the state. This time however the ruling elite seemed to alter its vision of the role of the state more radically and thought of becoming the main actor in resolving unemployment. If previously unemployment and poverty would be the consequences of strengthened private sector activities, in the pre-election months, the government became willing to engage itself directly. However, often these changes and promises would come at the expense of the direct or indirect acknowledgement of the failure of so far defended principles of minimal state direct engagement.

We do know that in practice the Georgian government was unable to handle social problems. What this research outlines, is that even the discursive side of Georgia’s post revolutionary development became inconsistent and confused over time. <sup>33</sup>The vision of the minimal state model gave space to the government to learn avoiding social responsibilities; the focus was made on the international acclaim of the reforms instead of looking at the satisfaction/dissatisfaction of the population. On the other hand, the reason why the governmental rhetoric became so redundant, repetitive and inconsistent, is that it came increasingly hard to interpret the “rosy reality” when the government was unable to solve the most pressing problems of the electorate. The model of development that the government envisioned and communicated from the very beginning was not useful in accommodating social pressures and addressing the electoral demands.

This lesson should be taken into consideration by the incoming government. Unfortunately, the new ruling elite is not yet able to elaborate and communicate their own vision of a developmental model in a comprehensive manner. By the time we can observe that the new government gives signals that it is

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<sup>33</sup> The fact that I assess the narrative as confused and inconsistent does not mean that presidential speeches became pessimistic or gloomy. They were consistently talking of the achievements, miracles and good prospects. Only over time, and close analyses illustrates that there developed a deep gap between problem formulation and achievement declaration, in short the government was stating one thing as a problem and solving something else. I would argue that the electoral dissatisfaction with the government came not only through measuring the promises versus political reality, but also through observing the inability of the government to interpret the reality.

willing to improve welfare system, change the labor code to become more responsive to worker's rights, introduce the universal state healthcare system and unemployment benefits. Even if these initiatives can be assessed as positive steps, what we do not know yet is where they fit, how will they be financed and what kind of system are they part of. I would argue that "We will provide everything" rhetoric can be just as flawed and dangerous as "we will provide nothing" rhetoric, if the government is not able to present well elaborated plan and the vision of overall developmental model.

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