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EFFICIENCY WITHOUT AUTONOMY?

Bureaucratic Reforms in Georgia's Hybrid Regime

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ABSTRACT

How do the survival incentives facing incumbents in hybrid regimes affect the engineering of bureaucratic reforms? This article tackles this question departing from the literature on competitive authoritarianism and with the help of detailed empirical evidence from Georgia's civil service reforms (2003-2012). It first argues that in order to preserve their hold on power, dominant parties here have to tilt the political playing field, while still upholding popular support. I posit that this dual incentive structure leads the incumbents to promote efficiency of public service, but to also curb these policies at a point that would jeopardize their ability of using administrative resources for partisan ends. Consequently, bureaucratic reforms reach a saturation point, beyond which no more reforms can be endured.

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Introduction

Over the last decades many academics have taken a keen interest in the rise of hybrid regimes, where formally democratic institutions coexist with non-democratic governance practices (Karl 1995; Diamond 2002; Carothers 2002; McFaul 2005). A burgeoning literature has emerged on how to understand the nature of such polities, the survival logic of their rulers, and their potential for democratizing (Schedler 2006; Levitsky and Way 2010; Magaloni 2006; Bunce and Wolchik 2010). The scholars of state capacity, in the so-called J-curve debate, have also suggested that the government quality generally tends to be lower in partially democratized countries, than in autocracies or established democracies. However, much less attention has been dedicated to teasing out how various hybrid regime traits impact state administrative capacity, bureaucratic quality or different welfare policy outcomes.

This article bridges the democratization literature with that on public administration, by investigating how the survival strategies of hybrid regime incumbents might affect bureaucratic reforms. It argues that incumbents in these regimes are driven by a two-dimensional survival logic: the need to (1) *tilt the political playing field in their own favor*, but also to (2) *maintain public support*. It is posited that this dual survival logic manifests itself in partial bureaucratic reforms, since authorities, on the one hand, try to boost *efficiency* of public sector (to maintain some level of public consent), but also prevent the bureaucracy from gaining full-scale *autonomy*, as the latter would restrain the ruler's ability to benefit from administrative resources. Consequently, bureaucratic reforms reach a saturation point, beyond which no more reforms are tolerated. These mechanisms are subsequently shown at work in an empirical case study of the politics of bureaucratic reforms in Georgia's hybrid regime. Georgia has often been portrayed as an anti-corruption success story in post-Soviet Eurasia, and its public administration reforms have also been touted as best practices by some international organizations (World Bank 2012). A closer look into the engineering of this reform however, also reveals its partial character. While the Georgian authorities initiated anti-corruption reforms along the lines of the New Public Management (NPM) paradigm, they also departed from it in several key respects. They did not create conditions for developing bureaucratic autonomy, which lies at the heart of the NPM approach, and which, by extension, would have prevented the authorities from utilizing administrative resources. This incomplete reform, I posit, was driven by the ruling party's desire to tilt the playing field in its favor, while, in parallel, maintaining certain levels of popular approval by improving the delivery of public goods. As noted by scholars of hybrid regimes, leaders

here “can be thought of as actually desiring democracy, but also having an even greater desire to be sure they always win democracy’s contests. This prompts them to seek *creative ways* to satisfy both desires as best they can” (Petrov, Lipman, and Hale 2014, 21). This in-depth study of Public Administration (PA) reform in Georgia in 2003-2012 provides micro-level insights into these ‘creative ways’, and why PA reforms reach a saturation point in hybrid regimes, even in the supposedly most successful instances. These insights are drawn from a series of qualitative, semi-structured interviews with key policy-makers, bureaucrats, trade union-, donor- and expert-community representatives directly involved in the implementation, or monitoring, of the civil service reform in Georgia, as well as documentary material and secondary sources.¹

The paper proceeds as follows: first I review the existing literature on the impact of regime type on state administrative quality and pinpoint existing gaps. Secondly, based on the hybrid regime literature I present my theoretical framework. The subsequent empirical sections dissect the implementation of public service reforms in Georgia in 2003-2012. It concludes by teasing out various micro-mechanisms leading to the saturation point and pinpoints venues for further research.

Regime Type and State Administrative Capacity: Previous Research

Previous scholarship on the effect of regime type on government qualityⁱⁱ suggests the existence of a J-curved relationship between the two: state administrative quality tends to be higher in autocracies than in partially democratized regimes. However, well-established democracies significantly outperform autocracies. Thus, on aggregate level, countries stuck in the grey zone between liberal democracy and authoritarianism, tend to be the worst performers (see Montinola and Jackman 2002; Sung 2004).

Bäck and Hadenius (2008) have suggested that this can be rendered explicable by looking at two types of steering mechanisms: from above and from below. Autocracies can be effective at maintaining a firm grip of the administrative apparatus from above, by virtue of their repressive capacity. Democracies excel due to their extensive steering mechanisms from below. In partially democratized regimes, however, there is a weakness of both forms of control: Centralized forms of management from above are ‘loosened up’, rulers have lost top-down control mechanisms of autocrats, while this ‘weakness’ is not compensated by full-fledged democratic steering from below.

Charron and Lapuente (2010) propose alternative mechanisms, arguing that the effect of political regime type is contingent upon the levels of economic development. The lower-income societies demand

goods for short-term consumption, while wealthier societies, being less focused on immediate needs, place higher demands on their governments to undertake costly reforms necessary for meritocratic bureaucracy. In autocracies, however, the insulation of rulers from the citizens' demands (and from their future discount rates) allows them to undertake costly investments in administrative capacity, if they wish to do so. Other scholars, instead of distinguishing between poor and wealthy democracies, focus on the age of democracy (Keefer and Vlaicu 2007). For instance, Keefer (2007) suggests that the reason behind low performance in young democracies is the inability of political competitors to make credible pre-electoral promises to voters, which leads them to overprovide targeted-, and underprovide public goods.

In sum, while scholars largely agree on the curvilinear effect of regime type on the government administrative quality, there is an impasse about the underlying causes. This is especially evident in relation to the 'grey zone' countries, where the literature points to divergent factors to explain their low performance. This lack of consensus - coupled with the predominantly large-*n* character of these studies - begs for more in-depth, small-*n* analysis to suggest specific mechanisms at work through which the regime hybridity might affect state administrative quality.

Moreover, in reference to the grey zone polities, 'partial' and 'young' democracies, which in practice can prove to be two very different things, are often used interchangeably. Partial democracies imply regimes where formally democratic institutions co-exist with authoritarian governance practices, while 'younger' democracies could refer to polities with functioning democratic institutions but relatively small experience of governing them (e.g. the Baltic states). Quite plausibly partial and young democracies might concentrate close to each other when plotted for large-*n* studies. However, given their qualitative differences, one has to be cautious in expecting analogous mechanisms affecting governance both in partial and young democracies.

Finally, when dealing with the ruler's rationale for providing state administrative capacity, scholars primarily focus on the incentives of autocrats and democrats, but not so much on those of hybrid regime incumbents. Instead, the latter are seen as an intermediary category, where the relative advantages of both autocrats and democrats are missing, which supposedly should account for low bureaucratic quality in the grey-zone polities. Rulers here are portrayed as rather toothless, having lost their top-down control mechanisms. The growing scholarship on hybrid regimes, however, tells a slightly different story and highlights how rulers here have devised and 'fine-tuned various complementary strategies' for

maintaining their power base, while retaining ‘semblance of democratic legitimacy’ (Schedler 2002a, 104; Hale 2010).

In sum, one should not underestimate the control possibility exercised from above in hybrid regimes and dismiss their incumbents as ‘weak’. Instead, greater scholarly attention should be redirected towards exploring the possible impact of their incentive structures on the state administrative capacity. The article contributes to this lacuna by re-examining bureaucratic reforms of hybrid regimes in the light of their rulers’ power-seeking strategies, and suggesting mechanisms by which the behavior of hybrid regimes may be better explained.

Incentive Structures of Hybrid Regime Incumbents

This study focuses on hybrid regimes that have come to be known as ‘competitive authoritarian’ (Levitsky and Way 2002). These regimes, I argue, are driven by a two-dimensional survival logic.

On the one hand, to reduce the uncertainty that inevitably comes from allowing open electoral contest, incumbents strive to create an *uneven political playing field*. While outright fraud is not a viable strategy, since such blatant abuse would undermine their international standing, skewing the playing field provides more subtle tools for winning elections. Unlike autocracies, opposition leaders in hybrid regimes are not exiled, and civil liberties are sufficiently respected for opponents to challenge the ruling party. Elections are not a mere façade, but the dominant party abuses state resources so excessively that the chances of an opposition victory are significantly hamstrung (Levitsky and Way 2010, 6). Hence competition is ‘meaningful, but manifestly unfair’ (Greene 2007, 12). Incumbent advantage (pork-barrel, patronage) exists also in advanced democracies, yet in hybrid regimes the ruling elite has virtual monopoly over public funds, which generates an extreme resource disparity between incumbents and the opposition. The political playing field can be tilted in numerous ways, but according to Levitsky and Way three are of particular importance: access to state administrative resources, media and discretionary use of legal instruments.

On the other hand, incumbents also have to steer clear of the ‘exceedingly controlled electoral farce nobody believes in’, which means they have to keep the elections meaningful (Schedler 2002a). But meaningful elections present a new challenge. In hybrid regimes *votes do matter*. By virtue of holding regular multiparty elections for the highest offices, incumbents ‘establish the primacy of democratic legitimation’ (Ibid 2006, 13). They open ‘a window of uncertainty’, small and fragile, nonetheless exist-

ent. Even if they might tilt the playing field and harass dissidents, citizens can still vote against the government – ultimately ‘popular consent carries the day’ (Ibid). As remarked by Levitsky and Way (2010, 12), unlike autocracies, where officials generally rest easy on the eve of elections, hybrid regime incumbents are ‘forced to sweat. [...] Government officials fear a possible opposition victory (and must work hard to thwart it), and opposition leaders believe they have at least some chance of victory’. Various studies have documented how parties in competitive authoritarian settings have chances of defeating those in power, precisely because popular consent – and ultimately votes - do matter (Howard and Roessler 2006; Van de Walle 2006).

Clearly this is not to say that autocrats - unlike hybrid regime rulers - completely discount the citizens’ demands and by default prefer repression (Cassani 2013, 8). In fact, Olson (1993) refers to autocrats as ‘stationary bandits’, eager to boost the productivity of the society to increase their own revenues. However, what distinguishes hybrid regimes from autocracies in this regard can be better understood by what Bueno de Mesquita et al. (2003) call the ‘selectorate’ size. These two regime types differ in terms of the number of supporters needed. In autocracies the ruler’s winning coalition is small, which makes it more efficient for the incumbent to maximize the welfare of their small winning coalition by investing excessively in private rather than public goods (Cassani 2013, 8). Yet, hybrid regimes rely on a larger ‘selectorate’, which means that meeting popular needs is more significant. This is all the more evident when viewed against the “small window of uncertainty” that regular multiparty elections bring, and democratizing potential of such elections (Lindberg 2006). Hence, incumbents here not only try to *tilt the playing field*, but also make efforts to raise *popular support*, as part of their survival strategy. It is an exercise in reducing the risks of “democratic uncertainty”, while “reaping the fruits of electoral legitimacy” (Schedler 2002b).

Bureaucracy in Hybrid regimes: Have your Cake, and Eat it too?!

Bureaucrats seem to be caught in a tug of war between these survival incentives. On the one hand, public administration (PA) is at the heart of an incumbent’s ability to maintain an uneven political playing field. Control over the public administration guarantees the ruling elite access to state resources and the possibility of employing it for partisan ends. Often, in these regimes, the distinction between party and official functions is blurred due to widespread practices of ordinary public officials serving as election campaign staff for a ruling party. Furthermore, businessmen close to the ruling elite usually win public tenders. In return these businessmen may provide campaign finance money for the ruling party, just to

name few of the reciprocal arrangements. Thus, maintaining control over bureaucracy is key to an incumbent's resource advantage.

On the other hand, a well-functioning PA is a crucial aspect for citizens' satisfaction and thereby for generating votes. There is increasing evidence suggesting that, in hybrid regimes, voters reward politicians seen to be delivering public goods. An effective public service is vital for the successful provision of such essential goods. Weghorst and Lindberg (2013, 730), for instance, found that "even in highly clientelistic environments, incumbents who wish to get re-elected should seek to meet voter demands including delivering *collective* goods". Wahman (2011, 646) also suggests that in competitive authoritarian regimes "strong economic performance tends to favor the status quo and reduce the chance of oppositional victories". In a similar vein, Howard and Roessler (2006, 373) argue that in competitive authoritarian states economic decline undercuts the incumbent's legitimacy, shrinks his voting pool and increases the chance of an incumbent defeat.

Are these two goals incompatible or could the incumbents find ways to juggle the two? I posit that the need to maintain a fine-balance between these dual desires manifests itself in a mixed record - or what I term a saturation point - of bureaucratic reforms. The dominant party has interests in promoting PA capacity of delivering public goods and services efficiently. Depending on the political willingness and coordination, this could even translate into a full-scale eradication of petty corruption. However, given their desire to also maintain resource disparities between themselves and the political competitors, incumbents need to inhibit policies aiming at enhancing PA autonomy. As a result, the bureaucratic reforms reach a stage beyond which no more reforms can be allowed. They reach a saturation point not because of an incumbent's weakness or inability to push through these policies, as has often been assumed, but because of their aversion: Institutionally isolating the public administration from political interference deprives dominant parties of a crucial survival instrument.

Certainly, there are many ways to build an effective bureaucracy. There is a vast variation even between the western administrative systems, with some preferring a contract- and performance-based model (e.g. New Zealand, Australia), while others favor Weberian procedural precision and long-term careers of civil servants (e.g. Germany, France). But what those different models have in common is that they contain institutional safeguards shielding bureaucratic decision-making from political interference, something that is too costly for the hybrid regimes to endure.

These claims on how the self-preservation tactics of hybrid regimes affect ways in which they craft bureaucratic reforms are not deterministic. Under some circumstances (e.g. strong external pressure)

these rulers might be compelled to free the PA from political interference. The argument advanced here rather seeks to capture the dominant party's quest for balancing its survival incentives: Having the 'cake' of efficient public administration, but also clinging to its opportunities of 'eating' it. The following empirical section illustrates the incumbent's solutions to this challenge, and the road ultimately leading to the saturation point.

Bureaucratic Reforms in Georgia in 2003-2012

Georgia constitutes a rather extreme case of public sector reform in the post-Soviet space. Almost nowhere in the region (arguably except for the Baltic states) have such extensive anti-corruption reforms been undertaken aimed at overhauling the bureaucracy. However, it is precisely this 'extremeness' of the case that makes it interesting from a theory-building perspective. As noted by Gerring (2008, 654) in relation to 'extreme' cases, such a purposeful case selection strategy is a "self-conscious attempt to *maximize* variance on the dimension of interest" since the "variation that we want to explore as a clue to causal relationship is encapsulated in these cases". In other words, the Georgian experiences should in no way be understood as representative of other post-soviet hybrid regimes. Rather, given the intensity of these reforms, it offers clues for exploring how far hybrid regime incumbents are willing to go in their bureaucratic reform strategies, and factors that prevent them from pursuing such policies to the fullest. Arguably, in countries with no substantial bureaucratic reforms it would be very difficult to trace any of such micro-mechanisms.

Promoting Efficiency...

The state of Georgia's public administration throughout the 90s and the early 2000s can be summarized as nothing but endemically corrupt. Belonging to the 10 most corrupt countries in the world, the state had virtually stopped delivering basic public goods.ⁱⁱⁱ Instead the entire bureaucracy was turned into an investment market, where "public offices were sold from top to the bottom, and officials expected returns on their investments" (Engvall 2012, 6; Ibid 2015). Widespread public discontent with the dysfunctional state culminated in the 2003 Rose Revolution, which swept to power a new generation of Western-educated and reform-minded politicians, spearheaded by president Saakashvili and his United National Movement (UNM). Soon after assuming office, the president railroaded a series of constitutional reforms through parliament, which endowed him with extensive executive influence over the

judiciary and legislature. These super-presidential prerogatives offset the system of checks-and-balances, nevertheless, it also enabled the new ruling elite to quickly push through radical anti-corruption reforms in order to overhaul the defunct bureaucracy.

The reformers believed in the merits of a small government, and that limiting contact between civil servants and citizens was the key to efficient service delivery without bribes. As a result the government borrowed elements from the New Public Management (NPM) model of bureaucracy and merged it with its libertarian economic vision. NPM aims to “reinvent government” by shifting away from Weberian focus on rigid procedural accuracy, towards greater managerial discretion, autonomy, flexibility and efficiency (Osborne and Gaebler 1993). Consequently, the new administration already by 2005 drastically slashed the amount of red tape, abolished redundant functions of ministries, and cut down the number of various licenses and permits by 84 percent - thereby eliminating notoriously exploited venues for rent-seeking. The State Minister for Reform Coordination, a staunch libertarian, Kakha Bendukidze, undertook this strict policy of making the government meaner, leaner and more efficient: “At ‘guillotine’-style meetings chaired by Bendukidze, heads of public agencies would defend their agencies’ functions and regulations, describe the value they added, and make the case for why they should be spared” (World Bank 2012, 96). Those agencies that would fail to do so were completely abolished. As a result, the overall number of ministries shrunk from 18 to 13, and the newly appointed officials had to continuously compare their ministerial functions to avoid duplications (Bennet 2011).

The government, however, did not develop a comprehensive strategy for civil service reform. As an expert informant explained “there was just a 5-6 page document, prepared by the Civil Service Bureau [...] which obviously is not enough when we talk about the long-term development strategy” (Author interview, 2 April 2015, Tbilisi). Instead, the decisions were made under an experimental *modus operandi* and within a closed circle of political confidants, without much public discussion or involvement of stakeholders. This lack of pre-defined, formalized documents and inclination to skip an inclusive decision-making process was later justified by the government with the need to swiftly push through the anti-corruption measures and deliver results in a short time. As a former adviser to the minister for reform coordination also acknowledged, “experimenting” and “speed” was crucial for delivering results quickly.^{iv}

The ruling elite actively utilized NPM’s emphasis on agencification. Dubbed as “performance contracting”, NPM intends to transfer public services (regulation, service delivery, policy implementation) to agencies, which are then given maximum managerial discretion as to the means towards achieving the

contracted goals (Tarallo 2012). In February 2004, almost immediately after coming to power – the new administration initiated a law aiming at transforming a significant number of budgetary organizations into semi-autonomous agencies, known as Legal Entities of Public Law (LEPL). The parliament, where the ruling UNM had secured a supermajority, passed the bill without any hurdles. The authorities were equally ardent in enforcing it. Almost immediately after passing the law the Finance Ministry officials visited different line ministries and urged them to transform the departments into agencies “underscoring the urgency of their request with alleged IMF demands” (Lehmbruch and Sanikidze 2014, 93). IMF denied the existence of such demands, warning against the fiscal risks involved (Ibid; IMF 2006, 42). This, however, did not deter the reformers’ strong drive for agencification, and during the subsequent years the number of LEPLs skyrocketed from just 700 in 2003 to over 3000 in 2005. As one of the key policy-makers involved in the reform process explained: “sure, there were risks involved, but decentralizing service delivery and adopting business-like managerial style was our key to success. Centralizing things are often recipe for inefficiency” (a former UNM parliamentarian, author interview, March 30, 2015, Tbilisi). In a similar vein, the former Minister of Justice, Zurab Adeishvili, whose ministry fervently implemented the agencification agenda, noted: “We have transformed the corrupt bureaucracy into a business model that generates 10 times more income and provides efficient services to citizens” (World Bank 2012, 65).

Given that the public opinion polls recognized document processing as the most corrupt function of the preceding government, the new administration proactively targeted reforms in this area to “showcase meaningful change” (Bennet 2012, 9). The National Agency of Public Registry (NAPR) and the Civil Registry Agency (CRA) - administering property and personal identification documents, respectively - soon emerged as the flagships of efficient service delivery. The new legislation significantly reduced and streamlined the procedures needed to obtain various certificates, and it required that officials - not the citizens - track down necessary documents. As noted by Vashadze, then deputy Minister of Justice (MoJ) and the head of the CRA: “If information is stored in a government agency, our employees can’t ask citizens for it” – a practice that was widely used to extract bribes before 2003 (World Bank 2012, 66). By harnessing technology and private sector managerial principles, already in 2005 the reformed agencies started operating under single-window systems, resulting in drastically reduced processing times to obtain documents. Eventually Public Service Halls were also introduced unifying more than 300 different types of services under a single roof.

Slashing red tape resulted not only in a reduction of civil servants by 50 per cent, but also in a sweeping replacement of old guard bureaucrats, who were believed to be corrupt-minded. The new administra-

tion dismissed about 40 000 civil servants, and in some agencies as many as 80 percent of the employees were replaced (Bennet 2011, 8). But this radical overhaul could not be done by proving specific instances of corruption and dismissing civil servants on an individual basis. The reformers instead made use of a legal provision permitting them to fire employees of terminated agencies. “In essence it was largely a structural reorganization”, one key informant remarked, but the government opted to set-up agencies anew, as otherwise, they would have lacked the legal basis for *en masse* dismissal. Many of these employees appealed against their sacking, yet, against the backdrop of extensive super-presidential influence over the judiciary, they stood little chance of overturning the decision. The ruling elite justified this by the “need of a mental revolution”. As a senior UNM official explained: “Civil servants that we inherited had either bought their positions or were there because of good connections. [...] You can’t expect these people to suddenly change their mind-set and to deliver high quality service” (A senior UNM representative, author interview, March 24, 2015, Tbilisi).

The new administration also put remarkable efforts into attracting skillful cadres. Ministries and agencies devised written exams for each position and announced vacancies publicly (Bennet 2011, 9). Higher managerial positions were sometimes filled with cadres recruited through headhunters and advertising campaigns, aimed at attracting professionals from the private sector. One senior-level manager^v at the MoJ recalled during an interview how he was contacted by a headhunter, while being employed at a bank (author interview, March 29, 2015, Tbilisi). “But, I still had to go through a series of exams and interviews”, he added.

To retain the newly recruited skilled workforce and deter rent-seeking incentives, the government increased the salaries of civil servants roughly 15-fold, initially with the help of international donors, who funded a salary supplement program. The ruling elite also placed particular emphasis on performance and performance-related-pay. A system of “mystery shoppers” was introduced to grade services and check for corruption, particularly at the CRA and NAPR.^{vi} The results of these visits were factored into employee evaluation leading to higher salaries, additional training or even dismissal (World Bank 2012). As a former senior-level manager from the Civil Registry Agency observed: “We were given a task of making improvements as tangible as possible. Citizens primarily interact with the service-desk, therefore institutionalization of mystery-shoppers was crucial. Generally, performance and customer satisfaction are our top priorities. And we have even introduced hotlines for citizens to report illegal actions from agency officials” (author interview, March 27, 2015, Tbilisi).

In the wake of these comprehensive reforms the authorities achieved remarkable progress. From being one of the most corrupt countries in the world, in just a matter of a few years, Georgia ranked as the least corrupt post-Soviet state outside the Baltics, outperforming even some of the EU member states.^{vii} The modernized public administration, with efficient service delivery, simplified administrative procedures, and consistent employment of e-governance systems, was repeatedly awarded the United Nation's Public Service Award.^{viii} According to Life in Transition Survey, administered by the European Bank for Reconstruction and Development, 92 per cent of Georgians said they were content with the quality of official document issuance; and in terms of the overall satisfaction with six different types of public services the country ranked second after Estonia (EBRD 2011).

Apart from these proactive steps to make the public service more "customer oriented", the government also extensively harnessed media to publicize the reforms and, by extension, garner public support. This was especially crucial in the face of discontent from those constituencies that ended up on the losing side of the reforms. To signal a meaningful change, corrupt officials were often arrested in the presence of TV-crews. A series of TV ads were produced in order to promote the reformed police, civil registry and other agencies. Some posters in the streets even read: "promises fulfilled", while displaying jailed corrupt officials and criminals. As a former ministerial adviser remarked: "You have to buy time for reforms by delivering something quickly" (Lezhava, as quoted in Bennet 2011).

...without Autonomy

In tandem with these sweeping reforms, designed to uproot corruption and improve bureaucratic efficiency, the government also took a number of steps to safeguard its political control over the public service. While the UNM made extensive use of the agencification strategy, and equipped the agencies with far-reaching regulatory competences, it also brushed away several key institutional arrangements that would have vested these bodies with genuine autonomy. Under the conventional NPM approach agencies are led by chief executive officers (CEO) and overseen by a board of directors, to guarantee autonomous decision-making and supervision. In Georgia, however, the Vice-ministers often directly headed the agencies and no independent boards of directors were established (Timm 2014, 7). Technically, the agencies retained flexibility in elaborating their own internal solutions, but in the context of the super-presidential constitution, this framework increased the president's ability to control ministers, deputy ministers, and by extension - agencies. As a result, the professed bureaucratic autonomy of these

units was thwarted and they were exposed to direct political influence. As noted by an analyst from an international donor organization (author interview, April 2, 2015, Tbilisi):

[The] heads of the public agencies enjoyed excessive autonomy in terms of human resource management. Technically speaking, there was nothing wrong, as this is precisely the idea behind the managerial discretion. But in a situation where agencies are directly headed or supervised by the deputy ministers, it is a huge problem. This gave the ruling party [UNM] direct access even to mundane bureaucratic procedures.

Similar concerns were voiced by the OECD's (2010, 28) Anti-Corruption Network warning that "the existing rules give large discretion to the senior management of public agencies and make it possible for them to exert undue influence on the professional decisions of public servants".

While the government invested heavily in the recruitment of new civil servants through transparent procedures, it also made sure that these cadres were molded into good implementers, rather than autonomous bureaucrats. Legislation^{ix} that was put in place in 2004 highlighted 'impartiality' as one of the key principles of public service. Nonetheless, it did not include any legal provisions that would expressly prohibit partisan interference in the dismissal of the civil servants, and no institution was tasked with protecting public sector employees from arbitrary treatment and political interference (Urushadze 2011, 78). This was further aggravated by the government's reliance on the contractual (as opposed to career-based) model of civil service and the fact that around 70 per cent of the public servants were employed on short-term contract basis (Timm 2014). This combination essentially deprived the civil servants of job security and tied their careers to those of the political appointees.

An expert informant, who had been involved in a research project monitoring the formation of meritocracy in the Georgian civil service, noted (author interview, March 22, 2015, Tbilisi):

Of course there was variation between ministries and agencies, but in most cases decisions were made at the top of the hierarchy, by ministers and deputy ministers. With some exceptions, there was very little delegation of responsibilities and rights, and also little encouragement of participation in the decision-making process. What was important was that mid-level managers and rank-

and-file would implement decisions well. [...] Teamwork spirit was understood as subordinates' loyalty towards their superiors and implementing tasks well.

The NPM approach places particular emphasis on performance through the establishment of goals, indicators that can be measured quantitatively (O'Donnell, Allan, and Peetz 2001). The ruling elite, however, avoided any formalized, written rules that would have specified performance evaluation criteria and a system for rewards and bonuses (Expert informant, author interview, March 22, 2015, Tbilisi). As demonstrated by a survey conducted in 2011, half of the public service institutions did not have a Human Resource management strategy (Civil Service Bureau 2011a, 4). And those that confirmed having one, gave negative response to the questions regarding the existence of internal communication and human resource development schemes. This led the authors of the study to even doubt the validity of answers from those institutions that confirmed having such strategies (Researcher, author interview, March 24, 2015, Tbilisi). As described by Charkviani and Chelidze (2012, 31): “The civil servant performance evaluation system is a closed system—it is not publicly discussed. [...] Absence of formal criteria to assess performance extends the role of a head and exaggerates it. Civil servants have a good understanding of this situation and find interference by a departmental head in their work a regular occurrence”. In a similar vein, an analyst from an international watchdog claimed:

[T]his absence of standardized pay and bonus procedures made it possible for political appointees to misuse the system and issue rewards not only for good performance, but also for good political performance. For instance, there was a continuous practice of increasing bonuses in the pre-election period. Civil servants were often involved in the ruling party's campaign activities, even during their official working hours, so I don't think this should come as a surprise. They were rewarded for their extra work (author interview, April 3, 2015, Tbilisi).

Another aspect that further deprived the civil servants of job security was the ruling UNM's disregard for trade unions. As the head of the Civil Servants Union described, the law obliged ministries and agencies to invite one representative from the union during the recruitment process and particularly during interviews (author interview, March 31, 2015, Tbilisi). This provision, however, had fallen on

deaf ears, as “not even once we [trade union] had been called to partake in an interview process and explain new employees their legal rights” (Ibid).

Admittedly, the old practice of informal payments for buying bureaucratic posts was certainly not an issue. The government significantly improved the recruitment procedures based on formal qualifications. Nevertheless, retaining one’s job became linked to more subtle forms of loyalty towards executives, at the expense of professional autonomy. As observed by Transparency International’s (2010, 5) local chapter:

The civil service lacks independence because of the influence ministers can exert in hiring, promoting and, *particularly*, firing civil servants. [...] The main problem behind this continuing weakness is a conviction within the Georgian government that flexibility in the civil service is more important than independence, security or long-term professional development. [...] Civil servants who are often members of the ruling party are often *complicit with the government* in utilizing government programs and resources for political ends.

This latter point has also been echoed in the election monitoring reports, describing the recurrent practice of civil servants engaging in active campaigning for the ruling party, at the expense of their official duties. In the pre-election period implementation of social welfare programs were combined with the UNM activities and “the ruling party candidates regularly joined public servants distributing social assistance vouchers and engaged in active campaigning” (OSCE 2010, 13; cf. ISFED 2012). Some reports even exposed direct intimidation exerted by the civil servants: “These included a number of confirmed cases of pressure on opposition supporters by the police and local officials to desist from campaigning, threats of arbitrary arrest or job dismissal” (European Parliament 2008, 14). “[This] created an unequal playing field in favor of the ruling party... especially with regard to administrative resources and campaigning by “political officials” (OSCE 2008, 1).

An interviewee from a local watchdog organization noted that even those agencies that were exemplary for their performance (emphasized NAPR and CRA) would often condone illicit actions when the interests of the ruling party were at stake.^x According to him, businessmen were sometimes forced to donate parts of their capital or property to the ruling party, and the responsible agencies would usually partake in administering this process. “Normally, in such cases, independent bureaucrats should act as

whistleblowers, but that was not an option here, as that would have cost them their jobs” (analyst from a local watchdog, author interview, April 1, 2015, Tbilisi).

While the ruling UNM officials in public statements would usually deny allegations on the politicization of the civil service, under private circumstances they were much more open about the virtual absence of bureaucratic autonomy. In anonymous interviews conducted in March and April 2015, several senior officials (including one ex-minister and one ex-head of an agency) from the former ruling UNM confirmed that the public servants enjoyed very little job security and were easily forced out of their positions. This was justified by the necessity of boosting competitiveness in public service and ensuring that the anti-corruption strategy was implemented without any hurdles.

[A]fter dismissing old, corrupt bureaucrats from ministries in early 2004, we [UNM] were facing the gargantuan task of attracting new cadres. New recruits had to learn fast, excel in delivering results, and stay competitive. Granting them job security would be a suicide for the reforms... it weakens motivation and we would have gone back to the era of Soviet-era bureaucrats (the UNM legislator, author interview, March 30, 2015, Tbilisi).

When you really want to curb corruption, government and bureaucracy have to act as one... Everything had to be coordinated and there was no time for lengthy procedural approvals that independent bureaucrats could inflict (senior UNM official, author interview, March 25, 2015, Tbilisi).

Attracting competitive staff and implementing the anti-corruption strategy indeed could have been the ruling UNM's rationale behind altering NPM principles and maintaining control over the bureaucracy, especially in its first term (2004-2008). However, what raises questions is why in their second term (2008-2012) - when the functioning bureaucracy with qualified cadres and very low levels of petty corruption was already in place - the ruling elite did not grant more autonomy to the public servants? This would have been much more in line with the UNM's emphasis on libertarian deregulatory approach, and claims, that less state interference and decentralized bureaucracy leads to an effective civil service. Yet, as several centrally positioned informants noted, the government's intervention in the bureaucratic

matters only intensified in the second half of the UNM's incumbency and so did the misuse of administrative resources in the pre-election periods (see also ISFED 2012). Notably, in 2011, in an interview with the civil service bureau, the ex-minister for reform coordination Kakha Bendukidze, who by then had left the government for the private sector (and hence had more liberty to be outspoken), appeared to look back with a critical eye, emphasizing the prevalence of loyalty in human resource management as the biggest challenge facing the public service reform (Civil Service Bureau 2011b, 32).

The evidence presented here cannot ascertain whether politicization of bureaucracy was part of the ruling UNM's long-term plan for staying in power. Nonetheless, the recurring practice of using administrative resources for partisan ends, suggests that it must have been costly for the dominant party to sacrifice control over the bureaucracy, despite its commitment to effective service delivery.

The table below summarizes the ruling elite's efforts to pursue efficiency-boosting reforms, but also attempts to curb these reforms at a point that could jeopardize the incumbent's political grip.

TABLE 1, MICRO-MECHANISMS ULTIMATELY LEADING TO THE SATURATION POINT

Promoting efficiency	Saturation point	Curbing autonomy
Showing strong political will for the reform	vs.	Being contingent upon personalities
Recruiting meritocratically	vs.	Securing loyalty: using loopholes in the legislation
Offering professional trainings	vs.	Disregarding labor unions
Improving salaries	vs.	Creating opaque bonus systems
Giving managerial discretion to agencies	vs.	Subordinating agencies to political appointees

While the ruling UNM showed strong political will to push through a rigorous anti-corruption agenda, it did not systematize the reform and the bulk of decision-making was left within a small political circle, to retain room for alterations. The government recruited civil servants meritocratically to attract well-performing cadres, offered high salaries and continuous professional trainings. However, the dominant party also obtained the loyalty of new recruits by opposing labor unions, using legislative loopholes that

did not explicitly ban partisan interference in bureaucratic activities, and occasionally using bonus system for political ends. Finally, the reformers granted extensive managerial discretion to the agencies to elaborate their own solutions, but they also put a cap on it by forsaking the structure of independent boards of directors and CEOs. These steps ultimately resulted in a saturation point of the bureaucratic reform: The incumbent survival strategy allowed it to go only so far.

Future research should examine the plausibility of this mechanism in other hybrid regimes, as well as what level of efficiency could a public service reach without an extensive autonomy. Nonetheless, as an observation it should be noted that in the Georgian context the saturation point of reforms undermined performance of the public administration in several ways. Firstly, the absence of job security led to constant turnover of civil servants, and thereby to a loss of institutional memory (Timm 2014). In order to manage job insecurity, civil servants were loyal to their supervisors - as opposed to the institution or agency they worked at. When their supervisors were transferred to a different department, the civil servants under them often followed too, which sometimes left entire departments empty. Secondly, despite the adoption of transparent e-procurement systems, the government also introduced the so called 'simplified procurement' method, which often awarded contracts to businessmen affiliated to the ruling UNM (who in the pre-election period would happen to donate money to the party, i.e. kickback payments).^{xi} These non-competitive contracts often led to the provision of public goods that were of suboptimal quality. Although not a comprehensive list, these examples provide some insights into why state administrative quality in Georgia slowly started to stagnate during the UNM's second term. This also resonates with the growing body of literature underscoring the importance of meritocracy, autonomy and personnel stability for deterring (not only petty, but also grand) corruption and raising state administrative quality (Dahlström, Lapuente, and Teorell 2011; Cornell 2014).

Conclusion

This paper has illustrated how despite the Georgian ruling elite's profound reforms geared towards boosting the efficiency of public service, the governing party also deprived it of full autonomy. By decentralizing service delivery, recruiting professional cadres, harnessing technology and private sector managerial principles the UNM significantly strengthened the capacity of public administration to provide public goods and services. However, the parallel actions of intertwining careers of bureaucrats and politicians, relying on personalities as opposed to institutions, and creating an insecure job environment, also promoted loyalty of public servants to the dominant party. I have argued that this halfway bureau-

cratic reform is explained by the ruling party's efforts to, on the one hand, quickly and tangibly improve delivery of public goods and thus claim legitimacy; but, on the other hand, to also secure access to administrative resources and tilt the political playing field in its favor. The fine balance between these two survival incentives led to the saturation point of bureaucratic reforms: a point beyond which no more reforms could be borne. The study contributes to our understanding of the Georgian civil service reform between 2003-2012, but also provides insights into the creative ways that dominant parties in hybrid regimes might resort to in order to retain legitimacy, while stacking the cards against their competitors.

From a broader theoretical perspective, this also has implications for the J-curve literature. It does not necessarily solve the puzzle of J-curve, i.e. why regimes in the grey zone - between democracy and autocracy - generally perform so badly. What this study suggests however is that not all such regimes should be viewed as lacking top-down control mechanisms. Competitive authoritarian regimes might be both willing *and* capable of implementing costly reforms necessary for boosting administrative quality. However, by virtue of being vitally dependent on the uneven playing field for their survival, it becomes too costly to allow bureaucracy to drift away from their partisan grip.

This might also help us shed light to some of the reasons behind their low performance, in comparison to other regime types. Autocracies sometimes can tolerate bureaucratic autonomy (e.g. Singapore) given their entrenched nature, as well as their reliance on alternative sources of repression (e.g. brute force). In mature democracies – as previously argued – steering from below ensures significant degree of administrative independence. For hybrid regimes, however, this is too much of a luxury. This was an important reason why even in one of the most exceptional cases of anti-corruption reforms, i.e. the case of Georgia, the public sector reforms got stalled halfway. As one expert informant aptly summarized, “the crux of the problem is that even when these rulers succeed in strengthening administrative institutions, they can rarely afford to also limit their authority to utilize this power” (Author interview, July 16, 2015, Tbilisi).

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Notes

- i. During a fieldwork in Georgia's capital Tbilisi, in March-April and July 2015, I conducted 20 in-depth anonymous interviews with actors either directly involved or monitoring implementation of bureaucratic reforms. Out of these, 4 were former government representatives, 8 policy experts and analysts from the donor communities, local watchdogs and NGO's. Four were from Civil Servant's Trade Union and the other 4 were Georgian academics focusing on public administration.
- ii. I follow Charron and Lapuente's (2010) definition of the quality of government as the ability of a state to perform its activities in an *efficient way* and *without corruption*.
- iii. In 2003 Transparency International's Corruption Perception Index (CPI), placed Georgia among the ten most corrupt countries in the world, ranking 124th, out of 133 countries.
- iv. See interview with Vakhtang Lezhava in Bennet 2011.
- v. Author interview, Tbilisi, 29 March 2015.
- vi. Mystery shopping is the use of individuals trained to measure quality of service and employee integrity, by acting as potential/actual customers and by reporting back on their experiences to the organization/company management.
- vii. According to Transparency International in 2011 the country ranked 64th, out of 188 polities.
- viii. Awarded in the Category 1: Preventing and Combating Corruption in the Public Service, and Category 2: Improving the Delivery of Public Services. <http://www.unpan.org/2012unpsforum>
- ix. Georgian Law on Public Service, Article 13.
- x. See also *Liberali Managzine* no. 63 "ram shechama qartuli biznesi?" [What has swallowed the Georgian Business?], February 12–25, 2011.
- xi. For instance, Transparency International Georgia (2013) found that: "extensive direct contracting by the Georgian government has resulted in numerous cases of companies linked to public officials receiving large, non-competitive contracts and that numerous beneficiaries of this practice in 2011 and 2012 made financial contributions to the ruling party."