

Tracing Roots of Neoliberal Fetishism in Post-Soviet Georgia and its Economic Development Programs

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Description of the Case and Scope of the Research

The collapse of a Soviet model, massive deindustrialization, and the loss of productive forces in the 1990s left Georgia in a socio-economic disarray. The country experienced a decrease in population (25% since 1994), a shrinking of its working class, as well as a deterioration of economic activity and switching from manufacturing back to agricultural occupations, largely due to self-subsistence (Christophe, 2003; Wade, 2016). In line with neoliberal restructuring, transition governments started to seek fast solutions for promoting growth through extensive liberalization and deregulatory processes and seizing foreign capital through the large-scale privatization of public assets (Gugushvili, 2016).

Weak domestic production, a lack of foreign exchange earned through exports, and over-reliance on imports leave the country vulnerable to annual current account deficits. Georgia constantly needs to seek ways for external finance. Years of flexibilization policies have resulted in precarious working conditions— collective bargaining mechanisms, social protections, and minimum wage do not exist in Georgia until today. The hasty introduction of economic principles stipulated by "shock therapy" didn't materialize a promised, prosperous economic model. Instead, a peripheral, debt-driven, and import-dependent model emerged in the post-Soviet aftermath.

Georgia's national development strategies constantly claim the ultimate pertinence of free-market-driven development. For instance, a post-Covid-19 Government Program (2021, p. 3 and p. 23) that seeks to "overcome the crisis created by the pandemic" states: "the economic policy of the country will again be based on the principles of the free market, where the private sector is the main driving force of the economy". The unconditional trust in markets and mainstream economics is not emblematic of only the current government, nor is it accidental. Rather, it spans the whole post-Soviet period. Demeaning and reducing the role of the state in economic development has become a prevalent characteristic of all post-Soviet Georgian governments.

Furthermore, the Georgian state has been steadily giving up practical tools to intervene in the economy. For instance, "The Economic Liberty Act" constitutionalized in 2011, prohibits the government from increasing taxes, ostracizing its fiscal policy space. While Georgia was not the first developing country to use neoliberal economic policies as provisioned by the Washington Consensus, perhaps it was the first to implement such a radical version without any reluctance.

Against this backdrop, my project aims to answer the following research questions:

- How to understand neoliberal fetishism in Georgia?
- How were the discourses on economic development produced and reproduced through the government's development strategies?
- What was the role of the domestic political elites in shaping and navigating the country's development trajectories?

The project is a qualitative study and takes on a historical perspective to examine the roots of neoliberalism in post-Soviet Georgia and explain its persistence. By integrating a close reading of the official economic policy documents, the research aims to trace back the narratives on economic development in Georgian policymaking since the 1990s. Historical materialist policy analysis (HMPA, Brand et al. 2022) is applied to comprehend the changing forms of capitalist accumulation and a post-Soviet state.

My field research will entail spending up to ten days (September 2024) in Tbilisi, Georgia, to study archival documents. Examining the stenographic records of the Parliamentary Sessions (1991-2012) available at the Georgian National Archives will have a crucial role in understanding the case. Furthermore, reading the archived chronicles of the newspaper “Saqartvelos Respublika” (“Republic of Georgia”) available at the National Parliamentary Library of Georgia will help immensely to solve the research puzzle. The newspaper meticulously encapsulates critical economic (or other) policies relevant in Georgia since 1990. It also stores interviews of various state officials valuable to the research. Other documents, including Economic Development Programs (1991-present), will be examined. Importantly, in-person interviews are planned with the former governmental representatives (for example, the former Minister of Economy and Sustainable Development Georgia).

The Early-Careers Scholars Research Fund would cover a round-trip flight (\$600) from Berlin to Tbilisi, a 10-day stay in Tbilisi (\$450), and local costs, including transportation and food (\$350), amounting to a total of \$1400. I haven't secured any other funding.

References

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EDUCATION

- 2/2024 - 4/2024 King's College London
Visiting Ph.D. Research Stay
Department of International Development, School of Global Affairs
Supervisor of the stay: Dr. Ingrid Kvangraven
- Since June 2019 Universität Kassel
Ph.D. Candidate, Faculty of Political Sciences
Topic: *“The Political Economy of Industrial Policy in the Post-Soviet Context: The Case of Georgia”*.
Supervisors: Prof. Dr. Christoph Scherrer and Prof. Dr. Hansjörg Herr
- 10/2015 - 9/2017 Berlin School of Economics and Law (HWR)
Master of Arts in Political Economy of European Integration
- 2/2007 - 5/2011 Anglo-American University Prague, Czechia
Bachelor of Arts in International Relations and Diplomacy
- Summer 2005 Phillips Exeter Academy, Exeter, NH, USA
Summer School Program
- 9/2002 - 5/2006 The American Academy in Tbilisi, Georgia
High School Diploma

RESEARCH PROJECTS AND MEMBERSHIP

- 9/2021 - 8/2022 Researcher
Project: “Global Value Chains after COVID 19 - Beginning of a New Type of Globalization?” funded by Volkswagen Foundation
Institute for International Political Economy (IPE) Berlin
- 9/2020 - 12/2020 Research Assistant
Project: “Industrial Policy under Global Value Chains”
(DAAD-STIBET Program)
Universität Kassel
- 3/2020 - 11/2020 Academic Consultant
Online Course: ‘Introduction to Political Economy’
Platform for Social Dialogue Georgia

- 3/2018 - 9 /2019 Project Coordinator
Project:“FES Fall Academy - Alternative Economic Strategies”
Friedrich Ebert Foundation South Caucasus Office
- Since 2020 Member and Organizer
Young Scholars Initiative (YSI)
Notable Project: Young Economists Conference (YEC) with The Chamber of Labour Upper Austria and The Chamber of Labour Vienna
- Since 2020 Associate Member
Institute for International Political Economy (IPE) Berlin

SCHOLARSHIPS

- Since 10/2021 Ph.D. Scholarship, Rosa Luxemburg Foundation
- 2/2020 - 11/2020 ‘Ph.D. Kick-off Scholarship’, Equal Opportunities Fund
Berlin School of Economics and Law (HWR)

PUBLICATIONS

Salome Topuria, “Progressive Industrial Policy and Small Economies”
(*forthcoming, 2024*)

Salome Topuria and Zeynep Nettekoven, “Global value chains and industrial upgrading – the case of apparel industry in Georgia” (*forthcoming, 2024*)

Salome Topuria and Helena Gräf , 2023. “The impact of the Covid-19 pandemic on industrial policy in Germany and the European Union—the case of the automotive industry”. *European Journal of Economics and Economic Policies*, Advance Access.

Salome Topuria and Tato Khundadze, 2022. “Neoliberal Lock-in: Why Georgia-EU Free Agreement Doesn’t Work”. Tbilisi: Friedrich-Ebert-Stiftung

LANGUAGES

Georgian: native / English: near native proficiency / Russian: near native proficiency / Czech: fluent / German: intermediate



Berlin, May 12, 2024

To Whom It May Concern:

I am the second supervisor of Ms. Salome Topuria's Ph.D. study "Political Economy of Industrial Policy in the Post-Soviet Context: The Case of Georgia", and delighted to support her application for the Early-Careers Scholars Research Grant.

Ms. Topuria is exploring development challenges for a deindustrialized economy shaped by manifold global and structural constraints. This topic is both academically and socio-politically extremely relevant. I am convinced that field research in Tbilisi, Georgia is crucial and will enormously benefit Ms. Topuria's study. Overall, this will help her deliver an excellent Ph.D. thesis.

I highly support her short stay abroad. For any further information, please contact me.

Sincerely,

Prof. Dr. Hansjörg Herr

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