

Regional Autonomy in Rich Regions: Evidence from Ajara, Georgia

William O'Brochta
Washington University in St. Louis
One Brookings Drive
Campus Box 1063
St. Louis, Missouri USA 63130
obrochtawj@wustl.edu

June 12, 2017

Published in *Caucasus Survey*
<http://dx.doi.org/10.1080/23761199.2017.1344028>

Abstract

Previous models of individuals' preferences for decentralization have focused on either economic or identity based motivations. In some cases, however, elites in rich regions with high inequality prefer decentralization contrary to their economic preferences. This paper proposes a model to explain these instances by focusing on the preferences of self-interested elites who manipulate a strong regional identity for personal gain. I develop the hypothesis that a strong regional economy, combined with a regional identity, provides the incentive for and the mechanism by which elites prefer decentralization. I test this hypothesis using the puzzling case of Ajara, Georgia, a rich region with high inequality and a strong regional identity where elites, contrary to expectations, pushed for decentralization. Results suggest that regional identities are used by elites in order to seize on a strong economy for personal gain. This motivates future study on the interaction between regional economies and identity.

Keywords: regional autonomy, federalism, decentralization, elite behavior, identity, Georgia.
(10100 words)

Introduction

Previous models of individuals' preferences for decentralization have focused on either economic or identity based motivations (Beramendi, 2014; Herrera, 2005). Beramendi (2014) hypothesizes that both rich and poor citizens in rich regions with high inequality will prefer a strong central government to local power sharing.¹ The poor clearly prefer to centralize because they gain relatively more from redistribution from all elites in the country compared to the smaller number of elites in their region. However, the hypothesis that rich elites prefer centralization is counterintuitive exactly because elites will be expected to redistribute income to poor citizens from all regions. The Ajara Autonomous Republic in Georgia presents a case that challenges Beramendi (2014)'s hypothesis. This paper argues that the purely economic mechanism by which elites prefer centralization is overstated. Elites prefer decentralization in Ajara due in part to their ability to cultivate an existing regional Ajaran identity. This allows them to offset regional economic losses from decentralization by individual economic gains. I argue that identity-based factors are overlooked in studies of elite preferences for decentralization.

The Ajaran case is puzzling to both scholars of Georgia and scholars of regional inequality. Ajara once distinguished itself from much of the rest of Georgia through its high proportion of Muslim residents. However, a regional Muslim identity largely faded away over the course of the twentieth century, and the major remaining distinguishing factor between Ajara and the rest of Georgia is that Ajara retains its status as an Autonomous Republic, despite that moniker carrying few constitutional benefits. Why, then, have regional elites in Ajara invested considerable effort in advocating for the Ajaran identity when most "true" distinctions between Ajarans and Georgians have disappeared? Such a campaign seems to the outsider like an attempt to rally citizens

around a non-salient identity for no clear purpose, a puzzling case of an “identity without cleavage.” I argue that elites see the opportunity to use the Ajaran identity, tenuous as it may be, to their advantage to gain votes in elections and retain popular support. Political leaders view the Ajaran identity as a ticket to power that, when redeemed will give them regional power and personal financial benefit. Thus, the Ajaran case is not a mere anomaly in the study of decentralization. Rather, it is an intriguing backdrop for political maneuvering based on a fading regional identity.

According to Beramendi, poor citizens in rich regions with high inequality prefer to rely on a strong central government to redistribute income from the few rich elites in the region and other wealthy people throughout the country to those citizens who earn less. Similarly, the few wealthy individuals in rich regions with high inequality also prefer centralization in the vast majority of circumstances when evaluating preferences based only on economic interests. Though they would have to redistribute their income to fewer individuals in a decentralized regional government than when the central government plays a more important role, the rich also recognize that other rich people throughout the country can help reduce their individual redistributive burden to the point where each elite individual pays less in a centralized government arrangement.

Of course, the very wealthy in a rich region seek to maximize their expected income in any way possible. Centralization grants rich elites less control over redistribution. Elites must react to central government policies and update their level of support for a strong central government. The optimal situation for elites would be to decentralize in order to capture greater redistributive control. They could then use their position as elites to capture monetary benefits to offset the costs of being wealthy in a highly unequal society. Personal benefit is more accessible to elites at the local level, where positions in

government are practically guaranteed to be given mostly to elites and their supporters. Thus, strategic elites can gain control over their local government and obtain personal benefits in order to make increasing regional autonomy (decentralizing) their preferred option.

The problem for elites is that increasing regional autonomy requires the support of the central government. In this paper, I propose that elites are sometimes able to make a compelling case to the central government for decentralization. When economic conditions in a particular region are dramatically better than in the rest of the country, elites appeal to regional identity as the mechanism through which they try to convince the central government to support increased regional autonomy. Identity itself is not enough for elites to create a compelling narrative for decentralization. Rather, identity and strong economic indicators allow elites to mobilize and demand more regional autonomy from the central government.

This paper suggests a mechanism that incorporates both economic and identity factors in order to capture the tendency of self-interested elites to manipulate a regional identity in a rich region for personal gain.² Importantly, there are many non-economic reasons for decentralizing; they are not considered here. Instead, I focus on the interaction between economic and identity factors in Ajara as a way to revise Beramendi's hypothesis that elites will always prefer centralization in rich regions with high inequality. The existing identity provides a way for elites to promote decentralization to citizens and benefit economically.

I briefly review recent developments in the study of regional autonomy and elite preferences before presenting a model that incorporates key findings from both economic and identity based studies and hypothesizes about elite preferences for decentralization. The theory predicts that regions with strong identity and opportunities for elite economic

gain will add to the utility elites derive from promoting decentralization. I then review the Ajara case and subsequently show evidence supporting each component of the theory. Finally, I conclude with a description of the advantages of this micro-level case study and possible directions for future research interacting regional economic benefits with identity.

Literature Review

This section broadly considers economic and identity based motivations for decentralization. First, I review the origins of economic theories of decentralization. Revisions of these theories have included identity based components and often consist of case studies. Next, I present the “greed and grievance” model from the study of civil wars that has similarly developed to include both economic and identity factors.

Studies on decentralization movements and their motivations have gradually started to focus more on economic reasons for demanding autonomy combining with political, historical, cultural, ethnic, religious, or linguistic justification. Notably Meadwell (1991) and Buchanan and Faith (1987) began the systematic study of regional autonomy movements from a rational choice perspective with a comprehensive theory of mostly economic motivations for such movements. Buchanan and Faith (1987) emphasize what they call sharing coalitions as the way to divide public goods in a government. Those who can benefit more from removing themselves from the sharing coalition, namely the rich, will do so because they have the power to control the size and redistribution in this coalition. Thus, if given the opportunity to propose regional decentralization, we would expect that elites will support the movement according to this theory.

Others have built on these theories and attempted to include inner-regional inequality, natural resource wealth, and ethnic identity to explain autonomy movements (Beramendi, 2014; Bolton and Roland, 1997; Fearon and Van Houten, 2002; Tierney, 2005). No consensus has emerged regarding the most important factors in determining preferences for regional decentralization or their effectiveness in diffusing perceived tensions with central governments (Wolff, 2010). Beramendi (2014) proposes that the major factor is disparities in regional inequality, Bolton and Roland (1997) believe that the majority of citizens' preferences decide autonomy movements, Fearon and Van Houten (2002) find support for both economic and cultural/linguistic factors, and Tierney (2005) believes rich regions have more constitutional bargaining power.

Case studies have been frequently used to examine preferences for decentralization. Most cases selected have included entirely western democracies (Beramendi, 2014; Sambanis and Milanovic, 2011; Fearon and Van Houten, 2002; Tierney, 2005). Fearon and Van Houten (2002) selects regions in Austria, Belgium, Canada, France, Germany, Italy, Spain, Switzerland, and the United Kingdom. This sample gives variation on the level of ethnic differences between regions as well as some variation in languages spoken. However, all of these cases are advanced industrial democracies, so generalizing to democratizing countries may not be productive. Gurr (1993) is quite a bit more comprehensive in his treatment, including advanced industrial democracies, but also Eastern European, Asian, Middle Eastern, African, and Latin American countries.

Other case studies choose to study the USSR in its separatist period immediately after 1989 (Cornell, 2002; Giuliano, 2006; Gorenburg, 1999; Treisman, 1997; Siroky, Dzutsev, and Hechter, 2013; Hale, 2008). Even the Russia focused studies find contradictory results, chiefly that separatist movements in Russia were actually economically motivated

couched in ethnic language (Giuliano, 2006) or that they were actually ethnically motivated but couched in economic language (Gorenburg, 1999). Alternatively, maybe separatism can be explained by the prestige associated with being designated as a Russian Republic instead of an Autonomous Oblast (Treisman, 1997). This paper seeks to help clarify these arguments by combining the identity and economic based factors into a single model of separatism. I also innovate by forgoing a large n quantitative study and instead considering a wide variety of democratizing countries as potential cases. In this way, the paper is better able to focus on the mechanisms elites use to provoke regional separatism, while also concentrating on less-developed countries where new separatist conflicts are more likely to emerge.

I now turn to related literature in the study of civil wars. Collier and Hoeffler (1998) and Collier and Hoeffler (2004) are critical foundational papers establishing the relationship between civil war and economic motivations known as the “greed and grievance” model. Many authors have tested the implications of greed as a primary motivating factor for civil war, and some have offered suggestions for improving the model. Ballentine and Sherman (2003), for example, suggest focusing on lootable natural resources and is but one of many papers studying natural resources and civil war. Sambanis (2004) states, however, that the exclusion of emotional appeals for civil war, such as ethnicity, makes the greed and grievance model inherently flawed. Sambanis (2004) studies natural resources in a sample of forty-eight countries chosen because of the availability of data; similar studies use similar approaches, meaning that democratizing countries, which usually have lackluster data collection, are generally under-represented.

Indeed, much scholarship finds that ethnicity or identity are important factors in the

greed and grievance model and that they are used intentionally to rile up rebels in support of civil war. Any citizen can become a rebel supporter; this process occurs gradually, as individuals are exposed to rhetoric from the minority group. Many individuals then feel a minimal level of connection to that group, which means they can be activated by elites when elites decide to heighten the intensity of the rhetoric (Herrera, 2005). First, Jenne, Saideman, and Lowe (2007) use the Gurr (1993) Minorities at Risk dataset to find that the variation in separatism is related to the ways in which strong minority groups are able to use their minority status as leverage to excite supporters into believing in their cause. Thus, Weingast (1998) asserts and uses the case of Yugoslavia to show that violence and civil war can erupt suddenly, with no previous ethnic tensions, because elite rebel leaders use minority status as a bargaining tool. In Yugoslavia, Weingast (1998) finds that the period between 1986 and 1991 represented an “ethnification” of politics where elites started trying to create cleavages between the formerly peaceful Serbs, Croats, and Muslims. Aspinall (2007) goes as far as to say that the greed and grievance model relies on the power of collective action and the creation of identity in order to manufacture a reason for a natural resource conflict. Bardhan (1997) agrees and uses a sample of less-developed countries with ethnic tensions to show that the rich in wealthy regions have more flexibility to mold and shape regional identity and ethnicity in order to gain rights from central governments.

Even Collier believes that a completely greed based model of civil war is simplistic and excludes ethnic considerations (Collier and Hoeffler, 1998). He also finds that rebellions with economic interests, but ethnic messaging, are rebellions of the rich, where the job of the rebels is to demonstrate to other (lower class) citizens that the region is being unjustly served by the central government. Exploiting ethnicity is a good way to

demonstrate the injustice (Collier, 2000). By creating an ethnic division, elites are reducing the cost of rebellion for their side, even though ethnic fractionalization is problematic for the overall economy of the state (Collier and Hoeffler, 1998).

A goal of elites in civil conflict is to profit. The greed and grievance model states that civil wars will be fought over economic interests, but Hodler (2006) goes farther, finding in his sample of ninety-two selected countries around the world that the presence of natural resources lowers incomes in fractionalized societies, but raises incomes in integrated ones. Taken with the greed and grievance model and interests of elites, elites in rich natural resource regions (or more generally strong economies) can benefit from creating a unified ethnic or regional identity dissimilar from that of the rest of the state. In this way, regional elites will profit from the natural resources, while the country as a whole suffers. Posturing from regional elites often is successful in obtaining subsidies and other benefits from the central government as Treisman (1997) finds when studying Russian separatism.

Regional elites can seize opportunities for large investments in their regions after civil wars and take those opportunities to solidify their power base in the region (Nakaya, 2009). Nakaya (2009) finds evidence for this in post-Communist Tajikistan. Elite power is a key motivation for retaining or advocating for regional autonomy even in the face of collective benefit to the country. Malesky (2008) studies regional autonomy after selective influxes of Foreign Direct Investment (FDI) in Vietnam, finding that regional leaders use the investment as leverage for gaining more regional autonomy.³

Treisman (1996) combines the previous literature on civil wars and regional autonomy together, again in the Russian context, to conclude that regional elites manipulate their appeals for decentralization and central government transfers based on

ethnicity in order to acquire electoral legitimacy, regional power, and personal profit, regardless of the wishes of poor citizens in the region. This juxtaposes with Beramendi's theory that just economic interests are important. Thus, I now proceed to combine economic and identity based interests into a new theoretical framework that may better explain why some regional elites choose to decentralize against Beramendi's theory. I will then move to expand the scope of cases generally considered by the literature by taking as a sample developing countries, which, as was indicated above, have been overlooked in previous research.

Theory and Hypotheses

Beramendi presents the most nuanced and comprehensive economic model of the preferences of the rich and poor for fiscal centralization to date in Beramendi (2014). This paper seeks to apply this model to a case different from the Western democracies Beramendi explores and to synthesize it with other evidence from the literature suggesting that identity is an important determinant of elite preferences for decentralization. First, I will outline Beramendi's theory about rich regions with high inequality in detail before contrasting the predictions from this theory with previous literature. The integration of these two aspects leads to a hypothesis about the cases in which elites in rich regions with high inequality prefer decentralization to Beramendi's expected preference for centralization.

Before going further, it is important to note that Beramendi does not precisely define terms such as "rich," "poor," or "elite." I will not attempt to do this here either. However, it is useful to give some inkling of the practical significance of these terms. First, the "rich" and the "elite" are generally considered interchangeable and refer to those

individuals who have high profile careers, have accumulated wealth, and whose voices will be recognized as influential regardless of whether they hold an official government position. The “poor” are all other citizens. This is not to say that the poor cannot be influential, just that influence is granted only through becoming rich or becoming a leader in the community. The “preferences” of each of these groups refers to their modal beliefs and may not necessarily characterize all individuals within the group. Second, some may hesitate to accept the mechanical usage of the terms “ethnicity” and “identity” presented here. I acknowledge that identity is a profoundly complex issue that cannot be easily compartmentalized into a single parameter. However, I argue that the treatment presented here at least acknowledges the role of identity that was missing before, so it is a substantial step toward more fully incorporating the messy concept of identity into a more formal model.

Basic Model

Regions within a state can be either resource rich or poor and have either low or high levels of inequality. The three fiscal structures Beramendi allows for include fiscal centralization (C), decentralization (D), and some sort of hybrid model (H).⁴ For our model of rich regions with high inequality, I am interested in the preferences of the rich (C>D>H) and of the poor (C>D>H) (Beramendi, 2014, 31). Beramendi describes the poor as facing a choice between the resources they can extract from all the rich in the country when all the poor are combined and their loss from the comparison of their income to the poor from other regions (Beramendi, 2014, 33). Their preferences are relatively straightforward. “If the rich region were very unequal, then a large share of the poor would remain net beneficiaries under a centralized redistributive system,” so a majority of the poor would support centralization (Beramendi, 2014, 31).

The preferences of the rich in the rich region are significantly more contingent than the preferences of the poor. “If a region is more unequal and only moderately wealthier than the rest of the union, and provided that the poor are politically engaged, the marginal cost of sharing nationwide the burden of redistribution with the rich falls below the marginal cost of coping with a large number of poor people under decentralization” (Beramendi, 2014, 32). Regional elites must calculate their costs from sharing the burden of the poor nationwide and compare with the benefits received from decentralization.

However, the only benefit from decentralization Beramendi accounts for in his theory is the net economic benefit to the elites of paying the poor in their region instead of paying for a share of all poor in the country. He does not consider the economic benefit elites may receive from being in elected or appointed office in a particular region. Under decentralization, elites will gain significant power over regional spending that they can use to offset their losses from compensating the region’s poor among the smaller pool of rich. Treisman (1997) and others from the literature support this mechanism: that decentralization allows regional elites to get personal benefits from being in office.⁵ Thus, I argue that both regional economic benefits and individual economic benefits must be taken into account as part of the utility to regional elites from decentralizing.

What is the mechanism through which elites calculate the tradeoffs between centralization and decentralization when we add the personal benefits from being in office? Herrera (2005) argues that regional elites find the utility of decentralizing to exceed that of centralizing when a salient regional identity is present. She shows that elites can emphasize the importance of regionally specific factors such as economic strength as a way to promote decentralization or regional autonomy movements.⁶ Thus,

like Beramendi, I hypothesize that elites in rich regions with high inequality will prefer decentralization when this utility exceeds that of centralizing. However, I propose that decentralization utility should include both redistribution costs and side economic benefits from regionally concentrated power. Additionally, the probability of regional elites being able to successfully lobby for decentralization is based on the strength of the regional identity.

I rely on Beramendi (2014, 26-28)'s description of the game between regional and national elites as the framework for determining regional elite utilities. He defines the utility of a party leader (P) in a district (r) by:

$$U_r^P = p_r^P \lambda_r^P + \Phi(q_n^P \phi_r^P)$$

where the first half of the expression represents the benefits to regional elites from gaining office and the second half of the expression represents the benefits regional elites gain from having national elites hold office (Beramendi, 2014, 24). Understanding this equation in detail is not necessary; all that is required is that one recognize that the utility for a regional leader is the sum of regional and national benefits. I focus only on the regional elite payoffs in the first half where p_r^P is the probability of party P winning the regional executive position and λ_r^P is the utility from winning this position.⁷ The utility is defined as only taxes and transfers between regions and to and from the central government.

The $p\lambda$ portion of the equation, therefore, only really means that there are some set benefits λ that are received from gaining regional office. These benefits are obviously only accrued if the leader wins, so they need to be discounted by p , the probability of winning. The probability p can be conceptualized as the percentage of the vote a leader receives in a pre-election public opinion poll.

Beramendi proceeds to solve this equation to produce conditions for when the regional elites have incentives to pursue decentralization (Beramendi, 2014, 28). Of interest here is that an increase in λ increases the utility of regional elites and, thus, the probability of decentralization. I write Beramendi's model of λ , dropping the sub and superscripts for simplicity, as $\lambda = \alpha$ where α is simply the collective reward obtained by regional elites at the regional level in terms of government taxes and transfers. If the regional government has a lot of autonomy and power to tax, will be high and vice versa. I propose that:

$$\lambda = (\alpha + \beta)^b$$

where β is the level of personal economic benefit regional party leaders gain from being in office and b is the salience of regional identity in the region ($b=1$ implies no salience).⁸ That is, Beramendi sets $\beta=1$, proposing that regional elite benefit comes only from the redistribution of government economic resources. I propose that regional elite office holding produces side payments (personal gifts with economic value), for example, favorable legislation to individual or small groups of elites or free travel, that add to the utility of being in office. These benefits are not accounted for by the redistribution of income model Beramendi proposes.

Additionally, the rewards for regional elites are conditioned on the strength of the regional identity, b . A strong regional identity (far exceeding $b=1$) will provide large rewards, while a weak regional identity means that regional elites will have to incur large costs to convince the central government that decentralization is necessary. Elites may face lobbying costs, but also the cost of the central government not moving large transfers into an uncooperative region. Thus, the reward for pushing for decentralization when regional identity is not present is lower than when identity is strong. The benefits of

decentralization are significantly higher when calculated as described above compared to Beramendi's model, meaning that decentralization is more likely to be preferred when identity is present and personal economic benefits are considered.

Cases Considered

Beramendi's main contribution is in the formulation of his theory, however, he does provide evidence to support the theory in a discussion of four cases: the US and Canada after the Great Depression, Germany after Reunification, the European Union, and regional autonomy in Spain (Beramendi, 2014, 57). The Great Depression and German cases are classified as natural experiments, where the distribution of wealth changed suddenly and that change required a change in the fiscal structure of the state. The European Union and Spanish cases arise endogenously: to some extent regional independence was built into the design of the political system, but it also was strengthened in ways unanticipated by the original design.

These cases are meant only to describe some of the implications of the model. As such, they may not be ideal for studying regional centralization and decentralization decisions. First, it is difficult, as Beramendi acknowledges, to draw conclusions from the endogenous cases of Spain and the European Union. Further, the European Union and the United States are cases where the "regions" being granted autonomy are either separate countries or separate states that have always been granted a high degree of autonomy. Decentralization may manifest in different ways in cases where regions within a single state have vacillated between centralization and decentralization. Even with the German case, Beramendi considers East and West Germany to be two regions merging and losing autonomy. Though useful because of the natural experiment, again, the German case

relies on sub-national units larger than provinces or regions within a country. Thus, the cases Beramendi uses are helpful to illustrate his basic theoretical arguments, and this paper can present a study of the Beramendi model in greater detail using case study of regional decentralization within a state.

To conclude, my proposed hypothesis is that in a rich region with high inequality where Beramendi predicts that elites will prefer centralization, this will not be the case when personal benefits, β , from office are high and regional identity, b , is strong. I now proceed to introduce a way to test this hypothesis by looking at the Ajara region of Georgia.

Method and Case Selection

In order to test this revised version of Beramendi's theory, I need to quantify the difference between rich and poor regions, low and high inequality, and preferences for centralization or decentralization. I outline these case selection choices below.

First, I attempt to avoid some potential problems from previous studies of decentralization movements. I focus on developing nations with high inequality. Previous research has been limited to nations with relatively low income inequality. Samples typically have included Organization for Economic Cooperation and Development (OECD) member countries and Russia after the fall of the Soviet Union. I decide to include countries with medium or high income inequality in the range of possible cases because there is limited economic benefit to regional separation or government centralization when income is relatively equal throughout the country.⁹

I use Foreign Direct Investment (FDI) flows and tourism as indicators of positive

economic growth to detect countries that are rapidly growing, following the Malesky (2008) idea. This helps me conceptualize the difference between rich and poor regions within a country; since both FDI and tourism tend to be targeted to specific areas, the process should help find countries with regions receiving heavy international investment. From the set of all possible cases (UN/World Bank recognized countries), I limit to those with:

1. A Human Development Index (HDI) in 2015 of “Highly Developed” or less (World Bank Data).
2. An increase in international tourism greater than the mean for the period 2004-2014 (World Bank Data).¹⁰
3. An increase in FDI Inflows greater than the mean for the period 2004-2014 (World Bank Data).
4. An increase in FDI as a percentage of GDP greater than the mean for the period 2004-2014 (World Bank Data).
5. An average GINI coefficient of inequality greater than the mean for the period 2002-2016 (World Bank Data). The GINI coefficient helps ensure that the country I select has high inequality.

Using these data, I coded all cases meeting these criteria as well as those cases with a lower HDI, high GINI, and low tourism and FDI (See Table 1).¹¹

From the seventeen possible cases of sustained positive economic investment, I show in Table 2 that Georgia received a massive increase in investment. In the narrative below, I demonstrate that this investment was concentrated in Ajara. Thus, Ajara is a comparatively rich region. The table also shows that the Gross Domestic Product (GDP) in Ajara is similar to the Georgian average, but that fewer individuals are making under 6000 EUR per year. This reinforces the GINI coefficient of Georgia and implies that

there are select wealthy individuals in Ajara, while the rest of the region is poor. Thus, Ajara is a region with high inequality. Finally, we find that Ajarans oppose redistribution more than typical Georgians. This is but one way in which I will show that elites promote decentralization in Ajara contrary to Beramendi's hypothesis.

Decentralization in Ajara

This section presents a case study of governance in Ajara, Georgia, an Autonomous Republic that is a rich region with high inequality. I begin by giving some background on Ajaran history until 2004, the year when Ajara had centralization imposed. I then discuss the long history and strength of the Ajaran identity. I present the 2004 centralization plan and subsequent reactions from local elites to demonstrate their resistance to centralization. Finally, I demonstrate the high level of personal benefits, β , available for regional elites and describe how elites proceeded to use these benefits.¹²

Evidence for this case is based both quantitative evidence and from a comprehensive search of all English-language Georgian newspapers for all stories about Ajara and all stories about decentralization during the period from 2001 to 2014.¹³ I include as much first-hand information from politicians and Ajarans as possible, though the status of Ajara is a sensitive topic, so few reporters and scholars have directly interviewed citizens about their thoughts about the situation, resorting instead to public opinion polls and expert analysis.

Ajara in 2004

Between the fall of the Soviet Union and 2004, Ajara was under the control of regional strongman Aslan Abashidze.¹⁴ Abashidze ran Ajara like a personal fiefdom and secured his rule in the early 1990s by demanding greater autonomy for the Sunni Muslims in

Georgia who were concentrated almost entirely in Ajara (George, 2009, 121). Prior to Abashidze's ascendance to power, Ajara had been an Autonomous Soviet Socialist Republic.

In 2004, as Georgian President Mikheil Saakashvili took over during the Rose Revolution, one of his top priorities was reining in Abashidze, who refused to let the Ajaran government pay its taxes to the central government (Phillips, 2004, 8). After a showdown with Saakashvili during which Abashidze bombed the bridges connecting Ajara with the rest of Georgia, Abashidze fled to Russia and Saakashvili set up an interim government in Ajara (George, 2009, 173). Under Abashidze's control, Ajara had developed extensive potential for economic development. The problem was that Abashidze and his henchmen took all the revenues generated to benefit themselves. Thus with Abashidze gone, Ajara experienced a sudden increase in wealth, investment, and tourism (Papiashvili, 2012, 2). This made Ajara a relatively rich region with high prospects for investment. Whereas much of the rest of Georgia had few easily developed industries, Ajara could quickly be converted into a money-making tourist attraction for the central government.

The Ajaran Identity

This section demonstrates the salience of the regional identity, *b*, in Ajara. That is, I show that a regional identity in Ajara is present and moderately strong. The purpose here is to demonstrate that regional elites, should they advocate for decentralization, already benefit from both a history of autonomy during the Soviet Union and a constructed regional identity. This will make it easier for regional elites to present arguments in favor of additional local control. Because there is only a moderately strong regional identity in Ajara, if elites still argue for decentralization we will have strong support for the revised

Beramendi theory.

There are few ethnic differences between Ajarans and Georgians. The Ajara region was part of Georgia until a Turkish invasion in the 1500s; thus, Ajarans are ethnic Georgians. Many Ajarans fled to other parts of Georgia during the invasion, but those who remained were forced to convert to Islam (Brody, 1999, 94). This is where the idea that Ajarans have a pervasive religious identity comes from. Though some Ajarans did seriously convert, others secretly maintained their Christian beliefs, and Georgian beliefs outside Ajara viewed Ajarans as secretly maintaining a Christian identity (Brody, 1999, 94). Under Russian and then British control, Ajara maintained both its Christian and Muslim identities until it was controlled by the Soviet Union in 1921 (Hoch and Kopecek, 2011, 6). In 1921, the Treaty of Kars formally ceded Ajara back to the Soviet Union, but required that Ajara retain autonomous status because of the prevalence of Muslims (Blauvelt and Khatiashvili, 2016, 361). The Soviets restricted freedom of religion, so both Islam and the Georgian Orthodox Church partially operated in hiding until the fall of the Soviet Union in 1991. Ajara lost its religious “otherness” during this period (Hoch and Kopecek, 2011, 10; Pelkmans, 2005, 2010).

After Abashidze seized power partly by inspiring Muslims to support him in 1991, religious differences between Ajarans slowly faded (Liles, 2012). Even for Abashidze, Islam lost its importance as a rallying cry (ICGE, 2004, 2; Derluguian, 1998, 262). “Islam is dying in Ajara today,” he said, though he committed to keeping mosques open for practicing Muslims (Meiring Mikadze, 1999, 255, 260). Some think that Abashidze’s mobilization of Muslims was really just a way to convince people to support greater Ajara autonomy, especially since this rhetoric ended as soon as he gained power (ICGE, 2004, 2). Abashidze’s behavior supports the idea that identity makes it easier for elites to convince the public to support decentralization.

Today, Ajara has few cultural differences from the rest of Georgia (Derluguian, 1998, 262). Ajarans identify first (based on survey research) as Georgians not Ajarans, they speak Georgian (albeit a distinct dialect), and they practice both Islam and Christianity. Historically, Ajara is one of the birthplaces of Christianity. In making this point, Derluguian says, “there is an Ajara, but there are no Ajarans,” referring to the fact that there are few demographic factors that distinguish Ajarans from other Georgians (Derluguian, 1998, 277).

So, what is the Ajaran identity? I propose that Ajara is an “imagined community,” one in which citizens feel some connection to each other even though they do not know each other (Anderson, 2006, 6). An imagined community can be a nation, but it can also be constructed between any factor on which one can group people. This might seem like a meaningless definition, but what is important is not the presence of an imagined community, rather its strength. We have seen that the religious identity of Ajara has faded. Yet, one way in which imagined communities solidify is through recognition on maps, which add identity that does not naturally exist (Anderson, 2006, 175). By drawing boundaries around a geographic region, people in that region are forced to develop a set of their common traits. Ajara is an exceptional region of Georgia precisely because it was a separate census category in the Soviet census of 1926 and because it was consistently depicted as a separate region on Soviet and Georgian maps (Pelkmans, 2002, 258-259).

I attribute the continuing status of Ajara as an Autonomous Republic to the simple fact that the USSR identified Ajara as a primarily Muslim region and gave it local control as an Autonomous Republic (Pelkmans, 2002). Although the religious factors have dwindled away, it is much more difficult to remove an association once it is formally printed on a map.¹⁵ Ajara has a moderately high level of regional identity, *b*, for these

historical reasons, meaning that regional elites' utility from decentralizing increases.

The Ajaran identity is unique type of imagined community of Georgians distinct from other regions of Georgia because it has few modern-day ethnic or religious differences from the rest of Georgia, but it retains autonomous status. There are, of course, many other regions of Georgia that have developed into cohesive communities. Abkhazia and South Ossetia are distinct regions of Georgia because of their unique ethnic identities (Derluguian, 1998). Svans and Mingrelians are ethnic groups with their own languages within Georgia, but they were never recognized as possessing autonomous status. Ajara is more similar to the Azerbaijani Nakhchivan Autonomous Republic in that Nakhchivan was declared an autonomous entity by the Soviet Union and that its ethnic and religious composition is now similar to the rest of Azerbaijan (Cornell, 2002; Hoch and Kopecek, 2011). As such, the level of regional identity, b , in Ajara is higher than if a regional identity did not exist at all, but not as high as if the region had a distinct ethnic composition. This means that the Ajaran case represents a tough test of the theory, since regional identity can only be activated based on the status of Ajara as autonomous, not based on ethnic or religious arguments.

Saakashvili's Plan for Ajara

After Abashidze's fall, decentralization was marginalized in favor of a strong central government presence. Even though there might have been a salient regional identity, b , regional elites had fallen out of favor, and Saakashvili won in a landslide election and was able to take government power from Ajara. Thus, during this period, regional elites devised a strategy to emphasize the Ajaran identity in the subsequent election and increase decentralization. This section provides context for the decentralization movement that the Georgian Dream party started in 2008.

In 2004, Ajarans were promised continued autonomy based on Saakashvili's feeling that Ajarans might try to secede from Georgia if not given latitude in their regional government (George, 2009, 176). This position was really designed to attempt to show Abkhazian and South Ossetian leaders that the government in Tbilisi would grant them autonomy if they stayed within the control of the Georgian government. Ironically, a poll of Ajarans showed that only 20% supported complete autonomy for Ajara while 70% were comfortable with autonomous status within Georgia (George, 2009, 176). Thus, there was no threat that Ajara would secede from the rest of Georgia.¹⁶

Non-elite Ajaran citizens, following Beramendi (2014)'s predictions about their preferences for centralization, even supported eliminating the autonomous status for Ajara (Civil.Ge, 2004d). An opposition campaign to put Ajaran autonomous status to a plebiscite where all Ajarans could vote on their regional status was briefly considered, but struck down by the Georgian Parliament (Civil.Ge, 2004a; Civil.Ge, 2004c). Several Members of Parliament in Georgia were successful at obtaining signatures from Ajarans for the plebiscite, but Saakashvili called the effort "illegal" (Civil.Ge, 2004b). The plebiscite effort demonstrates that there was at least some support for removing the Ajaran autonomous status in Ajara such that Members of Parliament would collect signatures and stake their reputation on getting a vote. Instead of allowing this vote to move forward, Saakashvili tried to appeal to other potentially separatist regions by retaining the designation of Ajara as an "Autonomous Republic," even though Ajarans lacked significant local power.

The new Constitution imposed on the Ajarans reflected Saakashvili's dual position on Ajara: centralize as much as possible while appearing to maintain token autonomous rights. Compared to other regions in Georgia, Ajara benefited only from the ability to

collect local taxes and retain a local police force (RFE, 2004). These rights are formally spelled out in the laws of Georgia, meaning that they cannot be easily taken away, but this degree of autonomy is still limited, especially considering that the Head of the Supreme Council of Ajara (the legislative branch) is appointed by the central government (Madry and Kaczmarek-Khubnaia, 2016, 135). This conflict of interest led some to consider the Saakashvili Ajaran Autonomy proposal a “violation of the spirit of self-governance” (Civil.Ge, 2004a).

In its evaluation of the Ajaran Constitution, the Council of Europe criticized the centralization of power and recommended that Ajarans be given wider autonomous powers (Parsons, 2006; Civil.Ge, 2010c). The Ajaran Constitution limits regional ministries to those explicitly listed in the Constitution, removing the freedom for Ajaran leaders to decide to form new government service agencies (Malinverni and Vogel, 2004, 3). Further, the President of Georgia retains the right to suspend the Ajaran government with the consent of Parliament or in the case that Georgian territorial integrity is threatened (Malinverni and Vogel, 2004, 5). The Council of Europe concludes that the organization of the regional Ajaran government should be left to elected representatives in Ajara and that, once guaranteed, autonomy for Ajara should only be taken away via legal, not political means (Malinverni and Vogel, 2004, 7). In other words, this Constitution grants vaguely defined autonomous powers to Ajara with the distinct possibility of the central government re-taking those powers at any time.

Saakashvili took full advantage of the opportunity to utilize Ajara’s resources for the benefit of all of Georgia. His vision for Ajara was to develop “one huge ultra-modern resort complex” and attract massive financial investment that would help support the rest of Georgia (Civil.Ge, 2006b). All state run hotels and businesses in Ajara were immediately sold by the central government with the debatable promise that the funds

would all go to supporting Ajarans (Civil.Ge, 2004a). Tbilisi accepted bids for almost one hundred privatization efforts in Ajara, and the government often sold Ajaran land to potential investors for 1 GEL (\$0.60) to create incentives for business and industry to relocate to Ajara (Edilashvili, 2013). That is to say Ajara dramatically increased Georgia's overall economic potential, and Saakashvili placed much of the success of his presidency on redistributing Ajaran wealth and opportunities to all Georgians.

With all this money flowing out of Ajara to the central government in Tbilisi, how should we expect regional elites to react? The Ajara between 2004 and 2008 is a case of what Siroky and Cuffe (2015) call "Lost Autonomy," when a region had autonomous status, but then lost it. Elites prior to Saakashvili's recentralization of Ajara were free to negotiate with Abashidze and use their influence to get their preferred policies enacted in Ajara. After having lost this autonomy, Siroky and Cuffe (2015) find that formerly autonomous regions are the most likely to collectively activate and demand a return to their previous status because citizens believe the autonomous region has developed an identity different from the rest of the country. Thus, this period of centralization was an important precursor for the Ajaran elites of the Georgian Dream party. Without it, collective action based on the Ajaran identity would be more difficult to provoke.¹⁷

In the next section, I outline the ways in which the Georgian Dream party completely reversed the centralization tide in Ajara using Ajaran's dormant regional identity.

Georgian Dream's Appeals for Ajaran Votes

This section shows how the Georgian Dream party developed a preference for decentralization and used the Ajaran identity to win local and gain votes in national elections. They did so by appealing to the idea that the Ajaran identity was under attack. Thus, the Georgian Dream was able to effectively activate the moderate salience of the

regional identity, b , to promote decentralization. I begin by analyzing reports of political speeches and other news stories and then move to a manifesto comparison showing the high presence of decentralization in Georgian Dream rhetoric targeted at Ajara.

Beginning in 2008 with many parties boycotting the Ajaran Supreme Council elections and culminating in 2012 with the Georgian Dream (GD) party winning the Georgian presidency and a majority on the Ajaran Supreme Council, opposition parties to Saakashvili's ruling United National Movement (UNM) sought to exploit the Ajaran identity to achieve greater decentralization (e.g. Civil.Ge, 2008b). Even the Saakashvili backed Ajaran leader Levan Varshalomidze said that local Ajarans were not benefiting from (especially construction) projects in Ajara (Civil.Ge, 2008a). Instead, most of the Ajaran government was controlled by supporters of strong centralized government who did not necessarily represent the interests of Ajarans (Malakmadze, 2008). Extraordinarily, even in this case, Ajaran leaders protested their lack of authority on simple regional matters (Civil.Ge, 2010b). Members of the UNM in Ajara requested in 2010 that they be elected instead of being appointed by the Georgian President, but that request was denied (Civil.Ge, 2010a). The cost of regional leaders from the same party as the national government rebuking that government and demanding more autonomy is certainly high. It is, therefore, telling and instructive for the theory that the value of regional identity, b , and personal benefit, β , were high enough for some party members to overcome the steep penalty of going against the central government.

The pattern of using Ajaran economic strength to support the rest of Georgia began to upset many Ajarans, and the Georgian Dream party, headed by Bidzina Ivanishvili, capitalized on this possible outlet for votes. His speeches in Ajara reveal a cohesive argument that the Ajaran identity was under attack from both internal and external forces

and that Ajara must reclaim its right to self-government. Here we find support for the hypothesis that a salient group identity, $b \gg 1$, helps political leaders argue for decentralization even in regions with high inequality.

First, Turkish businesses established themselves in Ajara. Saakashvili made agreements with Turkey to secure hundreds of millions of dollars of Turkish economic investment for Ajara as well as to open up the border between the two countries (Civil.Ge, 2006a). The proliferation of these businesses means that Turkish is spoken much more often and that Ajaran tourists are increasingly Turkish (Kucera, 2017). These businesses are a threat to the Ajaran identity because Turks are embedding themselves within the community, influencing governmental policies to open more trade with Turkey to flood the market with Turkish instead of Ajaran goods, and bringing their religious ideals to mosques, trying to refurbish them and install their own relics. This Turkish incursion is a problem only for Ajarans because Ajara was once a part of the Ottoman empire, which morphed into modern day Turkey (Kucera, 2017). Because the Turks are bringing their social and economic ideals and not simply generating financial revenue, the Ajaran identity, not just the Ajaran economy, is threatened. A related deal Saakashvili crafted for the Turks to restore several cultural monuments and a mosque in Ajara in return for a similar arrangement for Georgia inside Turkey sparked protests and fear that Turks were moving to eliminate the Ajaran culture in the region (Civil.Ge, 2011).

With this in mind, it seems appropriate that Ajarans would attempt to develop closer ties with the Georgian central government. However, the GD leaders argued that President Saakashvili was actively courting Turkish businesses, asking them to move into Ajara and removing barriers to immigration for Turks (Kucera, 2017). Ajarans, therefore, could not turn to the government for support in their fight against the Turkish incursion because the Georgian government was supporting the Turks. In this way, Ajarans were

being squeezed from both sides: Turks are moving into Ajara with their own customs that are obliterating Ajaran ways of life and the Georgian central government is encouraging this practice.

The GD presented itself as the solution to these problems. First, GD leaders spent much time discussing the unique nature of the Ajaran identity that must be preserved. This identity developed from Ajara's long standing self-rule and is reflected in Ivanishvili's emphasis on continued self-government. Ivanishvili and his down ticket GD candidates stated in their campaign that local self-government was a major priority, especially in Ajara, which they claimed had less autonomy than any other region in Georgia (InterPressNews, 2012). Decentralization for Ajara and an expansion of local power and rights to Ajarans was key for regional GD leaders (Rukhadze, 2012). Authority would be assigned back to all Ajarans if the GD government was elected (Malakmadze, 2013).

Implicit in these arguments is the fact that Ajaran autonomy was being eroded by Turkish influence and that the Georgian government was not stopping this incursion. Ivanishvili argued that Ajara was entitled to regional autonomy because of Ajara's its unique "political culture" and identity developed from years of self-rule (InterPressNews, 2012). This political identity had to be protected from the Turks, who were portrayed as invading Ajara and, with the support of the UNM, causing Ajarans to lose their "identity" (Tabula, 2012). Saakashvili, Ivanishvili and other GD leaders argued, allowed "Turkish expansionism" in Ajara that ruined traditional Ajaran ways of life (Corso, 2012). In a speech during the campaign in 2012, Ivanishvili rallied supporters around the Turkish issue stating, "I know...you are concerned about [Saakashvili's] very suspicious steps [in reaching out to the Turks]" (Civil.Ge, 2012b). Batumi GD candidate Murman Dumbadze

was selected to run for an MP because of his outspoken stance against any deals between Georgia and Turkey (Civil.Ge, 2012a).

The purpose of this rhetoric was to show Ajarians that the UNM government had exploited Ajara for the benefit of the central government's finances while the Ajaran identity suffered from Turkish influence (PRI, 2013). Citizens must have been convinced by the GD rhetoric because GD leaders were elected nationally and in Ajara in 2012 (Malakmadze, 2012). We can attribute the GD electoral success in Ajara directly to the GD anti-Turkish campaign because Ajara was previously a UNM stronghold and the prevailing GD campaign tactic in Ajara was promoting an anti-Turkish message. Interviews with Ajaran residents at the time conveyed sentiments that "there shouldn't be so many Turks coming to Batumi...they don't have any respect for our culture" (Corso, 2012). Socor (2013) credits GD leaders with fomenting anti-Turkish sentiment as their chief technique for winning Ajara. Ajaran Muslims were especially activated by the anti-Turkish rhetoric because they perceived Ajaran Islamic traditions to be distinct from the Turkish form, having morphed over the years that Ajara was self-governing (Ullmann, 2016). The public reaction was so strong that the Public Defender's Office of Georgia issued a statement condemning the anti-Turkish rhetoric that the GD used to win the election (Tugushi, 2012).

In order to further demonstrate GD preferences for decentralization in Ajara, I use manifesto coding from the Comparative Manifesto Project related to centralization and decentralization. Recall that Georgia between 2004 and 2012 was dealing with two already separated regions. There is no indication that decentralization rhetoric was targeted at any other regions of Georgia other than Ajara since the central government needed to hold together the rest of the country.

I searched the manifestos of Georgian political parties for mentions of phrases

advocating for centralization or decentralization. In Table 3, I display data from the two major Georgian parties during the parliamentary election in 2012. For comparison, I have listed the 2008 parliamentary manifesto coding for the Georgian United National Movement.

Several comparisons are instructive. First, we can observe that UNM manifestos are short compared to GD party documents. Second, the GD manifesto contained many more phrases advocating decentralization than the UNM manifesto. Manifestos target audience are political elites and regional leaders, not the general public, so we can conclude that GD leaders wanted their elites to advocate for decentralization. Since manifestos are national party documents, we cannot precisely isolate whether Ajara leaders were specifically targeted for decentralization. However, the Georgian economy in other regions was much less strong than in Ajara during the 2012 elections, so it makes little sense for GD leaders to advocate decentralization for poor regions where GD leaders would fail at providing public goods and services without extensive government support. Thus, the manifesto coding supports the overall narrative that decentralization was a major topic that the GD used in elections in Ajara and also that the mechanism they used was to appeal to the Ajara identity.¹⁸

Using Ajara's Limited Powers

This section demonstrates the large value of β , the personal benefits that the Georgian Dream leaders received once they were in office. Since the value of economic benefits from holding office, α , described by Beramendi is not in dispute, I focus on showing that β increases in this section. Combined with the previous result that b , the salience of regional identity, was higher than one in Ajara, we conclude that λ , the utility derived

from gaining office, is much higher than Beramendi anticipates. Thus, the revised Beramendi theory accounting for β and b better explains situations where regional identities are present and regional elites can use the identity to benefit economically.

While using group identity to garner support from Ajarans, GD leaders were intent on greater local autonomy for their own benefit. Citizens initially convinced by GD rhetoric that Ajara deserved decentralized power were less enthusiastic after the election (Trapaidze and Oganova, 2013). Most observers stated that they saw some benefits from the new Ajaran leaders, but these benefits were not enough to hold together the GD coalition in Ajara, which fractured starting in 2014 (Civil.Ge, 2014). Numerous scandals exposing the ways in which Ajaran elites used Ajaran autonomy for personal gain while Ajarans suffered, caused the illusion that Ajara needed autonomy because of its unique identity to come to an end.

One way Ajaran elites ensured that they benefited personally from increased autonomy was by proposing or changing Ajaran laws to give leaders more control over financial matters (shown in section 2 of the supplemental information).

A second method Ajaran elites used to benefit themselves was by exploiting the powers of their office. Kirn and Khokrishvili (2008) show that the primary way Ajaran elites used their autonomous status was by controlling public expenditures. Fully one third of all taxes in Ajara were retained by the regional government, far higher than other regions (Kirn and Khokrishvili, 2008, 10). Ajaran leaders also had the ability to negotiate tax rates with the central government, resulting in much higher public expenditures per capita than other regions. Ajara retained their own tax revenues from regional taxes while receiving the largest share of government unconditional monetary transfers and total transfers (Kirn and Khokrishvili, 2008, 14). This shows that GD leaders identified a high or regional economic benefit from decentralizing.

However, the GD leaders gained quite a lot in their personal levels of not accounted for in Beramendi's theory. Limited information is available from the Ajaran government on the accountability of Ajaran leaders and the level to which they personally profited from being in power, but the available evidence suggests that the chief motivating factor for Ajaran government leaders was extracting as much of Ajara's new found wealth as possible, using the Ajaran identity to garner more power (Berdzenishvili, 2014). Three major (known) controversies involving Georgian Dream Ajaran leaders occurred in the 2014-2015 period. The first claims that the Ajaran Supreme Council passed laws designed to appoint friends, close relations, or party faithful to independent Ajaran positions such as the Ajaran TV Board or regionally controlled oil refineries (Transparency.Ge, 2014b). The head of the Ajaran Finance Ministry even accused Georgian Dream leaders in Ajara of using their political power for personal gain (Transparency.Ge, 2014a). Related to this issue are the benefits that Ajaran leaders enjoy while in office. Apparently, Georgian Dream leaders have developed a liking for buying expensive vehicles with government money when they are not needed (Malakmadze, 2013). Finally, Ajaran government elites adopted regulations increasing their salaries by seventy-five percent, while other high ranking officials saw increased monthly salaries of between forty and sixty percent and low level employees did not benefit (Transparency.Ge, 2014a). Since these salaries are funded by local government taxes that Ajara alone controls, this is just another example of Georgian Dream leaders using their autonomy for personal benefit.

Conclusions and Implications

In this study, I have sought to isolate an apparent anomaly in Beramendi (2014)'s model

of regional desire for separatism: the case where elites in a rich region with high inequality prefer decentralization instead of the expected centralization. I have focused on high levels of regional identity and personal benefits for regional elites as factors adding to the attractiveness of decentralizing. The selected case in Ajara, Georgia is an initial attempt to test this revised value of λ , the benefits to regional elites from decentralizing. Ajara was identified as an ideal case due to its relative status as a region rich in resources in Georgia, but one with high inequality. Evidence in this case first shows that the level of b , the regional identity, was moderately high. It goes on to show that the level of β , the benefit to individual elites, was also comparatively high. Without accounting for these factors, Beramendi's theory anticipates that regional elites will prefer decentralization, but with the revised theory, this case is an especially difficult test for the influence of regional identity on Beramendi's theory.

Performing a micro-level case study of decentralization in Ajara is an important method that can be used to refine the theory and mechanisms supporting an explanation of elite preferences for centralized or decentralized government. This paper is unique as it studies elite preferences for decentralization outside of more advanced democracies. Decentralization is occurring or being considered throughout post-Soviet states and developing nations. Leaders of these nations seek to model their country on successful federalism and decentralization initiatives in more advanced democracies. Our previous theories of preferences of regional elites toward decentralization undervalue the benefits, both personally, and from the ease of implementation due to a strong regional identity.

Beramendi (2014, 246) himself acknowledges the importance of identity in driving political preferences. He considers identity as a second dimension that, along with economy, influences political preferences. Studying the identity component has been fruitful, but considering the interactive effect identity has on economic benefits is a new

contribution. I believe that this interactive effect is especially important in new democracies because of their generally long histories of ethnic and religious differences.

Where does this leave the debate between Giuliano (2006) and Gorenburg (1999) over whether regional movements in Russia were economically motivated, but couched in ethnic language or vice versa? The interaction described in this paper advocates for the view that ethnicity and economy are not simply additive. Thus, whether the Russian autonomy movements were truly economic or truly ethnic is a secondary concern. What matters is that one of these factors may not have led to such a strong autonomy movement, but the interaction between both factors did provoke such a movement. Because Beramendi (2014) is a strictly economic model, I add the identity based element to it to represent this interaction. However, it would also be quite fruitful to consider a model of identity based separatism and add an economic component to it. Doing so would increase the complexity of the task, since modeling identity is certainly more difficult than modeling economic interactions. Yet, I believe that it would be a fruitful endeavor to try to interact the best economic and the best identity based models of separatism. This paper represents just the first step down this complex path.

Future research would certainly do well to examine this interactive effect, now that it has been identified in Ajara, through cross-national analysis. Within country regional datasets are increasingly available, and these data could be leveraged to attempt to develop measures for the salience of regional identity and the level of personal economic benefit within regions. Such an analysis will help inform just how much the regional identity b impacts the sum of personal and regional economic benefit ($\alpha + \beta$) and the relative influence of β compared to α .

Notes

¹I define elites as those individuals who are in a position to influence regional policy. This includes those individuals who are economically rich. Other individuals in a region are considered poor. Poor citizens can influence policy by voicing their opinions to elites, by appointing community leaders or spokespeople, and by collective action.

²This research differs from George (2009) because she focuses on regions that are separatist, not those seeking more regional autonomy short of separatism.

³Vietnam is a Communist nation where leaders are appointed by the central government. Their future success depends on satisfying central government demands, so the Vietnam case is complicated by lack of local government freedom.

⁴Each of Beramendi's concepts are defined relative to the others, so I assume that I can develop criteria to distinguish these types of regions accurately.

⁵Though I believe the evidence in favor of this is clear, a possible alternate mechanism is that decentralization elevates accountability of elites and thus reduces the opportunity to exploit office for personal gains. All else equal, however, public scrutiny is unlikely to dramatically increase on regional elites during decentralization.

⁶I consider only the economic impact of identity to follow Beramendi's structure. Identity as a separate motivation for decentralizing can and should be analyzed in concert with economic motivations.

⁷In the second half of the equation, Φ is a parameter between 0 and 1 assigned to the importance to the party of winning local elections other than their own. The q_n^P term is the probability of party P winning a national executive position and ϕ_n^P is the utility derived from winning.

⁸The first order results Beramendi derives hold here just replacing his definition of $\lambda = \alpha$ with the new definition.

⁹Previous studies in low inequality countries use regions with relatively higher inequality as their "high inequality" cases.

¹⁰Clearly, simply exceeding the mean at the country level may not indicate specific regional economic growth. I rely on the design of the case study to demonstrate the concentrated economic wealth in Ajara.

¹¹Replication of this analysis is available from the author.

¹²The Regional Authority Index (RAI) from Hooghe et al. (2016) is a natural way to demonstrate regional autonomy. However, though it is the most comprehensive autonomy measure to date, it reflects only 126 countries, notably lacking Georgia. It also only reflects legal changes to autonomy in regions with more than 150,000 residents. Thus, the distinctions in autonomy between regions of a single country are often quite small.

¹³Each of these several hundred stories was examined for relevance. Newspapers reported regularly on major speeches and rallies throughout the country. Citations provided here are a subset of all available evidence. Different spellings of Ajara and appropriate synonyms were used in the literature search.

¹⁴Until 2004, all of Georgia was ruled by Eduard Shevardnadze, a Soviet holdover. Thus, the 2004 election was the first truly free election in Georgia.

¹⁵Consider, for example, a collection of small towns in which one town grows in size such that it eventually abuts the smaller towns. One can transition between the large city and smaller towns with absolutely no change in scenery, but each town tends to preserve separate governmental functions even

though consolidation would be more cost efficient.

¹⁶The 20% supporting complete autonomy does indicate some level of support, but this is a low level of support considering the hypothetical nature of the question.

¹⁷While Siroky and Cuffe (2015) focus on ethnic separatism, the general idea should carry over here.

¹⁸Additional evidence regarding the effectiveness of the GD campaign can be found in section 1 of the supplemental information.

Acknowledgments

This research has especially benefited from comments by Guillermo Rosas. The author would also like to thank Co-Editor-In-Chief Laurence Broers and two anonymous reviewers for excellent comments that greatly improved the quality and accessibility of this paper. This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sector.

References

- Anderson, Benedict. 2006. *Imagined Communities: Reflections on the Origin and Spread of Nationalism*. Revised ed. London: Verso.
- Aspinall, E. 2007. "The Construction of Grievance: Natural Resources and Identity in a Separatist Conflict." *Journal of Conflict Resolution* 51 (6): 950–972.
- Ballentine, Karen, and Jake Sherman, eds. 2003. *The Political Economy of Armed Conflict: Beyond Greed and Grievance*. Boulder, Co: Lynne Rienner.
- Bardhan, Pranab. 1997. "Method in the Madness? A Political-Economy Analysis of the Ethnic Conflicts in Less Developed Countries." *World Development* 25 (9): 1381–1398.
- Beramendi, Pablo. 2014. *The Political Geography of Inequality: Regions and Redistribution*. Cambridge: Cambridge University Press.
- Berdzenishvili, Ana. 2014. "The Monitoring of the Official Website of the Adjara Autonomous Republic Supreme Council." <http://www.transparency.ge/en/blog/monitoring-official-website-adjara-autonomous-republic-supreme-council?page=1>, Jun.
- Blauvelt, Timothy K., and Giorgi Khatiashvili. 2016. "The Muslim Uprising in Ajara and the Stalinist Revolution in the Periphery." *Nationalities Papers* 44 (3): 359–379.
- Bolton, Patrick, and Gerard Roland. 1997. "The Breakup of Nations: A Political Economy Analysis." *The Quarterly Journal of Economics* 1057–1090.
- Brody, David. 1999. "Ajarian Identity and the Regime of Aslan Abashidze." Master's Thesis, Bilkent University, Ankara.
- Buchanan, James M., and Roger L. Faith. 1987. "Secession and the Limits of Taxation: Toward a Theory of Internal Exit." *The American Economic Review* 77 (5): 1023–1031.
- Civil.Ge. 2004a. "Georgia Launches Privatization of Hotels in Adjara." <http://www.civil.ge/eng/article.php?id=7262>, Jul.
- Civil.Ge. 2004b. "Officials Protest against Petition to Annul Adjara's Autonomy." <http://www.civil.ge/eng/articl.php?id=7166>, Jun.
- Civil.Ge. 2004c. "Opposition MPs Campaign for Lifting Adjara's Autonomy." <http://www.civil.ge/eng/article.php?id=7024>, May.
- Civil.Ge. 2004d. "Tbilisi Tackles Problems in Post-Abashidze Adjara." <http://www.civil.ge/eng/article.php?id=6896>, May.

- Civil.Ge. 2006a. “Georgian Leader Hails Cooperation with Turkey.” <http://www.civil.ge/eng/article.php?id=12499>, May.
- Civil.Ge. 2006b. “Kazakh Bank to Invest in Adjara’s Resorts.” <http://www.civil.ge/eng/article.php?id=11488>, Jan.
- Civil.Ge. 2008a. “Adjara’s Head of Government Complains over Finance Ministry.” <http://www.civil.ge/eng/article.php?id=17538>, Apr.
- Civil.Ge. 2008b. “Saakashvili on Opposition Boycott of Adjara Polls.” <http://www.civil.ge/eng/article.php?id=19777>, Oct.
- Civil.Ge. 2010a. “Draft of New Constitution Passed with First Reading.” <http://www.civil.ge/eng/article.php?id=22700>, Sep.
- Civil.Ge. 2010b. “Head of Adjara Gov’t Criticizes PM for Ignorance.” <http://www.civil.ge/eng/article.php?id=22180>, Apr.
- Civil.Ge. 2010c. “Venice Commission on Revised Draft of Constitution.” <http://www.civil.ge/eng/article.php?id=22738>, Oct.
- Civil.Ge. 2011. “Saakashvili Speaks of ‘United Caucasus’ in Talks with Turkish FM.” <http://www.civil.ge/eng/article.php?id=23139>, Feb.
- Civil.Ge. 2012a. “Ivanishvili Names Majoritarian MP Candidates for Adjara and Some Other Regions.” <http://www.civil.ge/eng/article.php?id=25017>, Jul.
- Civil.Ge. 2012b. “Ivanishvili’s Campaign Rally in Batumi.” <http://www.civil.ge/eng/article.php?id=25074>, Aug.
- Civil.Ge. 2014. “GD Infighting in Adjara.” <http://www.civil.ge/eng/article.php?id=27651>, Sep.
- Collier, Paul. 2000. *Economic Causes of Civil Conflict and Their Implications for Policy*.
- Collier, Paul, and Anke Hoeffler. 1998. “On Economic Causes of Civil War.” *Oxford Economic Papers* 50 (4): 563–573.
- Collier, Paul, and Anke Hoeffler. 2004. “Greed and Grievance in Civil War.” *Oxford Economic Papers* 56: 563–595.
- Cornell, Svante E. 2002. “Autonomy as a Source of Conflict: Caucasian Conflicts in Theoretical Perspective.” *World Politics* 54 (02): 245–276.
- Corso, Molly. 2012. “Georgia: Anti-Turkish Sentiments Grow as Election Date Nears.” <http://www.eurasianet.org/node/65933>, Sep.
- Derluguian, Georgi M. 1998. “The Tale of Two Resorts: Abkhazia and Ajaria before and since the Soviet Collapse.” *Research Series-Institute of International Studies University of California Berkeley* 261–292.

- Edilashvili, Maia. 2013. "Georgia's Great Land Giveaway Raises Unanswered Questions." <http://www.tol.org/client/article/23965-georgias-great-land-giveaway-raises-unanswered-questions.html>, Sep.
- Fearon, James D., and Pieter Van Houten. 2002. "The Politicization of Cultural and Economic Difference." Stanford University.
- George, Julie A. 2009. *The Politics of Ethnic Separatism in Russia and Georgia*. New York: Palgrave Macmillan.
- Giuliano, Elise. 2006. "Secessionism from the Bottom up: Democratization, Nationalism, and Local Accountability in the Russian Transition." *World Politics* 58 (2): 276–310.
- Gorenburg, Dmitry. 1999. "Regional Separatism in Russia: Ethnic Mobilization or Power Grab?" *Europe-Asia Studies* 51 (2): 245–274.
- Gurr, Ted Robert. 1993. "Why Minorities Rebel: A Global Analysis of Communal Mobilization and Conflict Since 1945." *International Political Science Review* 14 (2): 161–201.
- Hale, Henry E. 2008. *The Foundations of Ethnic Politics: Separatism of States and Nations in Eurasia and the World*. Leiden: Cambridge University Press.
- Herrera, Yoshiko. 2005. *Imagined Economies: The Sources of Russian Regionalism*. Cambridge: Cambridge University Press.
- Hoch, Tomas, and Vincenc Kopecek. 2011. "Transforming Identity of Ajarian Population (Why the 1991-2004 Conflict Did Not Assume Armed Character)." *Annual of Language & Politics and Politics of Identity* 5: 57–72.
- Hodler, Roland. 2006. "The Curse of Natural Resources in Fractionalized Countries." *European Economic Review* 50 (6): 1367–1386.
- Hooghe, Liesbet, Gary Marks, Arjan H. Schakel, Sara Niedzwiecki, Sandra Chapman Osterkat, and Sarah Shair-Rosenfield. 2016. *Measuring Regional Authority: A Postfunctionalist Theory of Governance*. Oxford University Press.
- ICGE. 2004. *Saakashvili's Ajara Success*. Technical Report. International Crisis Group Europe.
- InterPressNews. 2012. "Bidzina Ivanishvili Promises Autonomous Republic of Adjara to Expand Authorities." <http://www.interpressnews.ge/en/politicss/41853-bidzina-ivanishvili-promises-autonomous-republic-of-adjara-to-expand-authorities.html?ar=A>, Oct.
- Jenne, Erin K., Stephen M. Saideman, and Will Lowe. 2007. "Separatism as a Bargaining Posture: The Role of Leverage in Minority Radicalization." *Journal of Peace Research* 44 (5): 539–558.

- Kirn, Tanja, and Elguja Khokrishvili. 2008. *Will an Asymmetrical System of Fiscal Decentralization Resolve the Conflicts in the Republic of Georgia?* Technical Report G-9. Potsdam: University of Potsdam.
- Kucera, Joshua. 2017. "Georgians Wary of Turkey's Rising Influence in Batumi." <http://www.eurasianet.org/node/82751>, Mar.
- Liles, Thomas. 2012. "Islam and Religious Transformation in Adjara."
- Madry, Cezary, and Julia Kaczmarek-Khubnaia. 2016. "Historical Determinants of Regional Divisions of Georgia and Their Implications for Territorial Governance." *Quaestiones Geographicae* 35 (2): 131–139.
- Malakmadze, Maka. 2008. "Voters Tired of Pre-Election Promises in Adjara." <http://www.humanrights.ge/index.php?a=mainn&pid=7395n&lang=eng>, Oct.
- Malakmadze, Maka. 2012. "Georgian Dream's Assembly Finished without Incidents." <http://www.humanrights.ge/index.php?a=mainn&pid=15277n&lang=eng>, Aug.
- Malakmadze, Maka. 2013. "Auto-Mania in Adjara Government." <http://www.humanrights.ge/index.php?a=mainn&pid=17456n&lang=eng>, Dec.
- Malesky, Edmund J. 2008. "Straight Ahead on Red: How Foreign Direct Investment Empowers Subnational Leaders." *The Journal of Politics* 70 (1): 97–119.
- Malinverni, Giorgio, and Hans-Heinrich Vogel. 2004. *Opinion on the Draft Constitutional Law of Georgia on the Status of the Autonomous Republic of Adjara*. Technical Report 291. Venice: Council of Europe.
- Meadwell, Hudson. 1991. "A Rational Choice Approach to Political Regionalism." *Comparative Politics* 23 (4): 401–421.
- Meiring Mikadze, Ekatherina. 1999. "L'islam en Adjarie: Trajectorie Historique et Implications Contemporaines." [Islam in Adjara: Historical Trajectory and Contemporary Implications] *Cahiers d'études sur la Méditerranée orientale et le monde turcoiranien* 27: 241–262.
- Nakaya, Sumie. 2009. "Aid and Transition from a War Economy to an Oligarchy in Post-War Tajikistan." *Central Asian Survey* 28 (3): 259–273.
- Papiashvili, Nana. 2012. "Development in Adjara: Insights from Batumi." *Caucasus Analytical Digest* 38: 2–7.
- Parsons, Robert. 2006. "Georgia: Council of Europe Warns Tbilisi Of Democratic Challenges Ahead." <http://www.rferl.org/a/1065035.html>, Jan.
- Pelkmans, Mathijs. 2002. "Religion, Nation and State in Georgia: Christian Expansion in Muslim Ajaria." *Journal of Muslim Minority Affairs* 22 (2): 249–273.

- Pelkmans, Mathijs. 2005. "Baptized Georgian: Religious Conversion to Christianity in Autonomous Ajaria."
- Pelkmans, Mathijs. 2010. "Religious Crossings and Conversions on the Muslim–Christian Frontier in Georgia and Kyrgyzstan." *Anthropological Journal of European Cultures* 19 (2): 109–128.
- Phillips, David L. 2004. "Stability, Security, and Sovereignty in the Republic of Georgia."
- PRI. 2013. "Georgian Resort Sparkles on the Black Sea, but for How Long?" <http://www.pri.org/stories/2013-01-12/georgian-resort-sparkles-black-sea-how-long>, Jan.
- RFE. 2004. "Can Saakashvili Repeat Adjar Success?" <http://www.rferl.org/a/1105704.html>, May.
- Rukhadze, Vasili. 2012. "New Rhetoric, but Old Policy on Adjara Autonomy." <https://jamestown.org/program/new-rhetoric-but-old-policy-on-adjara-autonomy/>, Nov.
- Sambanis, Nicholas. 2004. "Using Case Studies to Expand Economic Models of Civil War." *Perspectives on Politics* 2 (2): 259–279.
- Sambanis, Nicholas, and Branko Milanovic. 2011. "Explaining the Demand for Sovereignty." World Bank Policy Research Working Paper Series.
- Siroky, David S., and John Cuffe. 2015. "Lost Autonomy, Nationalism and Separatism." *Comparative Political Studies* 48 (1): 3–34.
- Siroky, David S., Valeriy Dzutsev, and Michael Hechter. 2013. "The Differential Demand for Indirect Rule: Evidence from the North Caucasus." *Post-Soviet Affairs* 29 (3): 268–286.
- Socor, Vladimir. 2013. "Questions Linger on Voter Behavior in Georgia's Elections." https://www.ecoi.net/local_link/242273/365596_de.html, Mar.
- Tabula. 2012. "Pre-Election Turkophobia." <http://www.tabula.ge/en/story/70462-pre-election-turkophobia>, Sep.
- Tierney, Stephen. 2005. "Reframing Sovereignty? Sub-State National Societies and Contemporary Challenges to the Nation-State." *International and Comparative Law Quarterly* 54 (1): 161–183.
- Transparency.Ge. 2014a. "The Personnel Policy in Ajara and Preparing to Launch Procedures for a Vote of No Confidence in the Government of Adjara." <http://www.transparency.ge/en/blog/personnel-policy-adjara-and-preparing-launch-procedures-vote-no-confidence-government-adjara>, Sep.

- Transparency.Ge. 2014b. “Secret Tape Recording Disseminated by the Adjara Supreme Council Depute Requires Examination.” <http://www.transparency.ge/en/post/general-announcement/secret-tape-recording-disseminated-adjara-supreme-council-depute-requires->, Sep.
- Trapaidze, Natia, and Tamar Oganova. 2013. “Batumi Residents Evaluate One-Year Activities of the Government.” <http://www.humanrights.ge/index.php?a=mainn&pid=17385n&lang=eng>, Nov.
- Treisman, Daniel. 1996. “The Politics of Intergovernmental Transfers in Post-Soviet Russia.” *British Journal of Political Science* 26 (3): 299–335.
- Treisman, Daniel. 1997. “Russia’s Ethnic Revival. The Separatist Activism of Regional Leaders in a Postcommunist Order.” *World Politics* 49 (2): 212–249.
- Tugushi, Giorgi. 2012. “The Tolerance Center at the Office of the Public Defender of Georgia Responds to Cases of Anti-Turkish Xenophobia That Have Recently Become Frequent.” <http://www.ombudsman.ge/en/news/1644-the-tolerance-center-at-the-office-of-the-public-defender-of-georgia-responds-to-cases-of-anti-turkish-xenophobia-that-have-recently-become-frequent.page>, Aug.
- Ullmann, Angela. 2016. *Challenges to Coexistence in Georgia*. Technical Report 186.
- Weingast, Barry R. 1998. “Constructing Trust: The Political and Economic Roots of Ethnic and Regional Conflict.” In *Institutions and Social Order*, 163–200. Ann Arbor, Michigan: University of Michigan Press.
- Wolff, Stefan. 2010. *Approaches to Conflict Resolution in Divided Societies: The Many Uses of Territorial Self-Governance*. Technical Report 5.

Table 1: Characterization of Potential Cases (World Bank Data)

Category	#	%	Countries
Missing Data ^a	99	--	--
Fails to Meet Criteria ^b	89	75	--
Developing, ↑ Tourism and FDI, low GINI ^c	17	14	Brazil, Colombia, Costa Rica, Georgia, Ghana, Indonesia, Morocco, Mozambique, Nicaragua, Panama, Peru, Philippines, South Africa, Tanzania, Turkey, Uruguay, Vietnam
Developing, ↓ Tourism and FDI, low GINI	12	10	Angola, Bhutan, Bolivia, Cabo Verde, El Salvador, Fiji, Gambia, Macedonia, Nepal, Papua New Guinea, Togo, Vanuatu

^aMissing data is missing at random.

^bCountries with either HDI>0.80 (2015, cut point for highly developed nations) or GINI<0.39 (average 2002-2016, income inequality lower than the average) or countries where tourism, FDI, and FDI as a percent of GDP were not all above or all below the mean.

^cCountries with potential regions of interest.

Table 2: Descriptive Statistics on Ajara and Georgia

Criterion	Ajara	Georgia
% Tourism ↑ ^{ab}	--	1,399
% FDI ↑ ^{ab}	--	234
% FDI % ↑ ^{ab}	--	0.10
GINI ^a	--	40.54
HDI ^a	--	0.754
Population ^a	396,600	4,490,500
Area (mi ²) ^a	1,112	26,911
GDP/capita (EUR) ^a	1,976	2,147
Satisfied with Democracy (%) ^c	24.39	40.74
Income/Year Under 6000 EUR (%) ^c	92.50	96.79
Oppose Redistribution (%) ^c	90.70	72.44

^aWorld Bank

^b2004 level subtracted from 2014 level.

^cEuropean Values Survey

Table 3: Decentralization in Party Manifestos

Category ^a	#	%
2008 United National Movement ^b		
Decentralization ^c	2	2.11
Nationalism + ^d	9	9.47
Civic + ^e	6	6.32
Total ^f	95	--
2012 United National Movement		
Decentralization	0	0
Nationalism +	7	3.15
Civic +	1	0.45
Total	222	--
2012 Georgian Dream		
Decentralization	79	3.91
Nationalism +	48	2.38
Civic +	5	0.25
Total	2019	--

^a As defined by the Manifesto Project. I also searched for the Centralization: Positive (302) and National Way of Life: Negative (602) variables, but no manifestos contained these categories.

^b Georgian Dream was not a party in 2008, so no manifesto is available.

^c Category 301. "Support for federalism or decentralization of political and/or economic power."

^d Category 601. "Favorable mentions of the manifesto country's nation." Includes negative portrayal of new immigrants.

^e Category 606. "Appeals for national solidarity and the need to see itself as united." Includes grassroots activism.

^f Total number of phrases coded in the manifesto.