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**Local Welfare Regimes, Fiscal Crisis, and Institutional Change in Post-Socialist Georgia**

June 4, 2004

**Abstract**

This working paper summarizes the results of research on fiscal crisis, institutional change, and social welfare regimes in the Republic of Georgia. The project explored the transformation of Soviet social welfare institutions in industrial cities that have faced varying levels of fiscal and social crisis. These are: (1) Tbilisi, the capital of Georgia and the country's largest and richest city; and (2) Zestafony, a small industrial city whose economic base has been severely undermined in the post-Soviet period. The project employed institutional analysis and a household survey to examine changing criteria of access to, and overall levels of enfranchisement in, systems of social welfare in three areas: education, water provision, and heat provision.

We find that the provision of basic water, heat, and education in Georgia now involves a complex mixture of universalism, bureaucratic logics, rent-seeking and markets that cannot be mapped onto measures for efficiency or commitment to reform in a simple way. Water provision remains the most "universalistic," though important adaptations to a weakened regime of access were observed in both cities. The provision of heat, by contrast, is marketized, as universalistic systems of provision have broken down. Finally, in education universalistic access to the classroom has been maintained, but access to extra instruction, which is broadly considered necessary, combines meritocratic, market, and rent-seeking logics.

These results suggest two important implications for our understanding of social welfare change and reform. First, marketization and reform should not be presumptively assumed to be associated with higher levels of enfranchisement or more efficient service delivery. On the one hand, "marketization" of access is frequently associated with systemic breakdowns that produce patterns of broad exclusion from basic services. On the other hand, "unreformed" and inefficient

systems often support a level of inclusion—sometimes through simple institutional or material inertia—that may be hard to reproduce after major institutional reforms take place.