**The Great Transformation in a Local Context**

**Tourism, Crypto Mining and Oath in Upper Svaneti**

**Authors:**

**Marina Muskhelishvili,** TSU, Faculty of Social and Political Sciences, Tbilisi, professor.

Email: [marina.muskhelishvili@tsu.ge](mailto:marina.muskhelishvili@tsu.ge)

**Eveline Baumann,** CESSMA (Université Paris Cité – INALCO – IRD), Paris.

Email : [eveline.baumann@ird.fr](mailto:eveline.baumann@ird.fr)

**Gia Jorjoliani,** TSU, Faculty of Social and Political Sciences, professor.

Email: [gia.zhorzholiani@tsu.ge](mailto:gia.zhorzholiani@tsu.ge)

**Alexander Tsagareli,** TSU, Faculty of Social and Political Sciences, Ph.D. Candidate,

Email: [alexander.tsagareli300@sps.tsu.edu.ge](mailto:alexander.tsagareli300@sps.tsu.edu.ge)

**Abstract**

Upper Svaneti, taken as an example to illustrate post-Soviet transformation, is a mountainous region in Georgia where tourism is booming and crypto mining widespread. The focus will be on people’s attempts to establish their rights to local resources through collective action. These resources form a controversial constellation of private, state and collective influences and property rights. When protecting their common socio-economic interests, Svans increasingly re-activate traditional practices that have proved effective in the past, specifically taking collective oath on an icon. Drawing on the writings of Karl Polanyi, the paper interprets the local dynamics (the penetration of the market economy) as a new wave of the “great transformation”, fostering a counter-movement and thus increasing, rather than weakening, the role of traditions, preserved from pre-modern times.

**Keywords:** Crypto mining, tourism, Svaneti, Polanyi, common resource

**Introduction**

To ensure collective action, Svans may take an oath on an icon. This ancient practice, which has been perpetuated until nowadays, is currently being adapted to the context of market economy. This adaptation is dictated by the necessity of solving day-to-day problems of the local population in Upper Svaneti.[[1]](#footnote-1) An oath may strengthen the reliability of a promise and help the community avoid free-riding.[[2]](#footnote-2) The latter might occur if there is a conflict between private interests and the necessity to protect a common resource. For example, to avoid electricity grid overload, it may be necessary to reduce each household’s consumption. In cases like this, an oath, which is based on religion, acquires a highly practical, socio-economic function.

Taking oath on an icon is but one among other “traditional” practices,[[3]](#footnote-3) used in Svaneti as a socially functional institution in a modern market economy. There are other mechanisms of unwritten Svan traditional law, like mediation, that are transposed, along with oath, into new contexts and occasions to resolve modern social conflicts.[[4]](#footnote-4) Such a constellation between “then” and “now” is in dissonance with the modernisational attitude towards tradition, preached by Soviet ideology: progress and tradition are two poles; moving forward requires overcoming tradition, rejecting prejudices, breaking with the past.[[5]](#footnote-5) The dynamic at work in Svaneti suggests the opposite: the more reforms enter the region, the more the need (and not just the inclination) to use traditional institutions increases. Rapid economic changes reinforce tradition, not the other way around.

This dynamic is neither new nor unique, it is underpinned by a logic that was explored in his time by Karl Polanyi (2001). The era of neoliberal globalization, which has driven the transformation of the world during the last decades, can be considered as a new wave of the "great transformation" he described (Burawoy, 2020).

In his famous work, *The Great Transformation*, Polanyi described the spread of deregulated markets that spanned much of the nineteenth and twentieth centuries. According to Polanyi, the economy, disembedded from the social context by deregulated markets and liberal ideology, commodified labor, land and money, destroyed the social fabric and brought painful suffering to those who could not adapt to it. Market deregulation thus naturally led to counter-movements aimed at protecting society from destruction; they were based on more collectivist, rather than individualistic values. These counter-movements were diverse: starting from completely pragmatic measures to alleviate this or that specific damage, ending with the emergence of fascism and communism, which resulted in bloody wars bringing about massive destruction and misery.

By the time the book was written, in 1944, Karl Polanyi was convinced that humanity would have learned the lesson of history and realized that complete deregulation of the market was an utopia, which would produce other, opposite utopias and social catastrophes. He believed that a stable equilibrium between regulation and deregulation could be achieved in a social democracy. However, Polanyi was mistaken, the lesson was not learned. After several decades of democratic capitalism,[[6]](#footnote-6) in the 1970s, a new wave of market deregulation began. At the time of writing this article, this wave has already passed its peak, reached its marginal utility, and gave way to dangerous and aggressive counter-reactions and wars.

Certain aspects of history seem to be repeating themselves. Historical studies show the undulations of development. Long periods of slow changes are followed by fast and chaotic events, wars, revolutions and disturbances, another crossroads of history, and then everything calms down again and the flow of life continues in a new bed (Capoccia, G., & Kelemen, R. D., 2007). Therefore, it makes sense to compare the present with the historical period that had potentially a similar logic.

Unlike the first wave of the great transformation, neoliberal globalization has begun contextually in industrialized societies. Thus, it can be both similar and different from the first one. Therefore, it is appropriate to ask the question - how useful are Polanyi's visions to describe today’s reality?

Upper Svaneti was chosen to study global macro processes at the micro level. By observing the micro level, it is possible to see how macro development trends and contradictions manifest themselves in everyday life. The focus of this article is put on an event that took place in 2021, when local residents tried to solve a collective problem - over-consumption of electricity caused by crypto mining - by swearing on an icon. The paper is based on field research conducted by the authors as part of the TSU funded project *Mestia : Embedding Economy in Society*. Field research was undertaken in September 2022 by a team of researchers, master and doctoral students of the Tbilisi State University, consisting in participant observation in Upper Svaneti and 20 face-to-face interviews with members of the civil society, NGO activists, civil servants, public authority representatives, entrepreneurs, etc. These interviews have been completed in Tbilisi by meetings with high officials and representatives of the electricity distributor company.[[7]](#footnote-7)

**Upper Svaneti – a polygon of changes**

Upper Svaneti lends itself particularly well to study social changes: a rather isolated, mountainous, hard-to-reach region, with a unique culture, language, very specific traditions, historical experience of self-government, and a small population.

**Upper Svaneti**

The historical territory of Upper Svaneti is contiguous with the Russian Federation in the North. Upper Svaneti's local government is the municipality of Mestia. According to the National Statistics Office of Georgia (2022) 9,400 inhabitants were living there in 2021, against nearly 18,000 in the 1970s.[[8]](#footnote-8) The municipality comprises more than 130 villages, scattered on 3,044 km2.

Given the topography and the harsh meteorological conditions, which are hampering the maintenance of the road system, the transport system leaves much to be desired. Mestia is a seven-hour car ride away from Tbilisi (465 km). Travellers arriving at the international Kutaisi airport will take five hours to reach Mestia. Roads to remote villages are not always passable all year round. Flights to the local airport of Mestia are subject to the vagaries of the weather.

Thanks to its pristine natural and cultural landscape – peaks ranging from 3,000 to 5,000 meters, an endemic flora, spectacular tower settlements dating back to the middle-ages and since 1996 included in the UNESCO World Heritage Sites – Upper Svaneti is one of the country's hotspots of tourism. Whereas the tourism industry makes up more than 8% of the Georgian GDP, Upper Svaneti's contribution is increasing at a tremendous speed (GNTA, 2020).

As an ethnic group, Svans speak a specific, non-written language: like Georgian, it belongs to the Kartvelian language family. Whereas there are between 30,000 and 80,000 Svan speakers in the world, UNESCO considers their language as definitely endangered. Nowadays, most Svans use both the Georgian and Svan language, the latter mostly in informal situations.

Christianity and its artistic treasures play an eminent role in Svaneti’s cultural landscape. Christianization of Svaneti goes back to the middle of the first millennium. Some churches built in the 9th and 10th century still subsist. The orthodox culture was flourishing particularly during the Georgian “golden age” under Queen Tamar (end of the 12th century). In the middle ages, Upper Svaneti consisted of two parts that were different in their political organisation: *Dadeshkelianian Svaneti* in the West, which had a feudal system similar to the rest of Georgia, and *Free Svaneti* in the East, consisting of nine communities; it was self-governing and had no feudal ruler (*Batoni*). Relatively protected from external invasions by its high mountain location, Free Svaneti resisted to the Russian administration for a large part of the nineteenth century.

Electricity in Upper Svaneti is provided mostly by the Enguri hydropower dam. Built in the 1960s and 1970s, the dam’s contribution to the country’s power supply is more than 35%(ENGURHESI, 2023).

During the last hundred years, Upper Svaneti has gone through two periods of in-depth transformations. The first consisted in forced Soviet modernization, the second in post-Soviet democratization and transition to market. Sovietization was particularly hostile to the patriarcal mountain social order. Starting with prohibition and repression, ending with propaganda (against “backwardness” and “darkness”), the Soviet regime managed to modernize and integrate this region into the Soviet economy (collectivization, industry, even tourism), thus weakening, but not eradicating, traditional morals and behavior. They partly survived in informal and sometimes illegal social networks. It can be said that social traditions became hidden and even criminalized. The dominant ideology strongly condemned the suffocating collectivism of these pre-modern traditions.

In the 1990s, when the system collapsed and left no effective organization or formal institution, informal networks remained, the only social institutions that allowed for surviving in economically deprived Svaneti. The weakened state was substituted by local strongmen, the region turned into a sort of gray zone. The laissez-faire policy of this period may be partly attributed to this state weakness, which was replaced after the Rose Revolution by state interventionism, inspired by the ideas of economic liberalism: forceful establishment of order, investment in infrastructure and tourism, commodification of nature and traditional cultural landscape.

The tradition discussed in this paper is therefore not newly invented, it lasts from ancient times until now. Its role as a counter-movement and its place in relation to the state has changed: first it confronted Soviet modernization and then neoliberal globalization, sometimes outside the law, sometimes parallel to it (Janiashvili, 2012).

Today, Svans are proud of their tradition and religion, they try to preserve their cultural identity, but at the same time, they are completely involved in modern economy and politics. In this regard, the institutional arrangement of the region is not much different from other places in Georgia. However, there are a few spheres where tradition shines through. All these spheres refer to collective property and common resources.

**Private, State and Common Property**

From an economic point of view, all social transformations are related to changes in property regimes. From the very beginning, post-Soviet neoliberalism aimed at widespread privatization, including land and forests, with a very weak role of the state in terms of regulation. Even when the reforms sought to create some kind of common property,[[9]](#footnote-9) the latter was not really recognized as such because it requires a high sense of collectivity and the ability of society to demand its members to respect certain obligations. Therefore, if property regimes are roughly classified into state, private and common,[[10]](#footnote-10) in practice, the latter did not play a significant role.

In this process, several areas of a complex relationship among the state, private and common interests are significant in Upper Svaneti. They primarily concern natural resources and the cultural landscape. During Soviet times, state-owned natural resources were perceived as open access resources. In other words, anyone who wished, considered himself authorized to use them. Nowadays, given the weakening of the punitive potential of the state, this attitude leads to their exhaustion. In other cases, the protection of natural recourses is partly due to state intervention. For example, deforestation, which created a risk of landslides, was limited by banning forest cuts. In other cases, mixed results were due to the successful or unsuccessful use of traditional social institutions.

The collectivization of agrarian land during the Soviet era did not completely do away with the historical memory as regards the ownership of pastures and hayfields. Formally non-existent, private ownership of land remained relevant in memory, and even in practice. Regardless of the fact that agricultural land became the first object of privatization, as early as in 1992, locals did not get back what they had owned before. After the Rose Revolution, the interventionist construction of tourism infrastructure on historically private land which was formally state property, created conflicts and confrontation between the state and society (Problems related to the Protection of Property Rights - The case of Mestia, 2011). These conflicts were resolved politically: the Georgian Dream government allowed the population to register the plots according to their historical affiliation. Obviously, this process could not go without tensions. According to the locals, in many cases, mediation is used to resolve conflicts related to property rights. The instinct of private ownership has completely dominated the logic of collectivity here - according to the locals, even those lands, which historically represented pastures of common use, have been privatised.

Upper Svaneti’s attractivity for tourists is primarily due to the unique cultural landscape - Svan towers and houses, *Machubi*. Private economic needs are here in stark contrast with efforts directed towards the preservation of this unique architectural landscape. In Mestia, a newly built house has white walls and a flashy blue roof, some other houses are covered with modern materials of various colors. Local authorities and activists are trying to stop this trend, but their efforts are not sufficient.

In many cases, claiming collective property rights on a resource calls for collective action. In such cases, the oath helps to consolidate the population.

During the Soviet era, there was a gold mine in Svaneti, which was closed due to unprofitability, although locals still extract a small amount of gold using artisanal methods. The government has issued a new gold mining license to a Chinese firm.[[11]](#footnote-11) The local population (village Ieli) initially agreed, since the investors promised employment to the locals (EMC, 2017). But when this promise was not fulfilled, they realized that this project would bring them no benefits, but only ecological damage. A protest started, in which the whole valley was involved, local non-governmental organizations played an active role in organizing the protest.[[12]](#footnote-12) Taking oath on the icon was used to assert their unity against the investor and the state; about 500 locals took an oath that they would not allow industrial gold mining which might damage the environment (მთის ამბები, 2019). By that time the protest succeeded.

As regards the construction of large hydroelectric power stations, it was already contested as early as in Soviet times. This environmental movement gained wide influence and became the reason for the suspension /conservation of some huge projects. However, given the country's growing electricity shortage, the government has taken up old projects again, this time attracting foreign investors. This caused protest, with the participation of the population of different mountainous regions of Georgia and eco-activists coming from Tbilisi.[[13]](#footnote-13) One of these movements concerned the construction of the Khudoni dam in Svaneti. In 2013, residents from Khaishi village swore that they would not allow their church, graves and community to be flooded (Antadze & Gujaraidze, 2021; ნახუცრიშვილი, 2019), which made a contrast compared to Soviet times, when taking oath did not apply to ecological/political issues (EMC, 2017). The protest in Khaishi gave impetus to a larger gathering – *Lalkhori* – in 2018. *Lalkhori* is a representative assembly of Svaneti communities, which, according to some reports, has not met since 1948 (Radiotavisupleba, 2022). The spirit of this meeting represented a mixture of ecological ideas and the claim that the protection, ownership and disposal of local resources is a prerogative of the local population. In this case, pragmatic aspirations, an ideological statement and a written document went hand in hand (Netgazeti, 2021). The mixture of conservative and ecological ideas, presented in the document, was the result of the fact that local non-governmental organizations played a leading role in organizing the protest. The participants swore that they would not allow the construction of not only large, but also small and medium hydropower plants in the region. However, the municipality of Mestia is suggesting another solution: a 5% share of small and medium HPPs to belong to the municipality. Currently, the municipality's budget receives only land use property tax from these hydropower plants.

There are reports of taking oath in other cases, too. For example, to protect the endemic species of trout from extinction, the locals took an oath, promising to stop fishing these species for three years. In other words, oaths and other traditional institutions are regularly used to consolidate society in the face of economic and state pressure. This should be considered a relatively new phenomenon, as a result of post-Soviet liberalization.

However, only part of the social practices remain, and not the whole system, which drastically reduces their efficiency. What is missing is the punishment, the ability to apply sanctions to free-riders. Nowadays, society cannot punish breaking oaths and other forms of misbehavior: fear of God's wrath alone is not enough to maintain social norms. Although religion and belief in God become politically functional (and have become much stronger compared to Soviet times), the oath is not reinforced by any organizational structure. The church keeps away from this social practice, being a bit suspicious about it. The only function the priest has as regards swearing, is to open the church and bring out the icon on which the members of the conflict will take oath. As regards the non-governmental organizations which have emerged after the collapse of the Soviet Union and where women and youth are largely represented, their role is fairly limited, too. Although they are significant actors when it comes to protests and criticism against the central government, they somehow mostly act on the periphery of society, joining mass movements rather than organizing them.

Using crypto mining as an example, there is evidence that the tradition-based attempt to protect another common resource – the electricity distribution system – has not brought about tangible results.

**Electricity and crypto mining**

Electricity in Mestia municipality has been supplied to households for free since the 1990s, due to specific political conditions.[[14]](#footnote-14) This is the reason why it is perceived as an open access resource. Even when the distribution system was privatized in 2006,[[15]](#footnote-15) this attitude did not change. Despite many attempts to make people pay for electricity – for example, by installing meters in Mestia – the population strongly resisted. Considering electricity as a common resource, started mostly with the rise of crypto mining, which has led to over-consumption and, as a result, to overloading of the distribution network.

Indeed, due to the free supply of electricity, the region has become an attractive location for crypto mining. At the beginning, Tbilisi residents suggested to the locals to place their devices in their houses, or even to hide entire farms somewhere in the forest. Later, the locals also followed this trend. Along with the booming tourism industry, electricity consumption grew dramatically, and this growth has been increasing year by year, especially since 2019.[[16]](#footnote-16) Since the distribution company, Energo-Pro, had no economic incentive to invest in the local distribution network, the grid (transformers, feeders and Soviet-era wires) was no longer able to withstand the load. At this stage, power outages were perceived as a problem, which led to collective protest against the government and Energo-Pro. The miners were blamed, it was implied that the big miners have privileged links with the authorities, so the root of the problem was supposed to be corruption. Collective action consisted in protests, such as blocking roads. There was even a case, when the locals found a mining farm hidden in the forest and destroyed the equipment.

However, as soon as a large part of the population has one or more devices at home (according to some estimates, every second household in Mestia), which help to pay off bank credits and receive a basic income, the overall perception is evolving: without limiting the individual households’ consumption, the free use of electricity cannot be maintained. Introducing such a limitation calls for cooperation, which requires appropriate social institutions.

To a certain extent, mining is a semi-legal activity. As long as the miner pays for the electricity, mining is not prohibited. If he does not pay and if the police find his equipment, they may confiscate it and make the miner compensate the distribution company for the losses (ვიხსნით პასუხისმგებლობას - „ენერგო პრო“, 2021). This measure is legally controversial, so the machines are still returned to the owner.[[17]](#footnote-17) Due to the semi-legal nature of mining, certain omerta rules are tangible in society: locals are willing to talk about mining in general, but they would not reveal to strangers the names of the individuals, and even less to the police or authorities. Not snitching on each other is the first and foremost social practice which helps strengthen ties among people. Nevertheless, despite its widespread use, mining is often referred to in a negative way. According to some sources, it is perceived as a waste of electricity that does not produce any good or benefit and is used only selfishly (რეხვიაშვილი თ. , 2022).

However, there is a big difference between negative solidarity against the government and the collective responsibility required for reducing electricity consumption. The former is well compatible with the laissez-faire spirit of the post-Soviet situation and the dominant individualistic economic strategies. The second requires punitive measures against free-riders, which society is almost lacking.

This dichotomy echoes well the theoretical considerations set out by Polanyi, who made a clear distinction between the laissez-faire approach and market liberalism. The first implies non-interference of the state in the economy, whereas the second necessitates state interventionism aimed at establishing market institutions. There is nothing natural about deregulated market institutions – they do not emerge by themselves, but are deliberately created by the state. The example of Svaneti illustrates well the difference between these two approaches and their alternation in the region. After the stagnation in the 1990s, the state returned to the region in an interventionist and often violent way, facilitating new economic activities. The new tourism infrastructure, governance, investments, and spatial planning were completely detached from the social context, ignoring the existing informal property relations and cultural traditions. The most obvious example of this is the central square of Mestia. A large part of this square was privatized to developers, who constructed buildings on it in 2011–2012, thus drastically reducing the place for traditional gatherings. Until now, the locals are deeply frustrated with this evolution (გზა, 2021).

From 2012 on, under the pressure of the population and as a result of political change, market liberalism gave way to a less interventionist and more democratic approach to changes. The population regained some control over their environment in the broad sense, mainly through the privatization of plots and by means of the above-mentioned collective protest actions. To a certain extent the state withdrew, which had also negative consequences on the speed of development: as a result of land privatization, it became more difficult to attract investment necessary for tourist infrastructure.

In this transformation, the population’s ability to cooperate for collective goods played its role. So, in line with the Polanyian analyses, in contrast to the policy of top-down market deregulation, the laissez-faire mode of development includes both individualistic and collective actions and interests. And collective interests imply embedding the economy in society, its contextualization in informal institutions (i.e. informal property rights in this case).

It took time before the locals engaged into tourist industry, but finally they did it. The fact that the local population, largely attached to their land, entered into market relations without much objection, echoes the previous historical experience described by Polanyi. According to the latter, in the process of market transformation, proletarians and peasants reacted differently. Unlike the proletarians, the peasants and farmers were more likely to compromise on the market system in exchange for protectionist measures on land and agrarian tariffs. Insofar, free electricity may be considered as a modern equivalent of such protectionism.

Agriculture, which supports a large part of the population of Svaneti, is mainly non-market self-subsistence farming. The development of tourism concerns first of all Mestia, and to a lesser extent the villages. In Mestia, which consists of 800 households, 400 guesthouses are registered. This massive involvement in the tourism industry is due to the availability of loans.[[18]](#footnote-18) Credits are also taken out to purchase mining equipment. During the Covid period, when the tourist season failed, the population turned to agriculture, but this was only a temporary phenomenon. Young people are no longer attracted to physical work on the land. Therefore, tourism and crypto mining are substantial sources of income, but their profitability depends on free electricity.

Electricity thus is at the crossroads of diverse interests. Free electricity supply is the social minimum providing the locals with opportunities in a new economic context. Land, electricity and bank credits are the resources on which the locals build their well-being. But the conjunction of these resources is a rather fragile basis for long-term development. Paying back loans requires an increase in electricity consumption, but this increase causes blackouts, overloads the distribution system, and is detrimental to both – hotel/guesthouse owners and crypto miners (who are frequently the same persons).

In December 2021, the blackout lasted for a particularly long time, as a result of a major technical failure. The ski lift stopped, hotels were emptying, tourists were cancelling hotel reservations, houses were cold due to strong frosts (ელექტროენერგია გრაფიკით, 2021). Against this background, at the initiative of the hotel owners and with the wide mobilization of the population, another protest action started in Mestia. For the authorities, focusing on crypto miners and turning the problem back to society became a way to avoid responsibility (IPN, 2021).

Since this time it was clear to the population that they could not achieve their goal either by putting pressure on the government or by complaining to the distribution company; they had to solve the mining problem themselves. In order to avoid internal confrontation, the society resorted to a compromise. On December 30, inhabitants of Mestia and neighboring villages gathered in the Church of St. George in Mestia and took oath: from the night of December 31 on, anyone who owned mining equipment had to turn it off.

The electricity supply was soon restored and the blackout ended, but it seems that this cannot be explained by the strength of the oath and the cohesion between the inhabitants. According to Energo-Pro, the electricity supply resumed as a result of the repair work carried out on the high voltage transmission lines, whereas the electricity consumption did not decrease at the scheduled time (მაღალი ძაბვის ხაზები აღდგენილია, 2021). On the contrary, in January 2022 it increased. The presumed ineffectiveness of the oath gave way to frustration among the locals. Some believed that those who had attended the gathering kept their word, while others, who did not attend, continued mining. Others believed that Energo-Pro was hiding the real figures.

In 2023, the construction of new hydroelectric power plants and bringing in investors for gold mining are still on the agenda of the central government. Meanwhile, the electricity supply in the region is in fact subsidized – Energo-Pro covers its shortfall at the expense of the income received in other parts of Georgia. This is possible because Upper Svaneti is a small region and its total consumption is relatively insignificant. But consumption continues to grow and the distribution network is running at capacity limits.[[19]](#footnote-19) Disbursement of credits, development of tourism and supply of free electricity are three mutually exclusive goals.

The long-term development of the region, especially given the global climate change,[[20]](#footnote-20) depends on the ability of the state to correctly predict and regulate the use of resources. Otherwise, the local economy may collapse and heavily harm the local population. As to the role of the state, the described economic impasse may be explained in terms of a conflict between democracy and market economy at the national level of policy formation. Economic growth of Mestia could continue through semi-authoritarian market interventionism - by imposing a fee for electricity, strict tax collection and handing over to investors local land, water, and gold. However, at the same time, the government is interested in the loyalty of the voters, in weakening the collective protest movement, and ultimately in maintaining its power. The impossibility of simultaneously achieving these conflicting goals pushes politics towards populism and polarization – the ideological party pluralism that characterized post-World War II democratic capitalism is replaced by empty slogans and deep distrust between the people and the political establishment.

The crisis caused by over-consumption of electricity perfectly illustrates the rationale behind the shift from democracy to populism. Having historically seen many blood feuds, Svans avoid conflicts and blaming each other for electricity-related problems.[[21]](#footnote-21) Instead, as a rule, they try to unite against external forces: in this case, Energo-Pro and the government. On the other hand, the laissez-faire state is diverting attention by blaming crypto miners, manipulating, rather than solving the problem.

**Is Mestia a bubble or a successful project?**

The development of tourism in Svaneti started as a project initiated by the state. By attracting large investments, Mestia was to be transformed into a ski resort with a beautiful landscape and cultural exotics. The local population was seen as a beneficiary of this – mainly through improved infrastructure and jobs to be created in the service sector.

However, the attitudes and actions of the population gradually revealed their will of not becoming the objects, but the subjects of this project. In their eyes, local resources belong to the local Svans and should be at their disposal. This attitude somewhat limited and slowed down external investment, increasing at the same time the population's control over its environment. The balance of power is still in the hands of the state and powerful economic actors, but in many cases there is a deadlock: the state does not venture to confront the population too sharply. What is more, without the intervention of the state, the population alone cannot solve the existing problems. The aspiration of the state to fully engage the region into the global market economy is hindered by the aspiration of the locals not to give up the environment for the benefit of others.

Karl Polanyi clearly shows that collectivist, including conservative, policies, aimed at market regulation were the result and not the precondition, of increasingly deregulated markets. Using a historical research method, which today institutionalists call process tracing, he establishes a sequence of events: first, market reforms, dictated by liberal ideas and theories, and then protectionist measures, which aim at pragmatically correcting the negative consequences that have already occurred.[[22]](#footnote-22) Accordingly, the above-mentioned linear logic is subverted: the new is established by the destruction of the old. Polanyi says on the contrary: under the pressure of the new, a politically active "old" will emerge, which in fact did not exist before.

Alongside and in the wake of market reforms, the rise of religiosity and the return to traditional methods of conflict resolution do not constitute a sort of a transitory archaism, but a counter-movement that helps Svans to subjugate the market rather than submit to it. However, this counter-movement is insufficient to prevent the increasing commodification of culture, labor and land. Put in another way, in the absence of a responsible public policy, the situation in Upper Svaneti risks getting out of control.

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1. Upper Svaneti – “Zemo Svaneti”, Mestia municipality, Georgia. [↑](#footnote-ref-1)
2. More detailed discussion regarding the conflict between individual rationality and collective goods, achieved by the collective action, see Olson M. (1971). [↑](#footnote-ref-2)
3. The paper interprets the term “tradition” as it is used in Georgian discourse – meaning those norms and practices that precede the russification and modernization of the last two centuries and associated with the so-called Georgian identity. [↑](#footnote-ref-3)
4. Mediation is a method of conflict resolution, involving an impartial third side and an elaborate system of rules, including, if necessary, oath. See გაბლიანი ე. (1927). See also Voell, St. (2013); (Voell, S., Jalabadze, N., Janiashvili, L., & Kamm, E., 2014), for more details regarding oath, its varieties and its importance in a current context. [↑](#footnote-ref-4)
5. The view that “the development of modern societies is accompanied by the irreversible decline of tradition” was an integral part of many modernization theories (Thompson, 1995, p.179). [↑](#footnote-ref-5)
6. Term coined by Wolfgang Streeck (2011). [↑](#footnote-ref-6)
7. The authors express gratitude to the interviewees met in Mestia and Tbilisi, but are responsible of any misinterpretation of their sayings. [↑](#footnote-ref-7)
8. http://pop-stat.mashke.org/ [↑](#footnote-ref-8)
9. The formation of self-government is particularly noteworthy. Several legislative reforms aimed at local reforms and independence of self-government. Municipalities have got formal independence but natural resources still belong to the state. The system functions in a fairly centralized manner, with low local population involvement and responsibility for solving common problems. [↑](#footnote-ref-9)
10. For a more sophisticated analysis of ownership regimes, see Schlager, E. & Ostrom, E., (1992). [↑](#footnote-ref-10)
11. The mining licence was issued in 2005 to Optical Systems Inc, active work started in 2016; protests continued untill 2019 (REGinfo, 2019). [↑](#footnote-ref-11)
12. Local non-governmental organizations played an active role in organizing the protest. [↑](#footnote-ref-12)
13. The most recent protest (2021) stopped the construction of Namakhvani Hydro Power Plant in Racha (რეხვიაშვილი ლ. , 2022). [↑](#footnote-ref-13)
14. As a result of the territorial conflict of the 1990s and subsequent compromise peace negotiations, part of the electricity produced by the Enguri HPP is supplied free of charge to both Upper Svaneti and Abkhazia. The use of electricity for commercial purposes is chargeable, albeit at a low rate. In Abkhazia, as well as in Svaneti, due to crypto mining, electricity consumption has increased dramatically in recent years (Radiotavisupleba, 2022). [↑](#footnote-ref-14)
15. The Czech company *Energo-Pro Group* entered the market in 2006. In the regions, *Energo-Pro Georgia* is Georgia’s largest owner of the electricity distribution network. [↑](#footnote-ref-15)
16. Total electricity consumption of Upper Svaneti in 2017 - 59,311.54 kWh; in 2022 - 121,739,191 kWh (გამორთეთ მაინერები, 2023). [↑](#footnote-ref-16)
17. Confiscated equipment: people can get it back if they pay for the losses created to Energo-Pro. [↑](#footnote-ref-17)
18. The National Bank of Georgia provides data for the whole region of Samegrelo-Upper Svaneti: in real terms, lending volumes have tripled since the last three to four years; half the volume of loans is for hotels and restaurants; three loans out of ten have maturities of 10 years and more (2022). [↑](#footnote-ref-18)
19. According to Energo-Pro, in 2022, transformers in Georgia used up to 25% of their capacity, in Mestia it was 100%. The mean consumption per capita was 120 kWh in Georgia, in Mestia 20 times more. [↑](#footnote-ref-19)
20. A possible future challenge for Svaneti is the melting of glaciers caused by climate change. However, the problem of excessive water consumption is already felt in Mestia. The old pool, which serves for water supply to Mestia, is too small to ensure the increased water consumption. [↑](#footnote-ref-20)
21. Such conflicts do not only arise between individuals, but also between villages, for instance when a village closer to the source of electricity literally blocks the access to a distant village. This is generally characteristic for over-consumption of common resources. [↑](#footnote-ref-21)
22. Here the focus is put only on right-wing counter-movements and leaves out left-wing trends, such as trade unions, since they are less relevant to the case under study. [↑](#footnote-ref-22)