Getting Georgia Right
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# Georgian Dream: Ivanishvili’s coalition

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Executive summary

Since the collapse of the Soviet Union, Georgia has stood out as one of the most embattled but also perhaps the most pro-Western country in Europe’s eastern borderlands. Georgia was the first post-Soviet state to experience a ‘colour revolution’, in 2003, bringing a group of young, Western-educated leaders led by Mikheil Saakashvili to power. And when Russia invaded Georgia in 2008, it was also the scene of the first war in Europe in a decade. In 2012, Georgia experienced another breakthrough: its first democratic transfer of power since independence. In 2013, Georgia successfully concluded negotiations for an Association Agreement with the EU, which it was scheduled to initial at the Vilnius Summit of the Eastern Partnership in November.

But Georgia’s place in Europe is also the subject of controversy. To some, Georgia and the South Caucasus are simply not ‘Europe’. Many question the importance of this unstable and conflict-ridden region for Europe. And even among those who acknowledge its importance, suspicion for Georgia’s leaders has been prominent. President Saakashvili’s bold reforms won him many supporters, but his perceived rashness and impatience led many European leaders to question the wisdom of closer association with European institutions, even before the 2008 war. Similarly, his successor, billionaire Prime Minister Bidzina Ivanishvili, has generated controversy by widely perceived instances of selective justice and a haughty tone towards opponents at home and abroad.

With the departure of both of these strongmen from the highest positions in the Georgian state, it becomes crucial to correctly assess the importance of Georgia for the EU, and the challenges that Georgia faces. Georgia matters for Europe in several ways,
primarily because of its strategic importance, as well as its European identity and pluralistic character.

One of the great changes in world politics in the past two decades has been the opening up of the heart of the Eurasian continent. Previously confined in the Soviet Union, the stretch of land from Ukraine to China’s western borders has now become accessible to the West, with important implications for cooperation in areas ranging from energy and trade to countering diverse security threats. In less than two decades, Caspian oil and gas resources have become available to European markets; the Caucasus and Central Asia have become key transit areas for the NATO operation in Afghanistan; and, gradually, a New Silk Road of trade connecting Europe with South and East Asia is beginning to form through these regions. Georgia is the western keystone of this east–west corridor, the bottleneck for Western access to Central Asia and beyond. But its internal instability and unresolved conflicts also make it among the most vulnerable states along the corridor. This is exactly why those forces that seek to prevent Western influence from reaching into Eurasia, led by Russian President Vladimir Putin, have relentlessly singled out Georgia for pressure.

Georgia is also unquestionably the most open polity of the South Caucasus, and its political development will be a bellwether for the prospects of democratic development across Eurasia. Should Georgia’s democratic progress be reversed, the very feasibility of democratic governance in post-Soviet countries as a whole would be called into question. Should it continue to progress towards European norms, the viability of the model of state–society relations that Vladimir Putin euphemistically terms ‘sovereign democracy’ would instead be challenged.
In this light, the decade since Georgia’s Rose Revolution must be viewed in its context. On the one hand, Georgia has transformed from a failed state to a functioning one; Saakashvili and his associates succeeded in fighting crime and corruption, reforming the very way in which the state bureaucracy interacts with the citizenry. Saakashvili’s government helped modernise Georgia’s conception of itself, promoting an inclusive and civic definition of the nation, and moved Georgia irrevocably towards integration with Euro-Atlantic institutions. At the same time, the shortcomings of the past decade were equally apparent. The economic model promoted generated growth but not jobs; more importantly, the revolutionaries of 2003 failed to transition into a more bureaucratic decision-making model, and did not do away with a dominant-party political system. And as is now well known, the government often failed to find the right balance between ends and means, often allowing the former to justify the latter.

Georgia is often accused of having mishandled its relationship with Russia, thereby being ‘goaded’ into an unnecessary war. Yet evidence suggests that the problem was much deeper and that the relationship turned sour not when Saakashvili came to power in Georgia, but when Putin came to power in Russia and proceeded to systematically work to undermine the sovereignty and statehood of Georgia. Georgian leaders did not always handle this challenge in the best way, but in 2008 a combination of forces largely out of Georgia’s control, beginning with the recognition of Kosovo’s independence, combined to lead to a preplanned Russian invasion that the West failed to see coming, in spite of clear signs that it was imminent.
When Saakashvili’s party lost the October 2012 parliamentary elections, it was replaced by an eclectic coalition led by a previously reclusive billionaire, Bidzina Ivanishvili. In the year that passed before Ivanishvili, too, announced his imminent resignation, Georgia went through an acrimonious process of ‘cohabitation’ as certain power centres remained under the control of President Saakashvili. This year was marked by intense political confrontation and an assertive effort by the new authorities to bring former high officials to justice—a process that has rightly been criticised as applying selective justice. But with the departure of both Saakashvili and Ivanishvili from the centre of political power, Georgia yet again faces a novel situation: a political vacuum, in which new leaders and forces will necessarily emerge.

This is occurring at a time when Russia’s opposition to NATO enlargement is being compounded by its frontal attack on the EU’s Eastern Partnership: in September 2013, Moscow managed to force Armenia to jettison its Association Agreement with the EU for an economically detrimental Customs Union with Russia. Similarly, Moscow brought unprecedented pressure on Ukraine and Moldova to follow suit. Thus, to its chagrin, the new Georgian government found that its stated ambition to improve relations with Russia while continuing to proceed on Euro-Atlantic integration was not workable.

In this situation, European support for Georgia’s fledgling leadership is more important than ever. Georgia stands at an inflection point in its domestic development, with its prospects marked by considerable uncertainty. With comparatively limited levels of political attention and at negligible political risk, the EU can make the difference, ensuring a Georgia that continues on
its path of European integration and democracy-building, and that does not drift into political instability. Georgia’s fate will also determine that of the east–west corridor. This transatlantic policy priority spanning the past 20 years currently has few champions. The current American administration is not interested in investing in it, and the Turkish government is too erratic and focused on the sectarian drift in the Middle East to play a leading role in developing it. Meanwhile, Moscow is doubling down on its efforts at coercive integration of the post-Soviet space, with the explicit purpose of undermining the east–west corridor.

Against this background, this study makes the following recommendations:

• First, the EU should speed up the ratification process after the Vilnius Summit in November 2013 and expand the team of advisors to Georgian institutions supporting the implementation of the Association Agreement and Deep and Comprehensive Free Trade Agreement.

• Second, the EU should continue to send clear political messages to the Georgian leadership that discourage the politicisation of justice and encourage forward-looking policies.

• Third, the EU should sustain the policy of non-recognition of Abkhazia and South Ossetia, and continue to raise the ending of the occupation of these territories in interactions with Russian officials, while maintaining the position that Russia is a party to the conflict with Georgia, as long as it occupies Georgian territory.

• Fourth, the EU should engage and work to empower the incoming president, the new prime minister, and the major pro-Western forces in Georgian politics following the October 2013 elections.
Keywords  Georgia – South Caucasus – Russia – Eastern Partnership – Caspian region – Democracy – Elections
Introduction

In October 2012 Georgia experienced its first democratic transfer of power since independence. Following a heated and acrimonious campaign, President Mikheil Saakashvili immediately accepted defeat in parliamentary elections to the Georgian Dream–Democratic Georgia (K’art’uli ots’neba–demokratiuli Sak’art’velo, GD) coalition led by billionaire Bidzina Ivanishvili, who had entered politics just a year earlier. While power shifted in the parliament, President Saakashvili would remain in power until the presidential elections scheduled for October 2013. This forced an uneasy cohabitation between Saakashvili and his main rival, an entirely new reality in a region used to winner-takes-all politics. Cohabitation has indeed been acrimonious, complicated by the polar opposite depictions of reality that the two political forces present. Saakashvili and his United National Movement (Ertiani Natsionaluri Modzraoba, UNM) built their campaign on depicting Ivanishvili as a Russian stooge, intent on destroying the legacy of the Rose Revolution of 2003 and dragging Georgia back to being an authoritarian Russian satrapy. The Georgian Dream, by contrast, labelled Saakashvili a dangerous autocrat effecting a reign of terror over Georgia. Following such hyperbole, cooperation was a tall order.

Since Ivanishvili’s coming to power, his government has tried to focus attention on his efforts to provide a freer business climate and to revive the economy, as well as taking steps towards judicial reform. Yet Georgian politics has instead been overshadowed by the new government’s deployment of the judiciary against several of Saakashvili’s top allies. Thus, by the chief prosecutor’s own tally, over 6,000 former officeholders were on a list for questioning; two dozen former ministers, deputy ministers and other high officials have been detained, and many others have been targeted by prosecutors’ investigations. While
Ivanishvili and his coalition cite pressure from the public for justice, the integrity of the judicial process has been questioned not only by the UNM but also by Georgia’s western partners, who have increasingly come to view the proceedings as selective justice. While Ivanishvili’s supporters contend that such a perspective is unfair and the result of a campaign of disinformation run by the UNM’s effective PR machine, the question among European policy circles remains whether Georgia will go down the same route as Ukraine, something that would inevitably lead to a curtailing of the country’s ambitions of further integration with Europe. As Ivanishvili has announced his intention to resign before the end of 2013, fears have also mounted of a dangerous power vacuum in the country.

The implications of Georgia’s development go far beyond this small country. Symbolically, Georgia’s future will be interpreted as a verdict on the feasibility of democratic reforms across the post-Soviet space. Given the stagnation or backtracking of political reforms in Armenia, Azerbaijan and Ukraine, only Georgia and Moldova hold some hope for the furthering of democracy in the countries of the EU’s Eastern Partnership. Should Georgia falter, the entire project of the Eastern Partnership may have to be reassessed. Strategically, Georgia’s importance is even more pronounced: it is the bottleneck of the east–west corridor linking Europe with the Caspian Sea, and Central Asia and beyond. This is the main reason for Russia’s relentless pressure on Georgia in the past two decades. Georgia’s continued western policy course in spite of all Russian entreaties—including an outright invasion—has elevated the country to a symbol of resistance. Should Georgia fail, and Europe stand idly by while it does so, such an event would resonate far beyond the mountains of the South Caucasus.

It is therefore of utmost importance that European policymakers influence the political process in Georgia positively. Given Georgia’s dependence on the West, Europe has considerable
leverage, but European officials must understand the developments in Georgia correctly. Europe’s actions will matter: given the overwhelming consensus in Georgian society for Euro-Atlantic integration, the messages and actions of European leaders will go a long way to determine the parameters of Georgia’s future development. This is all the more important given the declining American interest in the region. With America preoccupied by other matters, it is up to Europe to defend both its interests and its values in the South Caucasus.

**Why Georgia matters**

Georgia matters to Europe because of both its geography and its identity; in other words, it is important both from a strategic perspective and on the basis of its democratic prospects.

**Strategic perspective**

One of the West’s key strategic achievements in the past two decades has been the construction of an east–west corridor linking Europe and Turkey, on the western end, through the South Caucasus and Caspian Sea to Central Asia and Afghanistan, and beyond to South and East Asia. The potential of this corridor remains to be fulfilled. Yet even now, its accomplishments in the fields of energy, security and trade are noteworthy.

The most well known is the energy aspect, bringing Caspian oil and natural gas to Europe. Since the 2005 opening of the Baku–Tbilisi–Ceyhan oil pipeline, Azerbaijani oil resources have been firmly connected to European markets. Meanwhile, West Caspian
natural gas resources are in the process of being linked to Europe through the South Caucasus pipeline, connecting Azerbaijan through Georgia to Turkey since 2006, and by 2018 the Trans-Anatolian pipeline to the EU border is scheduled to be completed. This will play an important role in Europe’s energy diversification. Once this infrastructure is firmly in place, the likelihood of the East Caspian’s even more significant oil and gas resources reaching Europe will grow exponentially.

A less publicised element is the military and security aspect, namely, the corridor across Georgia and Azerbaijan into Central Asia, which became absolutely crucial for NATO’s engagement in Afghanistan from 2001 onward. As NATO could not freely use either Iranian or Russian airspace, the South Caucasus provided the only viable air corridor connecting NATO territory to Afghanistan. Furthermore, the South Caucasus corridor forms a key part of the Northern Distribution Network, carrying over a third of the logistics destined for Afghanistan. The operation in Afghanistan may be winding down, but this is indicative of the long-term importance of a corridor into the heart of Eurasia.

Perhaps the least known element of the corridor is trade: dubbed the ‘New Silk Road’, it focuses on the revival of the ancient land trade routes connecting Europe and Asia. While slow in the making, this process is happening, driven primarily by private interests. While much remains to be done in terms of infrastructure and the coordination of border regimes, a land bridge between Western European and East Asian markets will offer an alternative to air and sea transport lanes, cutting the transit time for container traffic by more than half compared to sea shipping.

Of course, this potential stands in stark contrast to the unresolved conflicts of the region. Aside from those involving Georgia, perhaps the most volatile regional issue is the Armenian-Azerbaijani conflict over Nagorno-Karabakh, which has been in deadlock since a cease-fire was signed nearly 20 years ago in May 1994. As Azerbaijan’s economy has grown rapidly, so has its
military spending, meaning the conflict is far from frozen—a term that better characterises the international efforts to resolve it.

A quick glance at a map suggests Georgia’s importance: it is the western keystone of the corridor, the bottleneck for western access to the Caspian and beyond. Aside from being part of the land bridge to Turkey, Georgia’s ports provide an outlet to the sea for the region. But Georgia’s internal instability and unresolved territorial conflicts simultaneously make it the weakest link in the corridor’s chain. Precisely for that reason, the forces opposed to the flowering of an east–west corridor into Eurasia, led by Russia, have relentlessly singled out Georgia. Simply put, if one wants to isolate the West from the Caspian Sea and beyond, the most cost-effective way to do so is not by pressuring the relatively stable Azerbaijan; targeting Georgia, which is much smaller, weaker and more diverse, fulfils the same objective.

This, indeed, was the rationale for Russia’s invasion of Georgia in 2008, which the Russian leadership had planned for several years with the purpose of stopping NATO expansion. This is not only the conclusion of most research conducted on the conflict: Russian President Dmitry Medvedev observed in November 2011 that by going to war with Georgia, Russia ‘prevented NATO expansion’; and in August 2012 his successor, Vladimir Putin, acknowledged that the war had been planned since 2006, and that Russia had ‘trained South Ossetian militias’ prior to the conflict.¹ And while Russia’s invasion should have reminded Western leaders of the importance of the South Caucasus, it in fact led them to decrease their strategic engagement there—something Russia interpreted as a tacit acknowledgement of its sphere of influence.²

² M. Aleksandrov, ‘Ssha I Rossiya Razgranichat’ [Spheres of Influence], Rus’ka Pravda, 19 January 2013.
Democratic prospects

Of course, Georgia matters not only in terms of strategy. Even before 2003, it was unquestionably the most open polity of the South Caucasus. Partly due to President Eduard Shevardnadze’s liberal inclinations, and partly due to his government’s inability to exercise repression, Georgia never consolidated the ‘vertical of power’—the term Vladimir Putin coined to describe the central control over the state—that the governments in both Armenia and Azerbaijan did. While providing Georgia with an open political climate, the downside was uncontrolled corruption and the state’s abdication of the most basic public services. Since the 2003 Rose Revolution, however, a remarkable series of reforms has provided the country with a functioning state. At times, as will be seen below, that state overreached; but it doubled down on Georgia’s commitment to European integration. The Rose Revolution formed the inspiration for the Ukrainian Orange Revolution the following year. In so doing, it captured the imagination of common people, instilled fear in authoritarian leaders and provided hope for Western audiences. Given the fate of the Orange Revolution in Ukraine, not to speak of the misnamed ‘Tulip Revolution’ in Kyrgyzstan, Georgia is left as the only ‘colour revolution’ to have had a lasting, and overall positive, impact. Should Georgia’s progress be reversed instead of consolidated, the very feasibility of democratic development in post-Soviet countries will again be questioned. Such a development would vindicate the model of state–society relations endorsed by Vladimir Putin—euphemistically termed sovereign democracy—in the absence of a viable alternative.

Georgia’s evolution has important implications also for the EU’s Eastern Partnership. This programme offers the EU’s eastern neighbours closer integration through Deep and Comprehensive Free Trade Agreements (DCFTAs), Visa Facilitation Agreements, and other measures, but it is predicated on a willingness to reform internally to adopt key elements of the EU *acquis communautaire*. While the Eastern Partnership is a long-term process, and no one
has illusions that all Eastern Partnership countries will become full-fledged democracies in the short term, Ukraine’s backtracking in recent years poses a serious problem, affecting the region’s most populous and important country, and leaving only Moldova and Georgia on a track of substantive European integration. While Russian pressure on Ukraine has had the unintended effect of seeing President Yanukovich also doubling down on European integration, the deepening of democratic reforms in Georgia is of key importance for the sustainability of the Eastern Partnership in its current form.

The legacy of the Rose Revolution

Controversy surrounds the legacy of the decade since Georgia’s Rose Revolution, and especially its leader, Mikheil Saakashvili. Even as objections were initially raised as to the questionable legality of the transfer of power that brought Saakashvili into office, he has subsequently become a highly polarising political figure at home and abroad. Loved by many initially, he has gradually alienated important segments of Georgia’s elite and population, while maintaining a devoted following. Abroad, some see him as a visionary and courageous leader willing to battle entrenched interests and stand up to Russian imperialism; others view him as a dangerous and unstable leader trying to concentrate power and disregarding due process, and who led Georgia to defeat in war.

Precursor to revolution

By 2003, Eduard Shevardnadze’s government had crumbled. It had initially succeeded in stabilising Georgia following the
debilitating wars of the early 1990s, but it never moved beyond that. The conditions for success were, it should be said, poor. Two separatist wars and two brief civil wars had devastated the country and denied it the most basic attribute of statehood: sovereignty. Russian elites had been deeply involved in all of Georgia’s internal conflicts, seeking to undermine Georgia’s striving for independence from Russia and alignment with the West. Under the threat of Georgia’s disintegration, Shevardnadze was humiliated into acceding to the Russian-led Commonwealth of Independent States and accepting four Russian military bases on Georgia’s territory, as well as the stationing of Russian border guards on the country’s border with Turkey. Moscow established informal oversight over Georgia’s ministries of interior, defence and state security. Thus, for many practical purposes, Georgia was reduced to a protectorate. Exercising Georgia’s grip demanded an inordinate amount of time and effort that could have been fruitfully used for other priorities.

Still, a large part of the problem was home-grown. Corruption was rampant and chaotic, and Georgia’s government failed to deliver even the most basic services. Tbilisi was increasingly unsafe in the last years of Shevardnadze’s rule, and the state of the capital was best summed up by the quip that, before using candles, Georgians had electricity. The government failed to ensure even haphazard electricity and water supply in the capital, and things were much worse in the countryside. The central government’s writ did not extend far beyond the capital. Aside from the two separatist territories, the southern, largely Armenian- and Azerbaijani-populated regions were for all practical purposes outside the government’s control. In the north, the Pankisi Gorge near Chechnya gained notoriety as a haven for criminal groups and a sanctuary for radical Islamists from the North Caucasus and the Middle East. Pankisi became symbolic of the Shevardnadze administration’s stagnation and helplessness.
In late 2001, the independent Rustavi-2 television station’s exposure of the corruption of top government officials led the State Security Minister, Vakhtang Kutateladze, to try to shut down the station. The ensuing public demonstrations forced Shevardnadze to sack his entire cabinet and indicated to the burgeoning opposition—including former Justice Minister Mikheil Saakashvili (who had resigned prior to the sacking of the cabinet) and Speaker of Parliament Zurab Zhvania—that the government would cave as a result of public protests. When a further weakened Shevardnadze tried to manipulate the results of the 2003 parliamentary elections, these two men triggered the Rose Revolution, as Shevardnadze tried to seat the new and obviously fraudulently elected parliament.

**The revolutionaries**

Georgia’s new leaders after the revolution were noticeably younger than their predecessors. In fact, many ministers and deputy ministers were in their late twenties and early thirties. This was a very conscious policy: as one Georgian official put it, the Rose Revolution abolished the Soviet Union in Georgia, as it removed from power people with a Soviet past and a Soviet mentality. While this had the effect of marginalising a generation of bureaucrats and throwing out valuable institutional memory, the upsides were clear: the new generation of Georgian leaders was largely educated in Western institutions of higher education, primarily in the US, but also in Europe. As a result, they were culturally Western rather than Soviet; in this sense, they had developed much faster than the bulk of Georgia’s society or cultural elite. This made them fluent in Western concepts, discourses and principles. For Western interlocutors used to long, prepared statements and a patent mental gap separating them from their post-Soviet counterparts, the change was immediately apparent. This generational change at the pinnacle of power
can largely be credited for the success with which Georgia fought corruption; it also explains how the Georgian government managed to largely rid itself of the tentacles of Russian power and influence that envelop most post-Soviet governments to this day. Echoing the experience in Estonia in the 1990s, the Georgian leadership found that the only people it could be relatively confident not to have shady connections to Russian power structures or Kremlin-connected oligarchs were those too young to have any.

President Saakashvili, 36 at the time of the revolution, was among the elders of the new administration. Zhvania, who became prime minister until his untimely death in 2005, was among the few to be older, at 40. Saakashvili’s main confidants ranged in age from 28 to 35 years. The team shared a number of other characteristics, such as exposure to Western educational systems or non-governmental organisations, or both. Thus, the revolutionaries were schooled in Western ideas, strategies and tactics. Indeed, their tactic of non-violent revolution—symbolised by the youth movement *Kmara!* (‘Enough!’) was borrowed in large part from the Serbian *Otpor!* (‘Resistance!’) movement, itself funded by Western and particularly American assistance. But while opposition to the authoritarian character of Shevardnadze’s rule was one motivating factor behind the Rose Revolution, a perhaps more important one was its dysfunctional and corrupt nature. The revolutionaries increasingly, and correctly, observed a failure and collapse of the state in process. Thus, they saw themselves as state builders as much as they did democrats. It is no coincidence that when asked about his role models, Saakashvili has often mentioned Mustafa Kemal Atatürk and Charles de Gaulle, rather than, say, Thomas Jefferson.
The achievements

The most notable achievement of the Rose Revolution is simple: Georgia is no longer a failed state. Instead, the Saakashvili administration bequeathed a functioning state to its successor—one that actually collects taxes and uses tax money for expenditure on public goods. Moreover, that state has been trimmed down to size, and works in a remarkably non-corrupt way. What was once a failed state is now a country that has a realistic possibility of achieving an Association Agreement and a DCFTA with the EU in 2013. It has gone from being a net consumer of security, to use long-time regional analyst Vladimir Socor’s term, to being a provider of security, contributing close to 2,000 troops to the NATO mission in Afghanistan.³ Thus, the main achievement of the Rose Revolution is the reversal of state failure. Saakashvili and his associates have shown that with determination and hard work—and considerable assistance from Georgia’s Western allies—it is possible to reverse a negative cycle of state failure, and to build functioning and increasingly accountable institutions.

At the heart of the accomplishments are two related issues, battling corruption and improving tax collection. Moreover, Saakashvili did not have much time; while he enjoyed enthusiastic public support at the outset, there was acute awareness that this support would fade quickly unless the government delivered on its promises, and state coffers had been looted by the outgoing regime.

Corruption and crime

The first step in the process was to break the stranglehold of corrupt interests and criminal networks over the economy.

This was achieved by detaining corrupt high-level officials and businessmen and offering them a plea-bargaining option—they could secure their freedom in return for a ‘voluntary’ payment to the state coffers. The process intimidated other individuals to leave their positions—and often the country—for fear of prosecution. This policy turned out to be highly effective, but the methods employed violated due process and the rule of law, and were duly criticised both at home and abroad. Yet such criticism remained rather muted, partly because everyone recognised the criminalised nature of the former regime. In any case, Western policy and academic circles have yet to devise ways to reverse what amounts to criminal state capture through means that would conform to due process requirements. More importantly, the head-on attack on high-level corruption provided legitimacy for the ensuing zero-tolerance policy for petty corruption.

In the former Soviet Union, corruption cannot be seen in separation from organised crime, as the well-established Soviet-era criminal networks—known as the *thieves-in-law*—fused with parts of the state in the transition to independence. In Georgia, organised crime was particularly prevalent during Soviet rule: in a 1977 study of the ‘second economy’ in the Soviet Union, Gregory Grossman noted that Georgia had a ‘reputation second to none’ in terms of illegality and the prevalence of the black market. While Georgians comprised 2% of the USSR’s population, they constituted up to a third of the Union’s leading criminal figures. Moreover, the extent of state failure in Georgia created a vacuum that organised crime networks filled. In that sense, Georgia was the Sicily of the Soviet Union, with organised crime exerting control over, and influence from, the penitentiary system.

However, Saakashvili’s administration managed to break the back of organised crime in Georgia. This was done primarily

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by the passage in 2005 of a law criminalising membership of organised criminal groups, inspired by the US RICO (Racketeer Influence and Corrupt Organizations) Act. This law enables the government to convict people for membership of the criminal underworld; most importantly, it allows for the large-scale confiscation of property. In the prisons, as would later be painfully clear, the influence of organised crime was curtailed by harsh, and occasionally brutal, punitive measures. But the measures worked: the thieves-in-law largely left Georgia for new pastures—in Western Europe, including Spain and Austria, where they were gradually rounded up by law enforcement—or Russia, where they found a familiar environment in Vladimir Putin’s kleptocracy.

**Tax reform**

Even in a good year, Georgia’s tax collection rate was among the lowest in the world as a share of GDP, at around 13%. The new government reduced tax rates, while enforcing tax collection. Despite some initial grumblings, the population complied: in its first year in office, tax collection grew to 20% of GDP; between 2004 and 2010, tax revenues increased four-fold, while Georgia, according to *Forbes* magazine, had the fourth lowest tax burden in the world. The key to this equation was a process of tax reform that made taxes few, flat and low, but which enforced their collection vigorously. In parallel, the government made the tax system more transparent and electronic, reducing the interaction between government and citizens.

The government’s attack on corruption remarkably shunned the prevailing advice of Western experts, who urged slow, gradual, step-by-step reforms that established ‘islands of integrity’ and gradually moved corruption out of the system. Saakashvili realised that corruption in Georgia was not a deviant behaviour; it was
the norm by which society operated. Therefore, his government adopted what the World Bank calls a blitzkrieg approach to corruption, attacking it simultaneously on all fronts. As a former deputy minister of justice and subsequent Constitutional Court justice stated, ‘[O]ur strategy was not to reform . . . but to build from scratch.’

**Police reform**

The most famous example of building from scratch is that of the traffic police, perhaps Georgia’s most corrupt and hated institution. In July 2004 the agency was dissolved and its 16,000 officers fired. It was replaced by a patrol police force based on a US model, with fewer than 2,500 officers, which has become among the most trusted institutions in society. The accomplishments in the area of corruption are nothing short of remarkable. Transparency International’s Corruption Perceptions Index in 2003 ranked Georgia as the most corrupt post-Soviet country; by 2010, it was not only the least corrupt, but ranked ahead of several EU members, including Italy. Transparency’s Global Corruption Barometer in 2010 placed Georgia in the top tier of countries, ahead of Austria, France and Japan.

**Governmental reform**

Georgia’s revolutionaries had a strong libertarian streak, and one of their main objectives was rolling back Georgia’s weak, ineffective and corrupt state. This implied radical cuts to the state bureaucracy, a conscious attempt to minimise interaction between the citizens and state officials, and deregulation of

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business. The number of ministries and state agencies was rapidly reduced, and the number of local self-government entities slashed. As a result, the number of public employees was cut in half. Meanwhile, services were improved: the ministry of justice and other agencies created a single-window system to facilitate public services. In 2011 the new concept of public service halls was rolled out, in which the services of various state agencies were unified, including civil and public registries, national archives and the notary chamber. Citizens could now obtain any document or register a change of property in minutes, all at one location, and without corruption.

In parallel, a radical programme of deregulation was adopted to facilitate business generation. Only one easily obtained business registration was necessary; 70% of licence types and 90% of permit types were abolished, and customs procedures were simplified. As a result, Georgia moved from the ranking of 112 in the World Bank’s Doing Business Report in 2005 to eleventh place in 2010.\(^7\) While the policies of deregulation failed to generate large-scale employment or fight entrenched poverty, particularly in the countryside, they provided important progress. For example, Georgia has become a hub for the re-export of motor vehicles across the former Soviet Union, much as Dubai has for the Middle East. The ease of doing business in Georgia and the lack of corruption provides an avenue for the country to capitalise on its geographic position as a hub for commerce across Eurasia.

**Education reform**

A further accomplishment of the Rose Revolution was in the field of education. Georgia’s higher education was notoriously corrupt, and students had to pay bribes to get into university,

as well as to graduate. Many small colleges and universities that had emerged were nothing more than diploma shops. Education Minister Alexander Lomaia, previously the Open Society Foundation’s country director, implemented a wholesale reform of the educational sector in 2005. The cornerstone was a national examination for university admission, which created, for the first time, a meritocratic system of education: students no longer were drawn into a cycle of corruption and therefore dependency, but were admitted on their own merits. Further steps were taken to root out corruption by replacing the rectors of universities and empowering students and faculties with increasing influence over the management of universities. The government also sought to improve the situation in the primary and secondary school system, by, among other means, introducing a school voucher system, but that programme has been less successful due to a lack of funding.

Identity

A key accomplishment of the Rose Revolution was to bring a fundamentally new perspective on Georgian identity, one informed by Western conceptions of the nation. Previously, Georgian ethnicity and orthodox Christianity had been practically synonymous with belonging to the nation; no civic nation had existed, a distinct problem in a country where a fifth of the population consists of minorities. Saakashvili is often seen as a Georgian nationalist, focused on reasserting Georgia’s sovereignty, yet he sought to build a Georgian nationalism that would be inclusive rather than exclusive. For the first time, the Georgian government had a coherent message and policy with regard to the minority population. It offered minorities full membership of the Georgian nation, but also imposed the requirement of learning the state language. In other words, the Saakashvili government rejected the Soviet approach that kept
ethnic groups institutionally segregated, and instead offered an approach that emphasised their belonging to Georgia and promised integration and representation through the vehicle of the spread of the national language, while allowing for the retention of cultural autonomy. None of this is to say that the relationship between the Saakashvili administration and the national minorities was devoid of friction. In the early days, in particular, feathers were ruffled by the new government’s assertive efforts to change the status quo, including the overhaul of the customs system, and its anti-corruption drive, which shook the informal arrangements that had benefited minority representatives. Yet it provided a vision of a broader, inclusive Georgian identity.

Security/EU integration

A final important accomplishment was Georgia’s building of an independent foreign policy in spite of heavy Russian attempts to undermine that process, and Georgia’s closer integration with European and Euro-Atlantic institutions. But European integration has not been an easy process, since Georgia’s leadership has had shifting priorities over time. Georgia’s major concern has been security, and thus, its leadership was initially very focused on NATO membership, particularly during the tenure of President George W. Bush in the US, who was a staunch champion of Georgia. Conversely, Georgian interest in the EU was initially less pronounced, for several reasons. First, the prospect of rapid EU membership was considerably less likely; second, the EU itself was much cooler towards Georgia than was the US, primarily because of lesser security interests in the Caucasus and much greater fears of irritating Russia; third, the EU does not offer the security protection that NATO membership does, and security was Georgia’s priority. Furthermore, the Georgian government was split on many elements of the EU acquis communautaire. The essential problem was that Georgia’s deregulation—and the frequent concomitant comparisons between Georgia and
Singapore—did not correspond well with the approximation with the EU, which in many ways would imply re-regulation rather than deregulation. That said, it should be noted that the rhetoric was in fact more damaging than the reality, as Georgian government agencies tended to eventually acquiesce to European demands. But the 2008 war with Russia brought a renewed seriousness to Georgia’s approach to the EU, as it seemed to close the door to NATO membership for the foreseeable future. The creation of the Eastern Partnership made integration with the EU realistic in a way that it had not previously been; Georgia thus committed strongly to the prospect of achieving visa liberalisation with the EU as well as a DCFTA. In 2011 an agreement on visa facilitation was signed, and by 2013, thanks to the continuous hard work of Georgian bureaucrats under both the Saakashvili and Ivanishvili governments, the idea of Georgia achieving an Association Agreement and a DCFTA was no longer utopian, but a real possibility.

**The shortcomings**

Georgia’s revolutionaries soon found that their twin aims of democratisation and state-building were not necessarily complementary. Becoming a functioning state, necessary for the long-term building of democracy, cannot necessarily be easily accomplished through democratic means. Over the years, the keepers of the Rose Revolution would often be confronted by situations where they had to prioritise between state-building and democracy; in such situations, their instincts often tended towards the former. They found that to build the state, they had to centralise power and exert stronger control over society and moribund state institutions. This was, one could argue, for good reason: a functioning state is a prerequisite for liberal and constitutional democracy, rather than the other way around. Especially for a country subjected to the type of external pressure
that Georgia has been, it would be utopian to believe that a liberal democracy could develop without the framework of a sovereign and functioning state. Thus, the priority accorded to state-building was understandable. However, once power is centralised, it is seldom voluntarily relinquished. The problem in Georgia was that the revolutionaries could not quite transition from being revolutionaries to being managers, and failed in some areas to halt the practice—perhaps necessary in the early years—of cutting corners in terms of due process and the rule of law.

A first shortcoming of the Rose Revolution was underestimating the time and effort it would take to reverse Georgia’s predicament. The same reformist zeal that led to the numerous achievements also displayed an anticipation that the entire country could be turned around as fast as the traffic police had been. Georgia’s international partners at the time were taken aback by the optimism that the new government had for the timelines for change. The revolutionaries were right in pressing hard while they had political capital for difficult reforms, but in doing so, they got burned out. Most of Saakashvili’s associates seemed to be working around the clock, and accomplished results in the early years, but it became an untenable way to run a government. Together with deep confrontations with the political opposition that sought Saakashvili’s ouster in 2007 and 2009—not to speak of the 2008 war—much of the elite that had led the Rose Revolution developed a visible, deep fatigue, indeed a physical fatigue, which reduced their ability to drive further reforms. Moreover, a reduction of commitment was also discernible among some of Georgia’s leaders. Meanwhile, reforms were left unaccomplished in many areas, notably in the judicial sector, where a considerable rot began to form.

A corollary to this was the alienation of important segments of Georgia’s population, in particular in the capital. The generational shift alienated much of the intelligentsia, which came to resent
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what it saw as arrogant youths running the country. Saakashvili may have been correct in defining the intelligentsia as corrupt and unfit to run a state, but went further than necessary in publicly alienating it. The absence of dialogue and weakness of communication in the cut-throat speed of reform bred a broad perception of dismissiveness towards society, leading directly to the large protests of November 2007. This was, in turn, compounded by poor personnel policies, and rapid turnover in government positions. It is not a coincidence that most of Saakashvili’s main foes are his former allies—former high-level officials whose antagonism against Saakashvili is often highly personal. Indeed, the closer these individuals were affiliated with Saakashvili, the more visceral and irrational their hatred of him appears to be. While hiring and firing ministers may have been all business to Saakashvili, for many of his former associates, it was deeply personal and a matter of honour. This alienation of a considerable part of the elite, over time, carved away at the government’s support base.

A third problem was that in spite of its virtues, the economic model adopted following the revolution failed to generate jobs. It generated investment and produced good rankings in various indices; but over time, not enough Georgians saw these shining accomplishments translate into concrete changes in their lives. Moreover, the large infrastructural projects did not bring much to the local population—in 2012 the UNM lost in exactly those areas where it had invested most resources. Obviously, there was satisfaction that electricity and water were being delivered, that roads were being paved and that bribes were no longer needed. But inevitably, people soon took these things for granted and demanded more—and came to resent the expropriations of property that accompanied development projects. As unemployment and poverty rates failed to drop significantly, dissatisfaction grew.
A fourth shortcoming of the revolution was that it failed to transition into bureaucratic, institutional decision-making. In many ways, the decision-making system remained revolutionary: it became apparent that many major decisions were not taken at cabinet meetings or even by the respective cabinet ministers; instead, a close circle around Saakashvili gathered, often at night, to decide on key issues. Thus, the salience of informal power was not removed. This shortcoming was gradually improved over time, as key decision-makers were brought into the cabinet. Yet the way decisions were made meant that power failed to be institutionalised in the relevant government institutions, and this prevented the entrenching of democratic accountability.

Fifth, the ruling UNM continued to preside over a dominant-party political system. In this system, the dividing line between the government and the party was often blurred, as repeatedly observed in election observation reports. Moreover, the UNM utilised its position of power to maintain its dominance over the political scene, in, among others, the way it tailored legal amendments, including to the electoral system, to its own interests. A prime example is the continued existence of numerous small, predominantly rural, single-member parliamentary constituencies; these produced a considerable number of seats in parliament that were heavily tilted towards the UNM until the 2012 landslide elections, in which the opposition swept away even many districts that had been considered safely pro-Saakashvili. In addition, the reports suggesting UNM and government efforts to limit the opposition’s ability to raise funds were too plentiful to be ignored. Aside from intimidation of would-be funders, there was widespread wiretapping of the political opposition. Here, good and bad intentions were blurred: there is no question that some of the opposition groups maintained contacts with Russian intelligence agencies—especially the military intelligence, or GRU, which was the lead Russian agency dealing with Georgia—and their agents, thereby
warranting surveillance. Yet it is now clear that the authorities went much further than was necessary for national security. Thus, the 2012 electoral campaign featured Saakashvili and the UNM using most available means to halt Ivanishvili’s rise. This included the use of administrative and judicial pressure to prevent Ivanishvili’s political spending, and what the Organization for Security and Co-operation in Europe termed disproportionate fines levied against the Georgian Dream and its affiliates for violations of campaign laws. Furthermore, the UNM regularly employed harsh denunciations of Ivanishvili as a Russian stooge who would threaten Georgia’s independence. But the UNM had overplayed the assertion of its opponents being Russian spies; by 2012, the accusation had little effect.

This leads directly to perhaps the largest question, namely the way the government balanced ends versus means. As noted above, this balance started out in a lopsided way, as most revolutions do. In 2004–5, the revolutionaries saw how effectively they had been able to achieve a series of noble aims by questionable means. Yet crucially, the government was unable to move beyond such a revolutionary phase; it continued, in some areas, to allow the ends to justify the means. This became painfully obvious when the abuses in the penitentiary system were captured on camera and released shortly before the 2012 election. Some of the footage was later found to have been doctored, but complaints of abuses in the prisons had been a staple of international human rights reports on Georgia for half a decade, without the issue being addressed. Far from it—following unrest and mutinies in the army, the architect of the penitentiary reforms, Bacho Akhalaia, was brought in to lead the ministry of defence. President Saakashvili, explaining this appointment, explicitly stated that ‘stricter hands’ were needed in the army.

Similarly, plea bargaining turned out to be widely used in the judicial system to deal not only with corrupt officials but also with
businesses accused of tax evasion and other wrongdoing. Thus, under former Chief Prosecutor and Minister of Justice Zurab Adeishvili, prosecutors brought charges against businesses, but offered plea bargains at rather exorbitant rates. Since confidence in the courts was very low, conviction rates at 98% and the conditions in prisons well known, few business owners took their chances in court. By 2012 the scale of such effective expropriations had become noteworthy. Numerous articles detailing this pattern appeared in the Western press; almost everyone this author knew in Georgia knew someone who had been exposed to it. It will take time to piece together what actually took place. Was this system an unconventional and overzealous practice of bringing in funds for the state, as UNM defenders argue? Or was it designed to amass funds for the party and/or line the pockets of some leading officials, as the opposition have alleged? Similarly, it remains to be investigated why this practice was allowed to continue for so long, and whether the more progressive forces within the government were unable or unwilling to stop it. As in many other countries with weak institutions, it appears that over time, some state functions were captured by interest groups that turned out to be increasingly entrenched and unaccountable. What is clear is that, perhaps even more than the prison scandal, it helped bring about the defeat of the UNM. It is no coincidence that former Justice Minister Adeishvili has not been seen since leaving the country.

The Russia issue

But what about Russia? The discussion of achievements and shortcomings above is overshadowed by the fact that Georgia under Saakashvili’s presidency overtly and unabashedly challenged Russia’s influence in the former Soviet Union in a way that no other country did and paid a disastrous price for it in 2008, when Russia effectively annexed the two break-away regions
of Abkhazia and South Ossetia. Indeed, to some, this will be a
stain on Saakashvili’s tenure that will be remembered long after
domestic achievements and shortcomings alike are forgotten.

And indeed, Russia has overshadowed the Rose Revolution
and the decade that has passed since. In almost every imaginable
respect, Vladimir Putin’s Russia has sought to undermine Georgia,
and to roll back the Rose Revolution. Its twin purpose has been to
prevent Georgia’s Westward slide, bringing it back into Russia’s
sphere of influence, and to crush the budding of democracy
and accountability in the country. The ‘colour revolutions’ shook
the Russian regime to its core, as they not only threatened the
unravelling of Moscow’s sought-after sphere of influence but also
threatened the regime security of the Kremlin itself. If Georgia
and especially Ukraine became democratic states that eliminated
corruption and organised crime, how long could Russia’s
kleptocratic system of governance and Putin’s ‘vertical of power’
continue to exist?

This matters, because it questions the assumption that
Saakashvili and the Rose Revolution could have succeeded in
appeasing Russia enough to leave it alone—a key assumption of
those blaming Saakashvili for the 2008 war and for the loss of the
territories. However, there is considerable evidence to suggest
that Saakashvili faced a Russian juggernaut that was determined
to crush Georgia less for what it had done than for what it was
trying to become—an increasingly functioning state with growing
democratic processes, integrating with the EU and NATO. In fact,
Putin’s Russia identified Georgia as the weakest and most crucial
link in the east–west corridor long before Saakashvili came to
power, and wielded an inordinate amount of pressure over the
country dating back to the late 1990s.

Thus, the war in 2008 should not be seen in isolation: it was
only the most violent stage of a Russian–Georgian conflict that
had been ongoing, essentially, since the Soviet Union collapsed.
Indeed, whether under Gorbachev, Yeltsin or Putin, no post-Soviet republic has been subjected to the extent of Russian interference that Georgia has. Even before the Soviet Union collapsed, Gorbachev’s leadership sought to halt Georgia’s secession from the USSR by bolstering militias opposing Georgia’s first president, Zviad Gamsakhurdia, as well as supporting the leaderships of Abkhazia and South Ossetia, which sought to remain in the Soviet Union. In the first years following the Soviet collapse, the Russian defence ministry took the lead in fuelling the secessionist wars in Abkhazia and South Ossetia, as well as seeking to subvert Shevardnadze’s rule.\textsuperscript{8}

The key inflection point was not the Rose Revolution in 2003; it was Vladimir Putin’s coming to power in late 1999. As Andrey Illarionov has observed, Putin’s arrival in September 1999 almost immediately ended a period of relative stability in Russian–Georgian relations that had lasted from 1993 to 1999.\textsuperscript{9} As Putin restored centralised power in Moscow and embarked on a mission to restore Russian influence in the post-Soviet space, he also brought to bear a more systematic effort to pressure Georgia.

Consider the period 2000–2, when Russian–Georgian tensions accelerated. As early as 2000, Russia had imposed a visa requirement on Georgians, but exempted residents of Abkhazia and South Ossetia—thus implicitly questioning Georgian sovereignty over the territories.\textsuperscript{10} This was a precursor to the extension of Russian citizenship in these areas, which began in earnest in 2004.\textsuperscript{11} In parallel, Russia began inserting itself into


\textsuperscript{11}‘Georgia Protests About Russian Citizenship Law Amendments’, Rustavi-2 Television, 10 June 2002.
the politics of the secessionist territories, not least by ensuring that a Russian-controlled candidate, Eduard Kokoity, became the self-proclaimed president of South Ossetia in 2001. The same year, Russia began systematically using its dominant role in Georgia’s energy supply as an instrument of blackmail, initiating the practice of cutting gas and electricity supplies during winter, a tactic it later applied to Ukraine in 2006. And in August 2002, frustrated that Georgia refused to allow Russia the use of Georgian territory in the war in Chechnya, the Russian air force bombed the Georgian Pankisi Gorge near Chechnya. The very next month, Putin blasted Georgia as presenting ‘a terrorist threat’, overtly threatening military action against the country. The deployment of the US’s Georgia Train and Equip Program, which helped Shevardnadze reassert control over the bordering areas, temporarily put a halt to Russia’s aggressive behaviour. But by late 2002, the South Ossetian leadership had already begun appointing serving Russian security service officials to high positions in the de facto government.

Following the Rose Revolution, relations worsened further. From a Russian perspective, Saakashvili’s coming to power made things worse for two reasons. First, he was uncompromising regarding Georgia’s Euro-Atlantic aspirations. Second, whereas Shevardnadze had allowed Russia a droit de regard over key ministries, Saakashvili rejected Russian influence over his government and internal affairs. Facing the prospect of being shut out of Georgia, Putin’s Russia applied ever-increasing pressure on Georgia in fields ranging from diplomacy and subversion to economic warfare, interference in unresolved conflicts, and

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military incidents. Thus, in 2004 Russia provided dozens of Russian tanks and other armaments to South Ossetia and began transferring Russian officers to South Ossetia for routine military service—including the appointment of Russian officers to the posts of ministers of defence and interior of South Ossetia. It was also at this time that Russia began distributing Russian passports in South Ossetia, and simultaneously claiming a right to defend its ‘citizens’, as it would in 2008. This escalation, together with Georgian steps to curtail smuggling across South Ossetia, contributed to the brief 2004 military clash in the territory.

In 2005 and 2006, Russia focused on asserting similar levels of control over the leadership in Abkhazia, though the effort was less successful. Russia’s preferred candidate was unable to secure the presidency in 2005, but Moscow did secure the appointment of a Russian officer as chief of staff of the Abkhaz military forces. Russian subversive activities in Georgia also expanded significantly, including sabotage against energy installations and the bombing of the police headquarters in the northern town of Gori, near South Ossetia. In January 2006 a series of explosions in southern Russia cut off the flow of natural gas and electricity from Russia into Georgia. In March and May, citing ‘health reasons’, Russia banned the import of Georgian wine and mineral water. Following Georgia’s arrest of several alleged Russian agents in September, Russia cut all air, land, sea and postal communications with Georgia—amounting to a total embargo—as well as beginning to deport Georgian guest workers from Russia.

16 Ibid., 56.
17 ‘Russia Must Use All Means to Protect Compatriots in Georgia, Says Senior MP’, Interfax-AVN Military News Agency, 1 June 2004.
By 2007, Russia had crossed the line into overt military action. In March 2007 Russian helicopters shelled Georgian administrative buildings in the only part of Abkhazia that Georgia controlled, and on 6 August Russian Sukhoi fighter jets bombed a Georgian radar station near the South Ossetian administrative border.²⁰

What ensued is well known: following the recognition of Kosovo in February 2008 and NATO’s Bucharest Summit that April, in which Georgia and Ukraine were promised eventual membership of the alliance, Russia gradually escalated tensions in Abkhazia and South Ossetia, resulting in the August outbreak of war. As is now clear, and as Russia’s leaders have acknowledged, Russia’s invasion was long planned, and by August 2008, there was little Saakashvili could have done to prevent it. Saakashvili failed to stop it, but if Saakashvili is to be blamed for the war, so must the West be, because Western powers wilfully disregarded ominous signs of a coming Russian invasion due to a misplaced belief that the era of wars in Europe was over.²¹ That is not to say that Saakashvili’s management of the conflict was flawless; neither would it be fair to expect the leader of a small, fledgling country to be flawless in handling the type of forces Georgia found itself confronting in the summer of 2008.

Saakashvili’s legacy

A full balance sheet of the decade that followed the Rose Revolution must be left for historians. But an interim assessment is possible, and it must be contextual. If one compares today’s Georgia with the average of the EU, it is clear that Georgia falls considerably short in terms of democratic development, the rule

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of law and government accountability. But Georgia is not in the EU. The fairest yardstick is to measure Georgia against its regional context both in 2003 and in 2013. In 2003 Georgia was arguably the weakest and most corrupt post-Soviet state, which enjoyed a liberal atmosphere in great part due to the government’s inability to exert repression. In 2013, despite its shortcomings, Georgia is arguably the most advanced post-Soviet state in terms of the development of functioning, accountable and democratic state institutions. Indeed, in the rapid way he acknowledged defeat on 2 October, Saakashvili proved wrong the critics who had accused him of betraying the ideals of the Rose Revolution. Put otherwise, Saakashvili and his team did not succeed in turning a failed state into a developed democracy in 10 years, but they did succeed in building the foundations for one. It will now be left to others to complete the project.

Georgian Dream: Ivanishvili’s coalition

Claiming victory on 2 October 2012, the previously reclusive billionaire Bidzina Ivanishvili would soon be installed as Georgia’s prime minister and form a new government. But Ivanishvili had only entered politics a year earlier, after having publicly broken with Saakashvili, with whom he had earlier maintained a close relationship. Indeed, while the details of that relationship remain as murky as the reasons why it broke apart, it is clear that Ivanishvili had funded a number of high-profile projects initiated by the government.

Ivanishvili’s lack of political experience was obvious from the start. His initial open letters went on for pages, identifying
which individual politicians and journalists he liked or disliked. His public statements have tended to be spontaneous and often unprepared; his press conferences are a public relations manager’s nightmare, going on for hours in an unstructured way that almost guarantees a faux pas, such as his several attacks on the *Washington Post* for publishing critical editorials. Yet they have also shown him to publicly backtrack and change positions on issues, acknowledging not having thought a matter through. As Ivanishvili is a self-proclaimed political novice, a look at his coalition is all the more important.

The Georgian Dream coalition is, in a word, eclectic. It initially consisted of six political parties and a number of individual politicians whose only common denominator was their antipathy towards Saakashvili. Ivanishvili’s own party dominates the coalition, with 65 of the coalition’s 85 seats in parliament. Like the coalition, the party itself lacks a basic ideology. When unveiled in February 2012, its leadership featured a former top diplomat, a writer, an actress, a lawyer, a journalist, an Olympic wrestling champion, Georgia’s most famous footballer and a professor of advanced physics. They were either personally close to Ivanishvili, or famous persons in their fields of work. Yet there were no visible political views or causes that united them. Moreover, Ivanishvili had entered politics with haste; in fact, he had built his coalition before building his own party. Entering politics in October 2011, Ivanishvili focused on bringing aboard the liberal and pro-Western part of the opposition. Thus, he reached out to the Republican Party (sak’art’velos respublikuri partia) and to Our Georgia–Free Democrats (ch’veni Sak’art’velo– t’avisup’ali demokratebi). The former group dates to the liberal dissidents of the late Soviet period, and had joined the UNM prior to the Rose Revolution, splitting with Saakashvili in mid-2004. The latter is considerably more recent, having been founded in 2009 by former UN Ambassador Irakli Alasania, who, upon leaving Saakashvili’s administration, rose to prominence as one of the most popular
politicians in the country. The two parties and their leaders immediately jumped on the opportunity provided by Ivanishvili’s entry into politics and expressed their full agreement with him on issues, following a series of meetings. These coalition partners provided Ivanishvili and GD with both domestic and international legitimacy. When voters voted for the coalition, they essentially voted against Saakashvili and for a coalition led by a widely admired man supported by politicians who personified Georgia’s European orientation.

Nevertheless, before the election, Ivanishvili added several new members to his coalition who did not fit the pro-Western image of his initial allies. In fact, they were their polar opposites. The coalition came to include nationalists Kakha Shartava and Gubaz Sanikidze of the National Forum (erovnuli p’orumi). Zviad Dzidziguri of the Conservative Party (Sak’art’velos konservatiuli partia), and Koba Davitashvili of the People’s Party (Sakhalkho Partia), some of whom later left the coalition. Their political identities are best summarised as being dominated by ethno-religious nationalism, anti-Westernism and xenophobia. These leaders have variously denigrated Saakashvili for his alleged Armenian roots and former Prime Minister Vano Merabishvili for his Catholic faith; termed NATO membership ‘tantamount to treachery’; condemned the idea of the Armenian Church receiving legal status or mosques being built in Georgia; and promised to ‘eradicate Saakashvili’s criminal regime’ and to ‘come and smash your faces and cut off your snake heads’ when UNM members gather.22 Ivanishvili notably left the pro-Russian Nino Burjanadze and her party out of the coalition, but publicly termed her an ideal opposition leader. It should be noted that Ivanishvili kept these extremists out of the cabinet. Ministerial posts were reserved for Ivanishvili’s own team, and for the Republicans and the Free Democrats. Republican Party leader Davit Usupashvili was elected speaker of parliament, and Alasania was made defence minister.

22 Maestro TV, 13 February 2013.
minister and for a while also deputy prime minister, before a controversy with Ivanishvili led the latter to remove him from that position. These and other appointments received favourable reactions in the West. Yet even after Ivanishvili’s first year in power, it remains a puzzle as to who actually influences the prime minister’s thinking and decisions.

**Righting the ship or dismantling the Rose Revolution? Ivanishvili’s domestic agenda**

The electoral campaign featured two parties seeking to outbid themselves in populist promises of lowered fees, raised salaries and pensions, and economic growth. In such a campaign, Ivanishvili held a trump card: not only could he question the UNM’s record, but he could tout his personal wealth. Georgian Dream representatives often argued that if state funds were not enough, Ivanishvili would use his personal fortune to fund social programmes. Ivanishvili has contributed funds to several foundations designed to develop Georgia’s economy, in spite of the obvious conflict of interest that such moves portend. In economic terms, the new government cut utility fees by a quarter, increased pensions and paid out New Year bonuses. Farmers were promised subsidies starting in 2013, which were delivered. Thus, Ivanishvili embarked on a populist course that was undoubtedly a key reason for his high approval rating of over 80% in March 2013. But as foreign investment declined, the economy stagnated, and Georgia was slipping into recession in late 2013. Concomitantly, Ivanishvili’s popularity began to drop during the summer of 2013.

Most of the oxygen in Georgia’s politics has been consumed not by efforts at economic development or democratisation, but by the increasing acrimony between the new government, on the one hand, and the president and the parliamentary minority, on the other. Given the strong punitive measures used by the UNM government against the alleged campaign finance violations of
the GD, cohabitation was never going to be easy. Indeed it has not been. The president and prime minister met only three times during their year of cohabitation, although in parliament relations between the majority and minority have been somewhat more workable because of the majority’s need for minority support for any constitutional amendments. The two sides also agreed on a resolution confirming Georgia’s Western orientation. While cohabitation has not collapsed entirely, it has failed to improve relations between Georgia’s opposing blocs.

The new government certainly has a series of accomplishments. First among these is the freer business climate that resulted from the ceasing of the property rights violations that had earlier become commonplace. More significant perhaps was the government’s efforts at judicial reform, including reform of the High Council of Judges and revision of the criminal justice system. These were considered positive by EU Special Advisor on Constitutional and Legal Reform Thomas Hammarberg’s September 2013 report, which nevertheless identified many areas in which further reform was needed.

The redress of alleged past injustices was among the leading demands of the Georgian Dream coalition’s base, and investigations into past wrongdoing were expected. However, few expected the scope and width of the new government’s deployment of the judiciary against the former government’s members and bureaucrats. By October 2013, over 30 Saakashvili allies, including several former ministers and deputy ministers, had been detained. Hundreds more had been brought in for questioning. Prosecutors have stated that the number of people on the prosecutors’ list tops six thousand. Chief prosecutor Kiblashvili put it more simply, in an obvious attempt at intimidation: ‘There are no public officials left that are not included in our database.’23 However, the main problem is not the scope

of the arrests, which have been kept in check mainly by the international reaction to the various waves of arrest, particularly that of the EU. Rather it is the weak preparation behind the cases, the selection of targets and the rhetoric that has accompanied these cases.

Simply put, many of the cases against former officials do not appear credible or well documented. Foreign observers have sensed a tendency to detain former officials in the hope of finding incriminating evidence, rather than following due process. Even in cases that were expected to be quite credible, such as that against former Defence Minister Akhalaia, the prosecution undermined its case by focusing its investigation on an isolated case of mistreatment of a small group of soldiers, instead of laboriously building a solid case focusing on deeper problems in Akhalaia’s management. In other cases, the selection of targets appears political. Prosecutors have tended to go after influential UNM members such as party Secretary General Merabishvili or Tbilisi Mayor Ugulava. In the former case, prosecutors hyped the fact that Merabishvili had used a passport in another name—an unsurprising practice for an interior minister needing to conduct sensitive talks abroad—or allegedly occasionally used a summer residence for private purposes. These are hardly issues for which a former prime minister should be in pre-trial detention, and European observers rapidly drew parallels to Ukraine and the fate of Yulia Timoshenko. As for Ugulava, he was an early and consistent target, with prosecutors not only seeking his criminal conviction for allegedly misspending city funds but also seeking to have him suspended pending trial. Other UNM members appear to have been singled out to chip away at the UNM’s ability to block constitutional changes in the parliament.

Most troubling of all is that the prime minister has repeatedly hinted that the arrests would stop if only the president and the UNM were ‘more constructive’ in approaching the government’s
priorities, especially in immediately reducing the president’s powers through a constitutional amendment. Thus, Ivanishvili in late 2012 stated that ‘it is not my desire to see indefinite number[s] of arrests and the President imprisoned. . . . Everything depends on the [parliamentary] minority, which continues telling lies with the same hysteria. . . . This will not reduce the probability of [the arrests]. The reduction of this probability depends on their actions.’ This process has been accompanied by systematic efforts by Georgian Dream activists to physically take over local self-government institutions in the countryside by forcing out UNM elected officials in front of television cameras, while the police have refrained from interfering in the process.

Since consolidating power, Ivanishvili has also begun to alienate the pro-Western and democratic elements of his own coalition. In early February 2013 he removed Alasania, perhaps the most internationally respected member of his government, from the post of deputy prime minister, ostensibly for his decision to discuss within his own political party a possible candidacy for the presidency. More broadly, the influence of the pro-Western forces in the coalition on Ivanishvili’s actions appears to be increasingly limited; it remains a mystery who actually influences the prime minister. One frequently mentioned name is Gia Khukhashvili, a senior Ivanishvili advisor and director of the Georgian Development Research Institute. Khukhashvili’s staff appear to prepare legislative proposals and channel them directly to the parliament’s legal committee, led by former Institute staffer Vakhtang Khmeladze—thus bypassing the democratic process in a manner more pronounced than under the UNM’s rule. More worrisome has been the appointment to senior positions in the prosecutor’s office and ministry of interior of several senior officials of the Shevardnadze era with alleged connections to Russian security services.

24 ‘Prime Minister Bidzina Ivanishvili’s Meeting with the Majority’, YouTube.com, 8 December 2012.
An element of contention within the coalition has been the attitude towards religious and sexual minorities. Following the assertively liberal policies of the UNM period, more conservative forces—in particular those within and associated with the Georgian Orthodox Church—sought to reverse the gains of the past decade once the UNM was ousted from power. This campaign included violence against anti-homophobia demonstrators in May 2013, and repeated instances of pressure against Muslim and non-traditional religious communities across Georgia, including the forcible dismantling of a mosque minaret in western Georgia in August 2013. These actions were not endorsed by the government, and leading government representatives including Ivanishvili himself have condemned them. Yet, it is also clear that the government has not done nearly enough to thwart the rise of such anti-minority agitation. Quite to the contrary, government officials, including Justice Minister Thea Tsulukiani, have gone out of their way to appease the church, refraining from criticising it, and in fact legitimising a political role for the church that is incompatible with European standards and in fact presents the EU as a threat to the Georgian nation.

Any government should be given the benefit of the doubt in its initial phase, and Ivanishvili’s lack of political experience suggested that he might have needed a longer period to get his government into shape. Indeed, the pace of arrests did slow down, mainly as a result of European pressure. Yet the first year of Ivanishvili’s government raised more questions than answers. Domestically, Ivanishvili’s main asset was the widespread public fatigue with Saakashvili and the UNM. Until and unless the UNM succeeds in revamping itself and making up for the mistakes and excesses of its time in power, the Georgian public is unlikely to even consider returning it to power. Its presidential candidate, David Bakradze, is attempting to do exactly that; it remains to be seen whether he will succeed. This has provided Ivanishvili with considerable leeway; and while the Tbilisi intelligentsia appears to have soured on Ivanishvili, what matters for most of
the population is the economy. In this area, Ivanishvili’s approval ratings have largely been kept up by his populist short-term policies, which nevertheless have showed no signs of building long-term growth in Georgia. Quite to the contrary, Georgia by late 2013 faced a possible recession.

In the international arena, concerns with Ivanishvili’s tenure have mounted. Central and East European leaders, in particular, recall that even following the end of the manifestly repressive and illegitimate Communist rule, they refrained from rounding up members of the former regime. While Ivanishvili and many of his associates seek to portray Saakashvili’s administration as tyrannical, dictatorial and comparable to the Communist party, this characterisation simply fails to convince either European politicians or long-term Georgia watchers. The judicial processes in Georgia have come to be widely understood as selective justice, and the comparison to Yanukovich’s Ukraine is being widely made across Europe. An unfortunate corollary is that if the judicial process comes to be viewed as illegitimate, which is rapidly happening, the likelihood of credible justice being meted out to those really responsible for wrongdoing in the past decade will diminish. That, in turn, has begun to generate growing frustration within the GD base, which feels the government has not done enough to address the property rights issue, in particular. Disgruntled GD voters are therefore increasingly being lured by the harsh, vindictive rhetoric of pro-Russian Nino Burjanadze, who is beginning to fill the vacuum between a discredited UNM and a GD coalition without a clear identity.

In August 2013, Ivanishvili stated in unequivocal terms his intention to step down as prime minister following the October 2013 presidential election. While this statement only confirmed his initial stated intention upon taking the reins of power, it caused widespread bewilderment, especially within his own coalition. Ivanishvili had recently nominated for president Education Minister Georgi Margvelashvili, a relatively unknown figure without
a political base of his own. To win, Margvelashvili essentially relied on people voting for him because he was Ivanishvili’s choice. But as voters were told Ivanishvili was himself leaving politics, this weakened his ability to provide the necessary boost to Margvelashvili’s candidacy. Margvelashvili nevertheless proceeded to win the election in the first round, garnering 62% of the vote, followed by UNM candidate David Bakradze with 21% and Nino Burjanadze with 10%. This election result reaffirmed the pro-European consensus of Georgian politics, and indicated that Burjanadze’s position remains marginal.

On 2 November 2013, Ivanishvili designated Interior Minister Garibashvili to be his successor. Garibashvili is a gifted and competent person and is considered to be one of the most popular cabinet ministers. However, his political persona is entirely linked to Ivanishvili. Since 2004, he has been Ivanishvili’s right-hand man, running his charitable foundation, serving on the supervisory board of the Cartu Bank and managing the record label formed for his rapper son Bera. Garibashvili’s appointment as Interior Minister—the first public office he has ever held—was greeted as a sign that Ivanishvili wanted his most trusted lieutenant at the head of the most critical institution in the state. Similarly, his appointment to succeed Ivanishvili suggests that Ivanishvili values loyalty over merit. It is notable that the Prime Minister refused to consider appointing a politician with an independent political identity to succeed him. There were numerous candidates Ivanishvili could have considered appointing to the position including Parliamentary speaker Usupashvili, Defense Minister Alasania or the Deputy Prime Minister and Economy Minister Georgi Kvirikashvili, who has a solid political and business background and who has equally showed loyalty to Ivanishvili by his service as CEO of the Cartu Bank from 2006 to 2011. Appointing any of those people to succeed him would have sent a signal of confidence to the politicians in his coalition. This was the course of action advised by several of Georgia’s key leaders but that Ivanishvili chose to ignore. As a result, the two highest positions of power in Georgia will be held
by individuals poorly known to the public and to Georgia’s allies, and who will owe their positions entirely to Ivanishvili’s unilateral decision to nominate them.

On a broader level, the question will be whether Ivanishvili will resign from his position of power, or simply from accountability. Given his financial resources and a solid parliamentary contingent beholden to him, he is likely to be able to influence politics from behind the scenes, without having to bear the responsibility for future failures or setbacks. As his departure coincides with the end of Saakashvili’s term, this will create a sizeable vacuum in Georgian politics. But nature abhors a vacuum, and thus the Georgian political scene is certain to undergo deep changes in the coming years.

Strategic drift or continuity? Ivanishvili’s external agenda

Upon his election, Ivanishvili underlined continuity with the former government’s foreign policy priorities of EU and NATO integration, declaring these to be irreversible. Indeed, that was one of the chief messages of Ivanishvili’s campaign, in the face of an onslaught of government accusations of being a Russian stooge. He claimed, in parallel, to prioritise repairing relations with Russia, without thereby reneging on Georgia’s long-term aim of seeing an end to occupation of Abkhazia and South Ossetia. In power, Ivanishvili’s dilemma reflects the contradictions inherent in Georgian public opinion, which overwhelmingly supports both EU and NATO integration and improved relations with Russia. Thus, in his first press conference after the election, Ivanishvili stated, ‘I think it is possible with correct diplomacy to convince Russia that Georgia’s integration in NATO is not a threat.’

While this makes

eminent sense in theory, squaring this circle in practice will be an immense challenge. Russia’s top priority is exactly the prevention of NATO expansion, and it is thus unclear how Ivanishvili’s key foreign policy goals might prove compatible. Their prospects have hinged on a more low-key rhetoric from Tbilisi, and the absence of Saakashvili from the political helm, resulting in improved relations. Thus, the Georgian government has met Russian provocations, such as the building of barbed wire fences along the South Ossetia administrative border, and a major unannounced military exercise in the Black Sea in the spring of 2013, with a calm and measured tone. Yet, if the experience of countries like Moldova and Ukraine is any guide, Moscow’s pressure has not abated simply because of a change of leadership or rhetoric. Perhaps Ivanishvili’s less confrontational rhetoric has been helpful, but it is very questionable whether it will change Moscow’s priorities, which are to undermine Georgia’s statehood, independent foreign policy and democratic development. Indeed, the autumn of 2013 seemed to point in the opposite direction: Russia moved into high gear to prevent not just NATO expansion but the EU’s Association Agreements with Moldova, Ukraine and Armenia. Moscow essentially forced Armenia’s president to suddenly relinquish an Association Agreement with the EU that it had spent three years negotiating, in favour of the Russian-led Customs Union, explicitly citing national security considerations. Ukraine was under heavy pressure to follow suit. In this environment, Georgia’s stated policy ambitions are simply irreconcilable with those of Russia.

As for Georgia’s Euro-Atlantic aspirations, the prospects of EU integration—in contrast to the situation 10 years ago—are far superior to its chances at NATO. Georgia has the opportunity to advance on both fronts, however. Regarding the EU, Georgia will stand to benefit from a less ambivalent vision of its own role. The Saakashvili-era preference for deregulation and frequent mentioning of the Singapore model had certainly not been popular in EU circles, since they are simply incompatible with the acquis
In the economic sphere, Ivanishvili’s more centre–left agenda will prove less of an irritant in Brussels. In fact, EU negotiators claimed a greater ease in dealing with their new Georgian counterparts, who proved less inclined to object on principle to various EU regulations. The State Minister for Euro-Atlantic Integration, Free Democrat Alexi Petriashvili, is an experienced Georgian diplomat who frequently emphasises that 70% of the work for EU approximation was done by the previous government, and stresses continuity with those efforts.

As for NATO, Alasania’s appointment as defence minister signifies a marked improvement over the tenures of Akhalaia and Shashkin, under which a considerable part of the ministry’s highly skilled civilian staff had been forced out or resigned, and whose policies had generated considerable controversy. Alasania launched important reforms of the ministry, including in the areas of procurement and personnel management, and worked towards the building of a professional army. The question will be whether the improvement of Georgia’s merits as a candidate will matter for what is essentially a political decision by top Western powers to move Georgia closer to actual membership.

As for Russia, the new government has sought to reach out to Moscow, appointing senior diplomat Zurab Abashidze as special representative of the prime minister for this purpose. He has held several meetings on neutral territory with Russian Deputy Foreign Minister Grigory Karasin, agreeing to discuss areas where progress is possible, thus excluding the question of Abkhazia and South Ossetia. Georgian officials have also sought to reintroduce Georgian products to the Russian market, primarily Georgian wine and mineral waters. These were banned in 2006 by the Russian food safety agency, RosPotrebNadzor, in a process that was transparently and entirely political. While Georgian officials may

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succeed in reintroducing Georgian wine into Russia, with positive consequences for the economy, such a victory would come at the price of playing along with an entirely fraudulent process. The fact that the government specifically approached Russia on the issue and went along with an inauthentic process of Russian ‘inspections’ of Georgian wineries (rather than simply having wineries apply for permission) nevertheless sends the signal that Georgia is once again acquiescing to play Moscow’s games.

The challenges

The main challenges in the new administration’s foreign policy lie in four areas: the dangers of bilateral instead of multilateral ties with Russia, the risk of falling further off the Western agenda, the contamination effect of domestic politics and the rocky start to its relations with the immediate neighbours.

First, the opening to Russia is positive in theory, as it signifies an ambition to normalise relations with a great power on Georgia’s very border. But in creating a specific, bilateral channel, as Tbilisi has done, there are dangers. One of the few positive consequences of the 2008 war was that the Russian–Georgian conflict was lifted to a multilateral level, through the Geneva discussions that included a prominent Western presence. Any illusion of Moscow being an arbiter between Tbilisi and its break-away regions was removed, Russia finally being squarely recognised as what it had long been—a party to the conflict. This countered Moscow’s long-standing aim to prevent the internationalisation of these conflicts, in which it sought to keep them in a bilateral setting, where Georgia would be at a disadvantage to Moscow’s manipulations. It is therefore likely that Russian officials will seek to make the Geneva discussions even more unproductive and frustrating—so far, it seems, mainly by pushing Abkhaz and South Ossetian representatives to demand unrealistic changes in the format of the talks—to
move its relationship with Georgia away from the multilateral into the bilateral setting, where Russia will not have to endure a Western presence. Such tendencies are already visible. Resisting this temptation to deal bilaterally with Russia will be a crucial challenge to the government in its effort to improve relations with Russia without giving up on what it calls its ‘red lines’.

Second, Ivanishvili’s government has made a very conscious choice to cease being an ‘irritant’ in Russian relations with the West. That policy has been welcomed in Western capitals, particularly in Berlin and Washington, which continue to put priority on relations with Moscow. Western powers now feel less constrained by the Georgia issue in their dealings with Moscow. But it is an open question whether Georgia will benefit from this policy. The optimistic scenario is that Georgia will be able to build a more stable and sustainable, if less ambitious, agenda of Euro-Atlantic integration, and elicit reduced Russian opposition to its independent foreign policy. Yet such a policy may instead lead Georgia to fall further back on Western radar screens, because Western powers are unlikely to stand up for their own principles and for Georgia’s security unless they are constantly reminded of the imperative to do so. Thus, Georgia appears already to be slipping on the list of priorities, enabling Russia to stealthily rebuild its influence in the country, at the expense of both Georgia’s independence and Western interests.

This point is further exacerbated by the impact of Georgia’s turbulent and controversial domestic politics. To begin with, the most apparent consequence of the mutual name-calling between Saakashvili and Ivanishvili and their respective teams is that they are both succeeding, to some extent, in wearing down the other’s image in the West. In the process, though, they are also damaging the standing of Georgia as a nation. Moreover, as the perception becomes widespread that the Ivanishvili administration is engaging in selective justice and is following the Ukrainian path, it could ideally spur greater European engagement to reverse a
negative slide. However, it would be equally likely to lead to a loss of interest in Georgia, as the symbolic value of the country’s positive transformation would be lost. Georgia would no longer stand out, and might once again be perceived as yet another post-Soviet state. That would in turn create a vacuum that Moscow would immediately seek to fill.

Finally, Georgia’s handling of its relations with its neighbours will be central to the country’s future, and to European interests in the region. For two decades, in spite of all the country’s internal difficulties, successive Georgian governments have succeeded in establishing Georgia as a credible and committed transit corridor between Europe and the Caspian region. This has included building key strategic partnerships with Turkey and Azerbaijan, while at the same time maintaining cordial relations with Armenia. This was no small accomplishment, especially given Georgia’s historically difficult relations with Turkey. Through the dedication of Presidents Shevardnadze and Saakashvili, Georgia became a leading force in the building of the east–west strategic corridor of which it is a central part. Most notable was the building of the twin oil and gas pipelines connecting Azerbaijan and Turkey in the mid-2000s, but equally important was the building of a transportation corridor that would serve both civilian purposes and those of the NATO operation in Afghanistan. The strategic Baku–Tbilisi–Kars railway project is a keystone in this process. In fact, with the opening of the Marmaray rail tunnel under the Bosporus in October 2013, a short section in Georgia is the only missing link in a railway connection that would enable the transit of containers and other goods from Hamburg to Hanoi. Thus, the Saakashvili government made this pipeline project—financed by a US$700 million loan from Azerbaijan—a priority that would further strengthen Georgia’s geostrategic significance.

Even so, in Ivanishvili’s first year in power, Georgia experienced difficulties with all three of its regional partners. In one of his first interviews as prime minister, referring to Georgia’s 200,000
Armenian residents, Ivanishvili said, ‘[W]e are surprised that they live here’, apparently implying that they should voluntarily move to Armenia. Similarly, early comments by Ivanishvili seemed to question agreements with the State Oil Company of Azerbaijan on gas tariffs in Georgia; more importantly, the prime minister questioned the wisdom of the Baku–Tbilisi–Kars railway, which he called ‘another stupid project’ of the Saakashvili era. While he later reversed his earlier scepticism on these counts, these missteps ruffled feathers in Baku, particularly as Ivanishvili simultaneously raised the prospect of opening the north–south railway connecting Russia through Abkhazia and Georgia to Armenia. The symbolism of talking down an east–west route and talking up a north–south line was not lost on Georgia’s neighbours. Ivanishvili made other comments that raised fears regarding Georgia’s commitment to its current strategic orientation. In January 2013 he called Armenia ‘a good example for Georgia [which] can be a source of envy’ for managing positive relations with both Russia and the West—a statement that seemed to suggest that the Armenian policy choice of subordinating itself in a Russian sphere of influence, and abandoning ambitions of NATO and EU integration, would be acceptable for Georgia. In September 2013, after Moscow had finally forced Armenia to relinquish its long-standing goal of initialling an EU Association Agreement in the upcoming Vilnius Summit and instead pledge to join the Russian-led Customs Union, Ivanishvili was asked about his approach to the Russian-led Customs Union and Eurasian Union projects. He answered, ‘I am looking at it with attention and we are studying it. . . . If in perspective we see that it is interesting for the strategy of our country, then why not.’ While the Georgian foreign ministry later sought to tone down the comments, they once again showed at the very least a lack of understanding of, and commitment to, Georgia’s geostrategic orientation, and at most a scepticism

towards Georgia’s Euro-Atlantic ambitions. In either case, it differed starkly from the attitudes of both Shevardnadze and Saakashvili, as well as from those of the leading politicians responsible for foreign and defence affairs in his own government. In Baku, these statements generated reactions ranging from bewilderment to panic.

Turkish officials have also been increasingly concerned about the anti-Turkish and anti-Muslim rhetoric that Georgian Dream candidates expressed during the electoral campaign, and have felt that the leadership has not been sufficiently diligent in distancing itself from such voices. Ivanishvili’s February 2013 official visit to Turkey was considered successful, but ongoing pressure against the Muslim community and the government’s inaction in that regard has caused strong resentment in Turkey’s Islamic conservative government. The lasting perception that Ivanishvili has created in Georgia’s neighbourhood is, unfortunately, that of a government that may not pay the same attention to the strategic bedrock of Georgia’s regional security as previous governments have.

After Ivanishvili: what next?

The democratic transition of power in Georgia was itself a crucial step in the country’s evolution and Euro-Atlantic integration. However, the processes that it unleashed pose new challenges for the country. First, there is the lack of internal cohesion of the governing coalition on key elements of Georgia’s national identity, and on its relationships with its neighbours and the West. The main cabinet ministers appear wedded to continuity, to the further Europeanisation of Georgian society and to its strategic alignment with its Muslim-majority partners in the east–west corridor; however, significant forces in the coalition do not share these views. Neither does perhaps the most influential force in
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Georgian society, the Georgian Orthodox Church. And not being politicians at all, most individual members of the Georgian Dream parliamentary group may have no defined views on these issues. How the balance between these forces develops will be a crucial determinant of Georgia’s future. Second, the new government has invested an inordinate amount of time and political capital in settling scores with its predecessor, in a manner that has failed to assuage the concerns of Western observers, and which has come at the cost of greater domestic instability, preventing Georgia from focusing on the future, rather than the past.

Georgia is in dire need of an end to the personalised politics that Saakashvili and Ivanishvili both epitomise. Yet in a country accustomed to dominant leaders, the simultaneous departure of both of these figures from the political scene risks generating the opposite: uncertainty, a political vacuum and ensuing political instability. It remains to be seen whether Ivanishvili is truly relinquishing power, or is simply resigning from accountability—seeking to continue deciding important matters from behind the scenes, and controlling the politics of the country through his purse strings. Such a situation is unlikely to be sustainable in the longer term, but could destabilise Georgia in the short run. Ivanishvili’s selection for his successor as prime minister will be an important indication, but Georgia risks a situation where the country’s two most important positions will be held by individuals without clear political identities and platforms. Should this be the case, it is likely to make the internal tensions within the coalition government untenable, perhaps as soon as the local elections of May 2014.

In the next several years, Georgia’s political landscape will most certainly be redrawn. The formerly governing UNM faces the difficult task of reinventing itself; it is most unlikely to return to a position of strength in the near future. Similarly, the GD coalition is unlikely to remain united, and is instead likely to split into several factions, reflecting their different identities. Also, the pro-Russian force of Nino Burjanadze is a dark horse. Whereas she was recently
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the most disliked politician in Georgia, with two-thirds of Georgians disapproving of her, she is benefiting from the vacuum created by the UNM’s demise and the GD’s incoherence, and most certainly from Russian support—financial and otherwise. In this evolving climate, Georgia’s pro-Western elite is once again divided, as it was in the late Shevardnadze period. Some of its luminaries, such as Usupashvili and Alasania, occupy high positions in the government and parliament. Others, such as Bakradze, are either in the minority or have returned to civil society, having lost the ministerial posts they held under the UNM’s tenure. While these forces maintain largely cordial relations with one another on a personal basis, Georgia’s future will largely depend on whether they reconstitute themselves into a coordinated if not unified political force, capable of driving the country forward.

This will be crucial, not least given Georgia’s precarious position, which does not allow its leaders much room for mistakes. A decade ago, Moscow was opposed to NATO expansion, but did not see the EU as a threat. Today, Moscow is relentless in its pressure on the countries of the Eastern Partnership, seeking to halt even the initialling of Association Agreements, as it successfully did with Armenia in September 2013. This suggests that Moscow’s goals of thwarting the independence and Westward orientation of post-Soviet states is far from over; indeed, it is entering a new phase. Russia’s posture towards Georgia has been remarkably calm in the year following Ivanishvili’s ascent to power, but that is unlikely to continue to be the case. As Russian commentators have stated in private, the Kremlin appears to see Georgia as a ripening apple waiting to be picked, and aggressive measures appear to have been put on hold largely as a result of Moscow’s overarching priority of ensuring the success of the Olympic Games in Sochi in February 2014. But once these Games are over and the snows thaw in the Caucasus Mountains, Russian pressure, subversion and infiltration is likely to pick up once again. Georgia’s leaders will need a unity of purpose as well as support from the outside to stay the course.
Implications for the EU

In the past several years, it has been a hard sell to convince European leaders to spend scarce time and resources on the South Caucasus and Caspian region, given the salience of Europe’s own problems, and crises like Libya and Syria that posed immediate dangers requiring swift action. Even the objective of weaning Europe away from Russian energy, which spurred considerable attention to the Southern Corridor, became less urgent as projections for Europe’s gas consumption were adjusted downward, and shale gas changed global energy markets.

Yet in these trying times, the EU has also created a mechanism intended to bring the states of Eastern Europe, including the South Caucasus, closer into the European orbit. At its creation, the Eastern Partnership was much derided, as it both lacked significant financial resources and seemed to lack the key element of a membership perspective, which proved so efficient in effectuating change in Central Europe in the 1990s. Yet the true value of the Eastern Partnership should have been apparent in the way Russian officials reacted to it. Russian Foreign Minister Sergey Lavrov in a remarkable moment referred to it as ‘an attempt to extend the EU’s sphere of influence’. Of course, Lavrov’s statement—perhaps deliberately—conflates the EU’s voluntary forms of integration and the Russian-led mechanisms that rely on coercion, such as the Customs Union and Eurasian Union. However, it suggests that Moscow belatedly grasped the inherently transformative power of the EU’s bureaucratic mechanisms of integration: once the countries of the Eastern Partnership begin implementing Association Agreements and

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DCFTAs, these instruments are likely to gradually and irreversibly lead not only to their democratic consolidation but also to the consolidation of their political independence.

For the EU, the merits of the Eastern Partnership are thus considerable: without committing serious financial resources or even offering a formal path to membership, the EU has devised an instrument that could help stabilise Eastern Europe, including the South Caucasus; contribute to continued democratic reform and consolidation of its eastern neighbourhood; and secure a corridor to the Caspian Sea and Central Asia, including but not limited to the delivery of significant energy resources. Of course, there is some way to go, and the Eastern Partnership is far from a perfect instrument. Had it been more deeply endowed, Russia might not have succeeded in thwarting Armenia’s defection from a planned Association Agreement, and Ukraine might not be at risk of following suit.

In this strategic picture, Georgia’s fate truly hangs in the balance. As this paper has detailed, it stands at an inflection point in its domestic development, with its prospects marked by considerable uncertainty. With comparatively limited levels of political attention and at negligible political risk, the EU can make the difference, ensuring a Georgia that continues on its path of European integration and democracy-building, and not one drifting away from this path into political instability.

The fate of Georgia will also determine the fate of the east–west corridor. This transatlantic policy priority spanning the past 20 years currently has few champions. The current American administration is not interested in investing in it, and the Turkish government is too erratic and focused on the sectarian drift in the Middle East to play a leading role in developing it. Meanwhile, Moscow is doubling down on its efforts at coercive integration of the post-Soviet space, with the explicit purpose of undermining the east–west corridor.
Recommendations

• Following the initallling of Association Agreements with Georgia (as well as other Eastern Partnership applicants) in Vilnius in November 2013, speed up the process of ratification of these agreements.

• Communicate clearly to the Russian leadership that these agreements are a priority of the EU, and that Russian efforts to undermine or thwart them will have consequences for the EU–Russian relationship.

• Raise the issue of Russian undermining of the Eastern Partnership in the EU’s dialogue with the US, and seek American support in this regard.

• Initiate a European–Caspian dialogue involving Georgia, Azerbaijan, Kazakhstan and Turkmenistan, with the possible participation of Turkey and the US, to further develop the east–west corridor.

• Sustain the policy of non-recognition of Abkhazia and South Ossetia, and continue to raise the ending of the occupation of these territories in interactions with Russian officials, while maintaining the position that Russia is a party to the conflict with Georgia, as long as it occupies Georgian territory.

• React publicly and at high levels to Russian provocations along the occupation lines, such as the installation of barbed wire fences on Georgian territory.

• Continue to send clear political messages to the Georgian leadership that discourage the politicisation of justice and that encourage forward-looking policies.
• Engage and work to empower the incoming president and likely new prime minister of Georgia following the October 2013 elections.

• Support coordination and cooperation across party lines among the pro-European political elites in Georgia.

• Expand the team of advisors to Georgian institutions supporting the implementation of the Association Agreement and DCFTA.

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Georgia is unquestionably the most open polity of the South Caucasus, and its political development will be a bell-wether for the prospects of democratic development across Eurasia. This research paper analyses the achievements and shortcomings of the Rose Revolution era as well as the prospects for the country under the leadership of the Georgian Dream Coalition. Furthermore, it discusses the influence of Russia on Georgia’s development on the path of European integration and democracy-building.

In the past decade, Georgia has transformed from a failed state to a functioning one; President Saakashvili helped modernise Georgia’s conception of itself and moved Georgia irrevocably toward integration with Euro-Atlantic institutions. Prime Minister Ivanishvili has continued Georgia's foreign policy priorities of EU and NATO integration, declaring these to be irreversible. Meanwhile, Russia is doubling down on its efforts at coercive integration of the post-Soviet space, with the explicit purpose of undermining the east–west corridor. Should Georgia’s democratic progress be reversed, the very feasibility of democratic governance in post-Soviet countries as a whole would be called into question. Should it continue to progress towards European norms, the viability of the model of state–society relations that Vladimir Putin euphemistically terms ‘sovereign democracy’ would instead be challenged.