

Georgia - between a dream and reality

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Following several years of political turmoil triggered by constitutional reform (a shift from a presidential to a semi-presidential system) and electoral reshuffles (parliamentary elections in 2012; presidential elections in 2013), the political situation in Georgia has stabilised: key posts in the country are now in the hands of democratically elected members of the Georgian Dream coalition. Despite its mosaic-like structure and internal tensions, Georgian Dream remains strong and enjoys high levels of public support. This puts it in good stead to play a central role in Georgian politics in the foreseeable future, including securing victory in the local government elections scheduled for June.

However, local billionaire Bidzina Ivanishvili does not currently hold a political office - despite the fact that he is the founder, sponsor and undisputed leader of the coalition, as well as former prime minister and the most popular public figure in Georgia (besides Patriarch Ilia II). This raises several questions, for example: Who is really at the helm of the Georgian state? What is the long-term vision of the current government? The past achievements of the politically heterogeneous Georgian Dream - dominated by Mr Ivanishvili - offer little help in answering these questions. In addition to a series of challenges on the domestic front, the new Georgian leadership is also facing strategic geopolitical challenges, compounded by the current conflict in Ukraine. These include the future of Georgia's relations with the West (including the process of EU and NATO integration) and with Russia (in response to repeated attempts to re-integrate the post-Soviet republics). The scale and dynamism of the changes in both the geopolitical order in the post-Soviet region and in the relations between Russia and the West are causing further questions to be raised about their impact on the position of the Georgian political elite and about their consequences for the entire country.

Who is in charge of Georgia?

Georgian Dream was formed in early 2012 as a coalition of six political parties, under Mr Ivanishvili's leadership, united by their opposition to their political predecessors. The coalition¹ won the parliamentary elections in October 2012 (55%) and the presidential election in October

2013 (62%); it has a clear majority in the current parliament (86 of 150 seats) and enjoys high public approval ratings (61% - based on an opinion poll conducted in November 2013²). It is therefore probable that Georgian Dream will continue to govern Georgia for the foreseeable future, even though it is likely to come under greater public scrutiny than it did during a year-long period when it shared power with

¹ During voting, Georgian Dream can count on the support of an additional 13 independent MPs who won their seats as representatives of Mikheil Saakashvili's United National Movement.

² See <http://www.civil.ge/files/files/2013/NDI-Georgia%20November2013-Political.pdf>

the unpopular president Mikheil Saakashvili. Georgian Dream is a political project launched by Bidzina Ivanishvili - a local billionaire who had never previously taken part in Georgia's political life (although he did support Boris Yeltsin's 1996 bid for re-election) and whose political views are rather hard to pin down. Mr Ivanishvili is Georgia's wealthiest man³ and until his exit from politics in November of last year he served as prime minister and the leader of the largest party in the coalition. His personal popularity (around 74% in November 2013) was and remains the main source of public support for Georgian Dream, along with the widespread public dislike of the previous ruling camp.

During his year as prime minister, Mr Ivanishvili made all major decisions without consultation. These include: nominating a presidential candidate and his own replacement as prime minister. He not only withheld the most influential positions in domestic politics from his coalition partners (appointing instead his most trusted associates), he also demonstratively removed from the cabinet one of the most widely recognised and most pro-Western politicians in the coalition - Irakli Alasania, who lost his post as deputy prime minister two months after the government was sworn in.

The incumbent president, Giorgi Margvelashvili (aged 44, a former university lecturer) and the prime minister, Irakli Garibashvili (aged 32; with close links to Mr Ivanishvili throughout his political career) owe their positions entirely to the support they have received from Ivanishvili, and their experience as politicians and statesmen prior to taking office in November 2013 was limited to just 9 and 12 months in the Georgian Dream government, respectively. In an interview, Garibashvili once said: "Mr Ivanishvili is my role model, and I will always follow his example. I will always accept advice from him, especially since I know that this man gives only useful

³ Forbes magazine has estimated Ivanishvili's fortune at \$5.3 billion. Georgia's budget in 2013 was equal to \$4.36 billion.

and beneficial recommendations to his people⁴". Under the circumstances, it is rather surprising that Mr Ivanishvili recently criticised president Giorgi Margvelashvili, stating that despite Mr Margvelashvili's lack of political support and experience, he was not sufficiently 'open' to his suggestions. However, since presidential powers in Georgia are rather limited, this state of affairs has not diminished Mr Ivanishvili's influence.

Ivanishvili has managed to retain his role as the de facto CEO of the country: he remains outside the government and bears no political responsibility but nonetheless appears to wield the casting vote.

The key politicians in the ruling camp have close personal and/or business links to Mr Ivanishvili (the current PM worked as his assistant for a number of years). Ivanishvili has publicly admitted to being "consulted" on government decisions, and has been present at a number of official events (most recently, during a visit by Romania's prime minister). His position is also strengthened by his role within the Georgian Co-Investment Fund⁵ and in the non-governmental organisation 'Citizen' - portrayed in the media as the Georgian equivalent of the Soros Foundation (according to Mr Ivanishvili, the NGO will help people develop skills in "how to elect a government and how to keep it accountable"). Consequently, it has been suggested that even as a private person, Mr Ivanishvili has managed to retain his role as the *de facto* leader of the country: he remains outside the government and bears no political responsibility but

⁴ <http://rt.com/shows/sophieco/georgia-prime-minister-eu-572/>

⁵ The private investment fund was launched with Mr Ivanishvili's help to support the economic development of the country. At the time of the launch, Ivanishvili committed \$1 billion of his own money to support the fund. See <http://civil.ge/eng/article.php?id=26503> and <http://www.gcfund.ge/en/>

nonetheless appears to hold the casting vote. The make-up of the Georgian Dream coalition makes it hard to define its political profile. During his year as prime minister, Mr Ivanishvili gave prominence to different groups across the coalition spectrum, depending on the issue at hand. Aside from its largest member, Georgian Dream – Democratic Georgia (established by Mr Ivanishvili himself, and currently chaired by Prime Minister Giorgi Margvelashvili), the two most prominent parties within the coalition are the pro-Western: Our Georgia – Free Democrats (led by defence minister Irakli Alasania) and the Republican Party (led by the speaker of the parliament, Davit Usupashvili). However, their decision-making powers on key issues seem to remain limited, with the final say being given to Mr Ivanishvili's most trusted associates, namely, Prime Minister Irakli Garibashvili, deputy prime minister Kakha Kaladze, and Giorgi Volski - chairman of the Georgian Dream – Democratic Georgia parliamentary faction.

The government's top priority is to bring the previous ruling camp to account (both legally and politically) and to take full control of the state apparatus.

Despite the obvious personal and political tensions, the coalition is likely to survive into the foreseeable future. Most of the coalition members are quite small and have limited funds. A decision to leave the coalition would cost them their position on the political scene and their posts in the government and could leave them open to accusations of links to the previous ruling camp.

Bringing the previous ruling camp to account

Under president Saakashvili, Georgia strengthened its sovereignty, built up state institutions, reduced crime and venality, and successfully

implemented its policy of closer links with the West. At the same time, the period was marked by a politicisation of the state apparatus⁶, the impunity of state officials⁷, restrictions on political competition, and questions about the independence of the judiciary. Mr Saakashvili's government also took an especially hard line on crime⁸ and carried out large-scale personnel changes in the civil service. This caused resentment both among the Georgian people and among the members of the elite marginalised after 2003.

Consequently, Georgian Dream came to power in a country which it believed had been shaped into its current form by its political opponents (at both the structural and personnel levels). The coalition accuses their predecessors of breaking the law and violating the rules of democracy, and many Georgian Dream members continue to hold personal grudges against them. Therefore, bringing the previous ruling camp to account (both legally and politically) and taking full control of the state apparatus has become a top priority for the new government (due to skilled staff shortages within the coalition, Georgian Dream has often been forced to appoint people who previously served under Eduard Shevardnadze).

According to unverified figures published in autumn of 2013 by Georgia's previous ruling party, in the course of a single year about 10,000 members of the party were interviewed or investigated by the police, and 100 people were subsequently charged (a long prison sentence was given to, for example, the former prime minister and secretary general of the United National Movement, Vano

⁶ See http://transparency.ge/sites/default/files/post_attachments/Final%20Report%20on%20AAR_ENG_0.pdf

⁷ This is exemplified by the still unexplained death of Sandro Girgvliani - a young bank employee, who is believed to have been murdered by high-ranking Interior Ministry officials. See a 2011 ruling of the European Court of Human Rights: [http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-104636#{%22item id%22:\[%22001-104636%22\]}](http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-104636#{%22item id%22:[%22001-104636%22]})

⁸ In 2011, Georgia had the fourth highest prison population in the world per 100,000 residents (after the US, Rwanda and Russia). See http://www.prisonstudies.org/images/news_events/wpp19.pdf

Merabishvili). This has attracted criticism from the West and suggested parallels with the case of Yulia Tymoshenko. In addition, the coalition conducted a pressure campaign against members of the United National Movement in local government, which led to a change in leadership in 80% of cases in favour of Georgian Dream, just one year before elections⁹.

This large-scale campaign to settle accounts with the past was the result of a combination of factors that are often difficult to define. They include, on the one hand, the desire to seek justice and address the expectations of the Georgian people, who want those guilty of the excesses of the 2003-2012 period to be punished. And on the other, the desire to take revenge, to disempower the previously all-powerful ruling camp, and to reflect the key tenets of Georgian Dream's political manifesto, which is largely based on the promise to "strive for justice".

The complexity of this problem has been illustrated by the case of Bacho Akhalaia. Mr Akhalaia, who previously served as head of the prison service, defence minister and interior minister, was arrested on 7 November 2012 and sentenced on 28 October 2013 to 3 years and 9 months in prison for egregious irregularities during his time as head of the prison service¹⁰. It should be noted that back in 2009, Mr Akhalaia's nomination as defence minister drew criticism from the US State Department due to allegations of human rights abuses in Georgian prisons¹¹. Nonetheless, the decision to arrest Mr Akhalaia within just two weeks of the 2012 leadership change on the basis of relatively weak evidence (which, in fact, led to his subsequent acquittal¹²) seems to have been linked to

his strong position within the Georgian Armed Forces and to the influence his family retains in the Georgian region of Samegrelo.

The approach taken by the Georgian Dream government, including its strong belief that extraordinary measures (including, numerous violations in investigative and judicial procedures¹³) are justified by the need to erase all traces of the previous regime, resembles the approach adopted by the Saakashvili camp towards the political reality it inherited after the 'rose revolution'. The current government is therefore repeating the mistakes of its predecessors, further weakening the Georgian state.

Tbilisi's relations with the West are likely to suffer if the Georgian Dream government continues to repeat the mistakes of its predecessors and uses "selective justice".

One example was the decision to suspend the mayor of Tbilisi Gigi Ugulava - the last politician from the Saakashvili camp in a prominent and influential post within the executive. The court's ruling in the case was given on 22 December of last year under clear pressure from the prosecutor's office (during a late night session held behind closed doors)

This raises concerns about the state of democracy in Georgia, particularly because a series of reforms has failed to eliminate the concern that the "culture of influence" in local courts and the prosecution service make it impossible to guarantee a fair trial. Given the government's aggressive rhetoric towards the previous regime, "selective justice" is likely to continue, causing tensions in Tbilisi's relations with the West. For example, a recent announcement by the prosecution service that it was planning to interview Mikheil Saakashvili attracted immediate criticism from the US State Department.

⁹ Source: A party information document entitled: "Georgia's Democratic Backsliding: an Overview".

¹⁰ Before he left office, president Saakashvili pardoned Akhalaia, but the former minister remains in custody on other charges.

¹¹ See http://www.wikileaks.org/plusd/cables/09TBILISI1765_a.html

¹² <http://civil.ge/eng/article.php?id=26324>, <http://civil.ge/eng/article.php?id=26642>, <http://civil.ge/eng/article.php?id=26628>

¹³ See for example <http://civil.ge/eng/article.php?id=26222>

However, it should also be noted that such irregularities have been attracting criticism from Georgian NGOs¹⁴, which previously were highly critical of the Saakashvili camp. The existence of apolitical non-governmental organisations in Georgia sets it apart from other countries in the region and may be instrumental in preventing the violation of democratic standards.

The welfare and economic policies of Georgian Dream

In addition to settling old political and legal scores, the domestic policy pursued by Georgian Dream has focused on two areas: social welfare and how to erase the legacy of “authoritarianism”, “persecution” and the centralisation of state power.

The neoliberal policies of the Saakashvili government were marked by the retreat of the state from the social sphere. This was exemplified by

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a lack of public policy on unemployment, no unemployment benefits, and the privatisation of the health service. Meanwhile, high unemployment and poverty have for years been the most important problems facing the people of Georgia.

Since coming to power, the Georgian Dream government has raised state pensions by 50%, it has offered free basic healthcare insurance to all citizens (previously only some groups were covered - under 50% of the population¹⁵)

¹⁴ Among them are: the Georgian Young Lawyers Association (GYLA), Transparency International Georgia, and the International Society for Fair Elections and Democracy.

¹⁵ See <http://transparency.ge/en/blog/state-sponsored-universal-healthcare-program-problems-and-recommendations>

and has lowered the cost of utilities. It also introduced minor changes to the Labour Code, which have nonetheless strengthened the protection of labour rights (Georgia’s Labour Code came under severe criticism from the International Labour Organisation during the previous government). All of these measures have been instrumental in increasing public support for the new government.

Saakashvili’s government pursued a policy of “zero tolerance” on crime and corruption. In practice, this led to an extremely low acquittal rate in criminal cases¹⁶, long prison sentences and high penalties for tax irregularities. As a result, the government managed to reduce corruption and crime, and ensured a high tax collection rate. However, this approach attracted accusations of Georgia becoming a “police state” and of the extortion of money from local businesses. Cases of inmate abuse in overcrowded prisons were also frequently reported. Meanwhile, the Georgian Dream government has introduced changes to the Tax Code to benefit businesses and launched a partial reform of the judiciary¹⁷. Its most controversial decision (opposed by the Interior Ministry due to its scale and pace) has been a mass amnesty which led to the release of nearly 14,000 inmates (60%), taking Georgia out of the top ten of countries ranked by the prison population, and placing it in 60th position (Poland ranks 66th)¹⁸. So far, fears about a spike in crime following the amnesty have proved unfounded. However, there have been signs of a resurgence of a traditionally strong subculture and hierarchy in Georgian prisons - which was previously suppressed by the repressive policies pursued by the Saakashvili government. This resurgence is likely to be linked to a growing criminal structure in the prison system, and is exemplified by

¹⁶ In 2010, there were only seven acquittals in 17,000 cases. See <http://transparency.ge/nis/2011/judiciary#ftn43>

¹⁷ Law on Common Courts of 5 April 2013.

¹⁸ http://www.prisonstudies.org/info/worldbrief/wpblog_stats.php?area=all&category=wb_poprate

the rising number of strikes and the growing incidence of self-harm among inmates (in a manner imposed by the subculture)¹⁹.

One achievement of the Georgian Dream government has been the passage of a law on local government on 5 February of this year. The reform envisages direct mayoral elections in Georgia's twelve main cities (currently, only in Tbilisi) and grants all of them the status of "self-governing cities" (currently enjoyed by Georgia's five largest cities). It also introduces direct elections of district heads. The passing of the law was just a first step towards the decentralisation of the country (for example, the government has yet to reform the system of local government finance). It should nonetheless be seen as an achievement of the current leadership since between 2003 and 2012 the government made virtually no efforts towards this end.

The public mood in Georgia

The power change and the new government policies led to the resurgence of the previously dormant or suppressed social malaise. In just over a year since Georgian Dream came to power, the country witnessed a wave of larger and smaller strikes and protests against a variety of issues, *de facto* targeted at the previous government.

The most significant change, however, has been a rise in conservatism and nationalism, driven primarily by the Georgian Orthodox Church. Over the year, there have been several demonstrations against religious and ethnic minorities, mainly against the Georgian Muslims who have immigrated from Adjara²⁰. Although the scale of the protests was limited, their occurrence alone was unprecedented since under the previous government they simply would not have been

allowed. Meanwhile, clashes on a much larger scale took place on 17 May 2013 when a small group of gay rights activists in Tbilisi was confronted by tens of thousands of aggressive opponents led by Orthodox clerics. Twenty-eight people were injured in the clashes.

Georgians are among the most pro-Western of all post-Soviet nations. In September of last year, 85% percent of Georgians were in favour

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of joining the EU and 81% supported NATO membership²¹. The pro-Western orientation primarily reflects Georgia's sense of history - as part of the Christendom - and its aspiration to adopt Western standards of living and the rule of law. This does not however automatically extend to the adoption of Western norms on, for example, minority groups. The moral and social customs present across the EU seem alien to a large part of Georgia's traditionally-minded society. This fact may be used as anti-EU propaganda (as was the case in Ukraine²²), particularly by the conservative, nationalist and implicitly pro-Russian political lobby (for example, millionaire Levan Vasadze), highlighting the incompatibility of "traditional Georgian values" with the moral permissiveness in the West. The behaviour of some Georgian Dream politicians might suggest that the current government would prefer this type of opposition force to an opposition made up of members of the previous ruling camp.

The events of 17 May have also shown the power of the Georgian Orthodox Church (Catholicos-Patriarch Ilia II enjoys the support of over

¹⁹ See <http://www.kavkaz-uzel.ru/articles/237968/>

²⁰ <http://www.osw.waw.pl/en/publikacje/analyses/2013-09-04/georgia-conservative-nationalist-sentiment-growing>

²¹ <http://www.civil.ge/files/files/2013/NDI-Sept2013-Poll-ENG.pdf>

²² See e.g. http://vybor.ua/article/grazhdanskoe_obschestvo/legalizaciya-gomoseksualizma-na-ukraine.html

90% of Georgians²³) and the Church's ambition to influence public life (following objections from the Georgian Church, the government made significant changes to its law on local government). Despite international and domestic outcry, the Georgian authorities did not prosecute the organisers of the rally²⁴ (nor have prosecutions been made after other incidents involving members of the Georgian Church).

Foreign policy: between the West and Russia, a decisive year?

The Georgian Dream government has maintained a pro-Western orientation in its foreign policy. Negotiations on an association agreement with the EU have been concluded and the document was initially at the Eastern Partnership summit in Vilnius in November of last year (the agreement is expected to be signed by June this year). Tbilisi has also maintained consistent rela-

Georgia is now more open to ties with Russia and more susceptible to Russian pressure.

tions with NATO and the US - for example, Georgia has renewed honoured its commitment to maintain a military presence in Afghanistan following the withdrawal of NATO troops in 2014. Meanwhile, speculations regarding the extent of Mr Ivanishvili's ties with Russia continue, raising questions about his (and Prime Minister Garibashvili's) commitment to pursuing a pro-Western foreign policy. The speculations are being fuelled by the continued harassment of the government's political opponents (condemned by the EU and the US, and further distancing Georgia from the West) and by the

attempts to dislodge Mikheil Saakashvili's party from its position as Georgia's main opposition party and to replace it with a pro-Russian party led by Nino Burjanadze. As a result, the opposition has accused the government of attempting to sabotage relations with the West while maintaining a pro-Western rhetoric. The policy on Russia pursued by the Georgian Dream government is a significant departure from the approach adopted by its predecessors. In 2013 diplomats from both countries held a series of official meetings. Tbilisi has abandoned its anti-Russian rhetoric and made numerous goodwill gestures towards Moscow (including the decision not to boycott the Sochi Winter Olympics). Moscow, meanwhile has welcomed Tbilisi's attempts to bring the previous ruling camp to account and the government has refrained from criticising Moscow even when Russian border guards began putting up barbed wire fencing along the *de facto* border between Georgia proper and South Ossetia. In exchange, Georgia has been given access to Russia's food market. In the first year after Moscow lifted its embargo, the value of Georgian food exports to Russia reached \$190 million (or 15% of Georgia's total exports in 2013), and Georgia's wine export doubled²⁵.

However, Russia's determination to rebuild a sphere of influence over the CIS - as exemplified by the developments in Ukraine and by Moscow's relations with the West - means that Tbilisi may not be able to reconcile a pro-Western foreign policy orientation and its attempts to ease tensions in its relations with Russia. In fact, Georgia could find itself facing pressure from Moscow to abandon its plans to sign an association agreement with the EU.

Georgia's main political leaders (the prime minister, the president, and Bidzina Ivanishvili) have said that the decision to sign the association agreement has been made and would not be changed, adding that Russia has exhausted

²³ See http://www.civil.ge/files/files/2013/NDI-Georgia%20September%202013%20Survey%20Political_ENG_vff.pdf

²⁴ Though charges were brought against two clerics: <http://www.civil.ge/eng/article.php?id=26102>

²⁵ <http://civil.ge/eng/article.php?id=26885>

its capacity to put pressure on Georgia²⁶. In reality, however, the annexation of Crimea and Moscow's aggressive policy on Ukraine are being followed with great concern in Tbilisi. The potential triumph of Russian interests in Kyiv would be seen by Georgia as a clear indication that Moscow can still exert influence over the countries of the Eastern Partnership.

Conclusions and the outlook for the future

Georgia has been relatively successful in negotiating a difficult transition period over the past few years. This included a major shift on the political scene (the formation of a new political force in the form of the Georgian Dream coalition, and its victory in democratic elections) as well as changes to the political system (constitutional reform). The new government has a strong electoral mandate, it enjoys high levels of public support, and it has retained its key policies while attempting moderate reform. All this is undoubtedly a good sign for Georgia and the new ruling elite. At the same time, on the domestic front, concerns have been voiced about the pre-occupation with political retaliation against the former ruling camp and about the emergence of an informal political system centred on Bidzina Ivanishvili - who does not officially hold any public office. Allowing this trend to continue could have negative consequences for Georgia and the state of democracy in the country. At present, Georgia's main challenge is its re-

lations with Russia and the West (which is only partially linked to the policies pursued by the new government). Over the past two decades (and especially under Saakashvili), all positive changes in Georgia, such as democratisation, reforms or sovereignty, have stemmed from its pro-Western orientation, which has also been taken on by the Georgian Dream coalition (as exemplified, for example, by its determined efforts towards EU and NATO membership). Nonetheless, there are a series of factors that could threaten Tbilisi's pro-Western foreign policy. First, the tangible effects of Georgia's integration with the EU have been rather limited (in fact, the West has little interest in Georgia); second, Georgian Dream has adopted a more open policy on Russia (leading to an increase in trade, greater exposure to Russia's 'soft power', and the return of pro-Russian rhetoric in the public sphere²⁷, which also taps into the moral conservatism of the Georgian people); and above all, Russia's recent aggression against Ukraine, which has produced a limited response from the West. Without strong and tangible support from the West – which has till now been the guarantor of security, democratisation and modernisation in Georgia – the country could become powerless against the inevitable Russian pressure (which could also be ruthless - as exemplified by the crisis in Ukraine), leading to the destabilisation of the country and the undoing of the progress made over the past two decades.

²⁶ See <http://civil.ge/eng/article.php?id=26758>

²⁷ See <http://www.vestikavkaza.ru/news/Biznesmeny-Gruzii-protiv-Assotsiatsii-s-ES.html>

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