

Eight and a half years: *Georgian-style Modernization*

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Abstract

The article examines Georgia's experience after the 2003 Rose Revolution. The author draws attention to the successes and failures of the modernization policy enacted by the Georgian government.

While examining the post-revolution period, the author draws attention to the developments of November 2007, when mass protests were brutally suppressed, marking the beginning of a chain of events, including the fraudulent presidential election in January, the parliamentary election in May and the war with Russia in August 2008. The author argues that the Georgian authorities had entered since a "self-preservation mode", i.e. their priority was no longer to further modernize the country, but to stay in power at any cost.

In the upcoming Parliamentary election, the main question is whether the country will turn towards democracy, pluralism, and fair competition, i.e. will Georgia gain new impetus toward modernization, or will it become bogged down in authoritarian tendencies?

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Eight and a half years have passed since the so-called “Rose Revolution” in Georgia. This period is quite sufficient to put together some general and specific observations and to assess the main results, especially in the run-up to this autumn’s parliamentary polls and the presidential election next year when Mikheil Saakashvili’s term in office will come to an end. Understanding Georgia’s experience is of interest not only to present and future Georgian authorities but also to the former Soviet republics involved in the EU’s Eastern Partnership program.

The process initiated by the change of power in the late 2003 can accurately be described as a modernization project. By that time, in a large segment of society, a demand for drastic changes had crystallized - popular slogans were “Georgia without corruption”, “Georgia without Shevardnadze and Abashidze”. This should not automatically be interpreted as the *need* for modernization as such, but it does point to a “modernization potential” accumulated in society. Meanwhile, the political elite (at least the core of the revolution creators) had developed a *political will* (an understanding of the urgency and readiness to act) to

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modernize the country. Thus, the first two of three key components (though in themselves insufficient) of the country’s modernization - *the need and political will* - were present.

The state of the third component – *the resources* – turned out to be better than expected. We can confidently assert that the level of support (legitimacy) Mikheil Saakashvili enjoyed in his first term in office far exceeded that of any other president of a post-Soviet republic. Even the leader of Ukraine’s Orange Revolution, Viktor Yushchenko, was supported by only half of his country’s population; Saakashvili on the other hand received over 95 per cent of the vote in an early presidential election in January 2004. The support he received from the West (primarily the United States) was perceived as a *carte blanche*, actually up until the war with Russia in August 2008. Saakashvili’s support

was not only consolidated (both internally and externally) but also comprehensive: political, diplomatic, expert, economic, etc. Moreover, the Rose Revolution and the growing interest in Georgia and the region as a whole played a significant role in the incorporation of the South Caucasus republics into the European Neighborhood Policy (ENP) in 2004. Most importantly, international funding dramatically increased, at a time when Georgia was in dire straits economically. It became the undisputed leader among post-Soviet republics in terms of the volume of US aid per capita.¹ The EU also gave generous loans and grants, while the Soros Foundation (Open Society - Georgia) even paid salaries to Georgian ministers for some time.

It should be acknowledged that the country started to change immediately after the Rose Revolution. A detailed description of specific reforms in various spheres is beyond the scope of this paper, and it is tricky to assess them systematically, because revolutionary forces simply did not have a comprehensive action plan. Moreover, the toppling of

¹ In 20 years – 1992-2012 – direct US government assistance to Georgia exceeded the combined assistance provided to Armenia and Azerbaijan - www.crs.gov

the incumbent regime was not originally planned in November 2003. Saakashvili and his coalition only sought a favorable position in view of the April 2005 presidential elections, when Eduard Shevardnadze's term in office was to expire. But developments took a different turn, and as a result of a two-round parliamentary election in November 2003 and March 2004, Georgia acquired not only a new parliament but also a young, energetic and ambitious president (his other qualities began to manifest themselves as he consolidated his power). The closest to any kind of political manifesto held by the revolutionary forces was a 1.5 page-long document titled "Ten Steps to Freedom", created in the heart of the non-governmental sector supportive of change.

A brief assessment of the objectives stated therein and the extent to which they have been met is valuable in the context of the current discussion.

Step One – freedom of speech. By common consent (supported

² See I. Haindrava: "Political processes in post-Soviet Georgia", *Diaspora, oil and roses collection*, Heinrich Böll Foundation and the Caucasus Media Institute, Yerevan, 2005, p. 137-151

³ Winston Churchill said that power has a tumor-like effect on a person: the growing perception of one's own importance suppresses other better qualities.

by official data and assessments by leading international human rights organizations such as Freedom House), the situation in this area has deteriorated since the Rose Revolution. Government-controlled television channels (the sources of political information for the vast majority of the population) have created a “parallel reality” in which Georgia is portrayed as the fastest growing country, its government as the most efficient, and its president as the very best among the best.

Step Two – education reform. The elimination of corruption in higher education institutions is rightly considered one of Saakashvili’s key achievements. In Soviet and post-Soviet Georgia, boys and girls embarked upon their student and adult lives through corrupt deals which were no secret to anyone, including themselves. This clearly affected their mindset and subsequently, their lives and activities. Unfortunately, along with corruption, educational standards as such were also eradicated from the system, and in this sense, the success of the reform is questionable.

Step Three – decentralization of security agencies and the introduction of jury trials.

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Something opposite to the original intention happened: the interior and national security ministries were merged, a move made possible by constitutional amendments made in December 2006. As a result, the agency turned into a Soviet era monster, a mighty, uncontrollable and highly politicized bulwark of the regime. The fledgling jury trials (held only for serious criminal offenses) cannot rescue the judiciary, which is entirely dependent on the executive branch.

Step Four – broad self-governance. In the context of centralization of power and total budgetary dependence by municipalities on the central government, self-governance remains an abstract notion in Georgia. Representative and executive authorities on the ground are dominated by the ruling party as much (or even more so) as in the capital and local leaders are accountable not to voters but to whomever appoints them. Accordingly, democracy and political competition are not

⁴ See for example: http://www.bbc.co.uk/russian/international/2011/07/110706_georgia_courts_critique.shtml

developing at a grassroots level. There is no platform for the development and promotion of national leaders in the regions.

Step Five – lustration. After coming to power, Saakashvili “forgot” about this promise, and a parliamentary majority continuously blocked the consideration and adoption of the bill elaborated by the opposition. Only on 31 May 2011 did parliament adopt the so-called Freedom Charter which, along with elements of lustration (restrictions for former communist nomenclature and the KGB⁵ employees of the Soviet time), contained an anti-terrorist section and provisions prohibiting Soviet symbols. The law drew a barrage of criticism from NGOs, who argued it entailed a threat to fundamental rights and freedoms.

Step Six – withdrawal of Russian military bases from Georgia. Launched under Shevardnadze, the process (a relevant agreement was signed at the OSCE summit in Istanbul in 1999) seemed to have gained momentum under Saakashvili but the war of August 2008 turned everything upside down. Today, Russian military

5 Commonly used acronym for the Russian: *Komitet Gosudarstvennoy Bezopasnosti*, in English: *Committee for State Security*

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Step Seven – restoration of territorial integrity. This provision now may be interpreted only as an example of grim humor. Without placing *all* the blame on Saakashvili’s shoulders (all previous Georgian leaders did no better), it should be noted that it was his systematic adventuring (in 2004, 2006, 2008) that contributed to a situation in which Abkhazia and South Ossetia were raised by Russia to the rank of “partially recognized states” and the issue of their reintegration into Georgia in the short and medium term lost all traction.

Step Eight - military reform. The 2008 war dealt a heavy blow to one of the most successful reforms. Membership in NATO has been postponed indefinitely; while Georgia has recently been named an aspirant state, it remains unclear what will happen in this direction, and what the timescale is. Accordingly, the problem of security is still far from being

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resolved. Despite the rapid growth of military spending observed in 2004-2008 (peaking in 2008 when it reached 25 per cent of total budget expenditure and over 8 per cent of GDP), the military component of the broader modernization strategy can be deemed a failure. While it is true that Georgia’s army is much stronger today than before the Rose Revolution, the August War meant that key financial and human resources were diverted towards the military and away from other modernization initiatives. Recently, Saakashvili has been pursuing the idea of creating a national military industry, but this has garnered nothing but skepticism from experts.

Step nine - support for private enterprises. The early successes in this area were followed by a serious setback. Major businesses are controlled by the government, and even a hint at a lack of *complete* political loyalty to the authorities is highly risky and inevitably leads to insurmountable difficulties involving either the business

going bankrupt, or being squeezed out of the country - at times both. The appearance of billionaire Bidzina Ivanishvili on the political scene made things obvious even to those who maintained an “eyes wide shut” approach; the entire state apparatus works to block the activities of this former ally and sponsor (Ivanishvili spent about a billion dollars on charity and financed many government programs), while the parliament repeatedly amends the laws to limit the political opportunities of this dangerous opponent. This mockery of the constitution, which has been repeatedly amended to keep pace with the changing demands of the political situation, continues.

Step Ten - deprivation of unfounded property.⁶ The “success” in this area has surpassed all expectations: the scale of property redistribution after the Rose Revolution was so immense that some quick minds started talking about a complete nationalization of the country (by the name of the ruling party – the United National Movement). Initially, citizens

⁶ “... unfounded property shall be the property as well as the revenues generated therefrom or stocks (shares) held therein in respect of a lawful receipt of which the person, his family member, close relative or related person no document or such property has been obtained with the funds earned from the transfer of unlawful property” Criminal Code of Georgia, Article 194, note 2.

The bureaucracy in Georgia has changed fundamentally for the better through administrative reform.

were pleased to watch television reports of movable and immovable property being confiscated from the Shevardnadze government officials who somehow had made fortunes on their meager official salaries. But they gradually lost interest in this spectacle. Besides, the arbitrariness with respect to private property, selective application of the law, favoritism and the resulting monopolistic trends became a major systemic problem. Some oligarchs were replaced by new ones, but the livelihoods of ordinary people did not improve.⁷

Naturally not each of these steps may or should be considered solely in the modernization context; on the other hand the many other things that have happened in Georgia during recent years (and which were not presented in the “Ten Steps to Freedom” document) should be viewed exactly through

⁷ The levels of unemployment and poverty in post-revolutionary years have not improved, while the GDP per capita in Georgia is less than in Armenia (and less than half as high as in Azerbaijan), although there have been no modernization “miracles” in Armenia. Moreover, after the war of 2008, Georgia received \$4.5 billion in grants and loans from Western donors, while the Armenian economy shrank by 14.5 per cent in the wake of the global recession in 2009.

the prism of modernization. Thus it is useful at this point to present a brief overview of the types and impacts of the various areas of reform undertaken by the Saakashvili government.

The bureaucracy in Georgia has changed fundamentally for the better through administrative reform. It is no longer Soviet nor even post-Soviet bureaucracy; it is non-Soviet:

- An average Georgian official (customs, border guard or police) is sufficiently courteous and issues documents (certificates, licenses) in a timely manner and for an officially set service tariff;
- Corruption in daily life has practically been eliminated: opinion polls suggest that over 95 per cent of the population has not paid a bribe in the past few years;
- Bureaucratic procedures have been significantly simplified; the benefits of computerization are extensively used, so that documents can be issued even when you are abroad using e-mail and Skype.

But: the merging of the state with the ruling party is reminiscent of a

Soviet era party and state alliance. No less alarming is the unhindered control by party/state structures over private capital and property (“elite corruption”).

Things for the man in the street have improved in Georgia:

- The number of burglaries and car thefts has significantly dropped;
- The streets and public transport have become much safer thanks to the efficiency of the patrol police;
- The influence of Soviet type criminal authorities⁸ and organized crime in social structures and institutions has decreased dramatically.

But: the prisons are overcrowded and the severity of punishments often exceeds reasonable limits⁹; the politicization of the law-enforcement and judicial systems points to police arbitrariness.

The infrastructure has substantially improved:

⁸ In Russian: воровской мир, «воры в законе»

⁹ From 2004 to 2011, the number of prisoners in Georgia increased by 17,000 people, making Georgia one of the world's top five countries in terms of the number of prisoners per 100,000 people. Minor offenses are punished very severely in Georgia and the acquittal rate is very low. In 2006-2011, 653 people died in Georgia's prisons (<http://www.ombudsman.ge/files/downloads/en/hc9kqyhb1wldxcayqiwg.pdf> p.362), exceeding the number of people killed on the Georgian side in the Russian-Georgian war in August 2008 (about 400 people, according to official figures).

- People no longer celebrate electricity being provided; rather they are indignant on the rare occasions that it is switched off; rural areas are being gasified (energy is one of the country's priorities);
- Roads are being restored, public transport and communication sectors operate smoothly;
- Major investment is made in landscaping and the establishment of new tourist centers.

But: price of utility tariffs in general are high even by EU standards, although the salaries and pensions are far from European standard. The façade-type of changes that are meant to impress foreign tourists annoys many citizens who for the most part do not benefit.

One may continue to describe Georgian paradoxes based on a formula “yes, but...”, or switch to the principle “no, though...” However, some other Georgian government initiatives are also worth reviewing in the context of modernization.

1. The transformation of Georgia into a regional financial center¹⁰ -

¹⁰ “At the time, the government's five-year program for 2008-2012 included a provision according to which setting up of financial center with its liberal financial system was intended; at the time the government was expecting that the center would have attracted USD 12 billion investments and created 10,000 new jobs.” <http://www.civil.ge/eng/article.php?id=24729&search=>

very few will remember this pre-war initiative. A law “On the global competitiveness of the financial sector” was passed in March 2008, but due to the Russian-Georgian war and the global financial crisis, it fell by the wayside. Besides, there were no favorable conditions for such an ambitious initiative. But the notion was presented as a new idea on 4 May 2012, when President Saakashvili announced that a special financial zone would be established in the seaside village of Gonio, near the Turkish border. “It will be a huge industry for Batumi and Adjara and for the rest of Georgia; it will be a new Batumi with 40, 50, 60-storey buildings; we are adopting law now and we will be starting its implementation by the end of the year and I think it will take ten more years to put this zone in full operation; you will see soon buildings, offices will spread like mushrooms over there,” Saakashvili said.¹¹

What remains unclear, however, is who will be responsible for the fulfillment of this extravagant promise ten years from now. Can it be Mr. Saakashvili?

2. Attempts are being made to raise the standard of English teaching in schools. For this purpose,

¹¹ *Ibid.*

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about a thousand volunteers from English-speaking countries come to Georgia each year to teach English in schools. A positive side effect is the fact that students learn Western culture through this type of interaction. The problem is that few of these volunteers are professional teachers (they receive training prior coming to Georgia and leave in a year), and they squeeze out local workers – admittedly, whose qualifications are also weak. But this money could be spent on training Georgian teachers in the English-speaking countries, thus creating a qualified and permanent teaching staff.

3. The construction of a new 500,000 resident city, Lazika, on the Black Sea coast. It is clear that urbanization is an inevitable component of modernization, but the idea strikes an odd note in the present circumstances. First, about 30 km from the proposed construction site lies the port city of Poti, which is being seriously underutilized. Another 70 km

south of Poti is the Batumi sea port. Furthermore, Lazika is to be built on swamps which serve as a habitat for waterfowl and are protected by the Ramsar Convention. Third, it is unclear how the city's development will be financed, because the Georgian state budget clearly cannot afford projects of this magnitude without external assistance. Finally, it is unknown who will be living and working there, and why. It is therefore not surprising that political analyst Ghia Nodia has asked the very natural question of whether Lazika is not just another whim of a dictator obsessed with mega-projects?¹²

Incidentally, Nodia, the former minister of education, described events in Georgia as "authoritarian modernization" as early as 2006. It is noteworthy that less than three years after the Rose Revolution, his definition contained the word "authoritarian"¹³, though many people in the West (and in Georgia proper) were still euphoric over the "Georgian breakthrough", meaning in particular the democratic progress. While on an official visit in Tbilisi in May 2005,

¹² <http://www.ekhokavkaza.com/content/article/24566695.html>

¹³ A few months later on 10 January 2007, the author published an article titled "Infantile Autocracy", in the Georgian newspaper "Rezonansi" – its title speaks for itself.

the former US President George W. Bush described Georgia as a "beacon of democracy", which did a serious disservice to the country, its people and government. With such an endorsement, the "U.S.-educated pro-Western Georgian president" (an American description which served as a default extension of Saakashvili's name for a long time) understandably believed he was at liberty to do anything. Accordingly, Georgian modernization became anything but democratization.

Along with the political space, Saakashvili and his team monopolized the right to the ultimate truth, indiscriminately dismissing any objections, regardless of how substantive they were. Parliament turned into a body that mindlessly rubber-stamped government initiatives and ignored democratic procedures prescribed by law. The practically unlimited administrative resources provide the "necessary" figures in the elections of any level. As a result, the concept of accountability remains theoretical. Instead of prudent reforms, the country has plunged into an abyss of endless experimentation. While the early years after the Rose Revolution - 2004-2007 - brought a series of positive results (discussed above), there was less

modernization and more authoritarianism as time went on.

The developments of November 2007, when mass protests were brutally suppressed, marked the beginning of a chain of events – the fraudulent presidential election in January, the parliamentary pseudo-elections in May, and then the war with Russia in August 2008. These showed that the authorities had entered the “self-preservation mode”, i.e. the priority was no longer to transform the country but to stay in power at all costs. The blatant irresponsibility Saakashvili displayed in the conflict with Georgia’s northern neighbor prompted the West and the U.S. in particular to change their views about him. The global financial crisis diverted attention away from Georgia, but there was an increasing feeling that despite Saakashvili masterful rhetoric, things were not as good as Tbilisi was saying. The change of administration in Washington contributed to this process. In the first 22 months after the war Saakashvili did not visit a single Western country on an official visit, though he still travelled internationally.

It was during this cooling of relations with the West that Saakashvili tabled the idea of Georgia’s “Singaporization” (Dubai being the “backup” option), which in turn replaced the slogan “let’s turn Georgia into a Caucasian Switzerland”. It is hardly necessary to outline the differences between Singapore and Georgia. In fact, it might be more useful to establish whether there is anything in common at all, except for the size of the populations. But government officials are reluctant to expand on the subject, leaving the floor to President Saakashvili, who does not appear unduly concerned about the practical implementation of any project (e.g. Lazika), and focuses instead on the proclaimed benefits of the idea¹⁴. However, there is reasonable suspicion that the Georgian president favors the Singaporean model not because of its rapid and successful economic development (modernization in the East Asian manner), but due to the tradition of conservation of power by a single leader over decades. The “Caucasian Switzerland” idea did not work – Switzerland is too democratic; instead Singapore can serve as an example, especially since it can boast many things, but

¹⁴ Saakashvili tends to present projects that are still in their infancy as accomplishments that have already benefited his fellow countrymen.

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not democracy. Thus, we have a formula: “modernization minus democratization equals Singaporization” – the ideological foundation of Georgia’s ruling elite.

Moreover, Singapore has another feature that may attract the Georgian president: there is no agriculture there. There is none at all because the size of the island city-state of Singapore is comparable with that of Tbilisi. And since Georgian leaders do not have any understanding of agricultural development¹⁵ (according to official statistics, 45 per cent of the population is engaged in agriculture but it accounts for less than 8 per cent of the GDP), its abolition is perceived as a solution.

It seems that the chances of Georgia becoming a second Singapore are less than zero. Interestingly, however, Georgia’s European partners are asking with barely concealed astonishment whether the country wants to integrate

15 But experiments are conducted even here: first the farmers are told to grow genetically modified American corn, which for some reason refuses to grow in Georgia; South African farmers are invited to Georgia to boost its ailing agriculture. Still, the revival of Georgia’s extremely weak agricultural sector is a difficult task.

into the Euro-Atlantic space or to become another Singapore. These are very different models of development, modernization and even thinking. The EU will not object to Georgia’s sovereign choice; it may even be relieved if Georgia U-turns towards East. All it wants (as do the people of Georgia) is clarity. Another issue - hardly the root of the problem, but arguably pertinent - is the fact that Georgians are more likely than other Eastern Partnership country citizens to be refused EU visas (about 17 per cent of all applicants from Georgia are unsuccessful).¹⁶

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In fact, the Georgians are also holding the lead in attempts to illegally cross the Belarusian-Lithuanian border (the Schengen border). A question arises: why flee from a modernizing country, which, according to its authorities, is moving triumphantly forward?

In all fairness, it should be noted that the environment in which Saakashvili began the process of

16 For more information: <http://vestikavkaza.ru/news/politika/diplomacia/56980.html> also: www.liberal-academy-tbilisi/georgia

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modernization was not favorable. Firstly, Georgian society is deeply patriarchal, at least by European standards. This patriarchal lifestyle was exacerbated by 70 years of Soviet rule, which led to the atrophy of civic consciousness, legal nihilism, and opened boundless expanses for individual and collective irresponsibility, dependency, corruption, nepotism – put briefly, moral degradation. As a result, inefficient post-Soviet state institutions emerged. Under such circumstances, many ordinary citizens who were in search of national identity and moral support under these difficult conditions turned to the church.¹⁷ At the same time, the religious institutions, starting with the country's dominant Orthodox Church, can hardly be regarded as allies or even loyal companions of modernization (westernization, globalization).

Second, the geographic location was not optimum for modernization

17 The Georgian Orthodox Church institutionally and the Catholicos-Patriarch personally enjoy the highest confidence rating, over 90 per cent; see: <http://www.iri.org/news-events-press-center/news/iri-releases-expanded-nationwide-survey-georgian-public-opinion>

either, because unlike the Baltic countries, whose “Europeanness” was beyond doubt both inside and outside and which helped clarify their priorities, the countries of the South Caucasus were involved in various stand-offs with each other or internally even before gaining real independence. Of the region's immediate neighbors only Turkey could provide some guidance for successful but still not comprehensive and irreversible modernization.

Third, the backwardness of the country's technology and communications sectors (half of Georgia's population has *never* used the Internet), the obsolete industrial and agricultural base, the lukewarm work ethic (coupled with a desire for comfortable living) and the rapid “de-skilling” of the economically active during the difficult times of the 1990s was not conducive to modernization initiatives.

One can continue to discuss the obstacles presented by the natural character, but what is important to note is that without such impediments, modernization would have not been such a challenge for Georgia.

One way or another, in eight and

a half years Mikheil Saakashvili wasted a significant part of his vast support (both internal and external), undermined public confidence in the reforms and distorted the political will for modernization into a primitive desire to retain power at any cost. In the years since the Rose Revolution, Georgia has become neither a sustainable democracy nor a sustainable economy. But Saakashvili still has a chance to be remembered as a reform-minded president rather than a trivial authoritarian ruler. To do this, he should exit in the prescribed time and create a precedent for a constitutional power change in Georgia. The main issue of this autumn's parliamentary election in Georgia is not so much economic or social policy, and foreign policy even less. The main question is whether the country will turn towards the ideals of democracy, pluralism, and fair competition; i.e. will Georgia gain new impetus toward modernization, or become bogged down in authoritarianism

On 26 May, Georgian Independence Day, the Tbilisi authorities hung huge English-language banners, 'Saakashvili Rebuilds a Country', on parliament and several other prominent buildings in the capital. Only Comrade Stalin

could afford such displays, while Nikita Khrushchev and Leonid Brezhnev were more modest.