

GEORGIAN DREAM OR NIGHTMARE?

116

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FOR GEORGIA AND ITS FOREIGN RELATIONS

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IIA BRIEFING PAPER 116 • October 2012



ULKOPOLIITTINEN INSTITUUTTI
UTRIKESPOLITISKA INSTITUTET
THE FINNISH INSTITUTE OF INTERNATIONAL AFFAIRS

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FIIA Briefing Paper 116
October 2012

- The victory of the Georgian Dream Coalition (GDC) over the United National Movement (UNM) has brought pluralism into Georgian policymaking.
- Until the power shifts from the President to the Prime Minister in 2013, the country will be led by an awkward dual power.
- New leadership offers great opportunities for Georgia. It can improve its democratic system and economic growth and establish a dialogue with Russia and the breakaway districts of Abkhazia and South Ossetia. This would alleviate the frozen conflict and tense security dilemma on the boundary lines.
- If the transition of power does not go well, there will be prolonged power struggles that could cripple the policymaking and cast Georgia back to pre-Saakashvili times.
- Saakashvili's UNM is still a very significant player in Georgian politics and it is important for the GDC and the UNM to find a way to cooperate.
- In order to smooth the fragile transition period, Georgia needs special support and attention.

European Union research programme
The Finnish Institute of International Affairs



OSCE's Election Observer talking with the chairperson of the Precinct Election Commission in Kutaisi. Photo: Timo Majasaari.

The surprise outcome of the Georgian parliamentary elections on October 1 will usher in a fragile transition period in the country. Contrary to expectations, President Mikheil Saakashvili's United National Movement (UNM) lost to the Georgian Dream Coalition (GDC) which won 55.0% of the votes and 84 seats in the 150-seat parliament, whereas the UNM garnered 40.3% of the votes and 66 seats.¹ The turnout was 60.8%.

The results are decisive for the future leadership of Georgia. New amendments to the constitution will shift the power from the president to the prime minister together with the next presidential elections, scheduled for October 2013, and the Georgian people evidently made their voting decision with that in mind. Until then, President Saakashvili will maintain his grip on presidential power, although his cabinet has already been reformed to reflect the electoral results. Consequently, power struggles between the two main leaders and their supporters are to be expected. Even if the transition of power goes smoothly, the new prime minister will have to push through some reforms in the administrative structures that will cause delays in policymaking.

1 Central Election Commission of Georgia webpage:
http://www.cec.gov.ge/index.php?lang_id=ENG&sec_id=13&info_id=10854

Background to the change

Mikheil Saakashvili is known for his rapid and comprehensive modernization of Georgia, fight against corruption, pro-Western attitude – and confrontation with Russia, which led to a short war in 2008. Since becoming president in 2004 after the rose revolution, he has enjoyed impressive public support and total control of the political system.

Saakashvili's aim was to make Georgia “the Singapore of the Caucasus”.² Although the economic development was swift, and the comprehensive reformation of the law enforcement authorities almost rid Georgia of petty crime and small-scale corruption, the war in 2008 crashed the economy and fractured the national unity that Saakashvili brought about after the rose revolution. The country lost its most important market area in Russia and a good number of foreign investments, which made it heavily dependent on foreign aid. Between 2008 and 2010 the European Commission provided Georgia with an assistance package worth 500 million euros and the International Monetary Fund with one amounting to 835.7 million euros, which helped Georgia to avoid a humanitarian catastrophe.

In addition to this, growth stagnated due to the global economic crisis. Although Georgia

2 President's speech of 28 December 2010 cited in
<http://en.trend.az/capital/business/1804426.html>

consolidated its economic recovery in 2011, maintained macroeconomic stability and managed to reduce the fiscal deficit from 6.6% of GDP in 2010 to 3.6% in 2011, problems like high unemployment (officially 15.1 %³, but excluding people who are self-sustainable and live mostly from their small plots of land), low productivity and export remained unresolved. Due to the war, Georgian aspirations to become a full member of NATO suffered a significant, if not definitive setback.

At the same time, the security dilemma with South Ossetia and Abkhazia continued to deepen. In other words, borderization, an increased military presence, the Russian passport policy, and other measures on the boundary lines dented confidence on both sides. Cognizant of such matters, in recent years Saakashvili put his energies into quick and easy populism. To this end, he planned and built so-called “white elephants” – spectacular buildings, luxury holiday resorts, even a whole city for half a million inhabitants on the Black Sea coast (the “Lazika” project, which is not yet started), all of which were costly to build and maintain but of low value to the people, and merely palliative remedies instead of trying to resolve the underlying economic problems, which would probably not have had quick results prior to the parliamentary elections. At the same time, Saakashvili started to oust people that criticized him or his grandiose plans, surrounding himself with sycophants. In short, he lost touch with the people.

In addition to populism, Saakashvili narrowed down the democratic space in order to remain in power. The whole constitutional change that is scheduled to take place together with the presidential elections in 2013 was planned to run smoothly with the UNM holding onto parliamentary power. Since Saakashvili himself cannot run for the presidency in 2013 after two consecutive terms, there was speculation that he would do the same as his Russian counterpart and nemesis Vladimir Putin and cling to power by taking the prime minister’s post. Whether he actually planned to do so or not (Saakashvili himself had indicated that he would not⁴), such a step would have been possible in the transition.

3 National Statistics Office of Georgia: http://geostat.ge/index.php?action=page&p_id=146&lang=eng

4 Justin Burke: “Georgia: Does Saakashvili Have a Second Political Act in Him?”, <http://www.eurasianet.org/node/66016>

However, with the victory of the GDC, the premier-ship option is effectively ruled out for Saakashvili, unless he has some tricks up his sleeve to challenge the newly elected Prime Minister Bidzina Ivanishvili. For example, the president can dismiss the parliament six months after the elections, if it does not approve the budget that the president proposes. In this case, there should be new parliamentary elections. Furthermore, the presidential elections are less than a year away. In theory, it would be possible for the UNM to challenge the GDC, call for new parliamentary elections, win them, and hold on to the presidency.

During Saakashvili’s rule, the opposition in Georgia had been oppressed and pushed to the sidelines. Earlier electoral campaigns were marked by suspicious detentions of opposition activists and strongly biased media, and the elections themselves were tainted.⁵ Due to irregularities in the 2008 elections, the opposition protested by storming out of the parliament, leaving it almost entirely in the hands of the UNM.

This time, the elections themselves were relatively clean and fair⁶ despite some problems in Zugdidi close to the Abkhazian boundary line, where the family of former Minister of the Interior Bachana Akhalaia (UNM) has a strong grip on politics, and in the small central town of Khashuri. The opposition might have remained fragmented and marginalized had billionaire Ivanishvili not decided to enter the political arena and form his own party, Georgian Dream (GDP), only one year prior to the elections in 2012. He had sufficient resources to cultivate favourable visibility in the media and lure the fragmented opposition parties into a coalition.

The Georgian Dream Coalition includes Ivanishvili’s GDP, the Republican Party, the Free Democrats, the National Forum, the Conservative Party, and the Industry Will Save Georgia Party. The coalition was formed out of the need to gain enough weight against the UNM rather than for ideological reasons.

5 OSCE reports from earlier elections: <http://www.osce.org/odihr/elections/georgia>

6 OSCE Press Release: “Georgia takes important step in consolidating conduct of democratic elections, but some key issues remain, election observers say”, <http://www.osce.org/odihr/94597>

Indeed, the lack of any clearly stated ideology or political programme is remarkable in the GDC.

The electoral campaigning led to a distinct polarization of the country and everything did not go in accordance with the law. Ivanishvili was charged with illegal party funding and was fined 69.6 million euros for distributing free satellite antennas to the people and providing free transport for his supporters on several occasions. Even before the campaign, Ivanishvili had often acted as a benevolent “philanthropist” to the people, for example by donating boots to the military, providing free health care for the people and financing the rehabilitation of the infrastructure in his native town and its environs in Sachkhere, close to the Caucasus mountains and South Ossetian boundary. However, the UNM engaged in similar tactics, albeit staying for the most part inside the legal framework and operating through governmental structures. For example, the government suspiciously hired thousands of unemployed people in the villages just for September and October to carry out some minor social security-related tasks.

One remarkable factor in the electoral campaigning was the almost complete lack of political programmes. Campaigning was fully focused on the personalities: Saakashvili, whom everybody knows (despite the fact that he was not a candidate in the parliamentary elections), and the alternative to Saakashvili, whom nobody really knew – Ivanishvili. However, the opposition would not have won without the efficient mobilization of both the older generation, that was put aside when Saakashvili reformed his administration, and the younger generation, mostly students, who responded strongly to a leaked video on prison abuse that showed how prison guards were torturing and sexually abusing prisoners. The video itself was perfectly timed to boost Ivanishvili’s campaign, but it also aptly illustrated the poor situation in Georgian prisons that has been constantly criticized by several Human Rights organizations and the European Union⁷, but

7 E.g. ENP Package, Country Progress Report – Georgia 2012 (MEMO/12/334), available at http://europa.eu/rapid/press-release_MEMO-12-334_en.htm?locale=en, or Nino Tsagareishvili: “Taking Liberties, Misusing Power”, Human Rights Center (HRIDC) Annual Human Rights Report for 2011, available at <http://www.csogeorgia.org/uploads/Annual/42.pdf>

of which the wider public was generally unaware. The somewhat stagnant, albeit already recovering economic situation might also have been an advantage for the GDC, although the economic situation was not the most central topic in the elections.

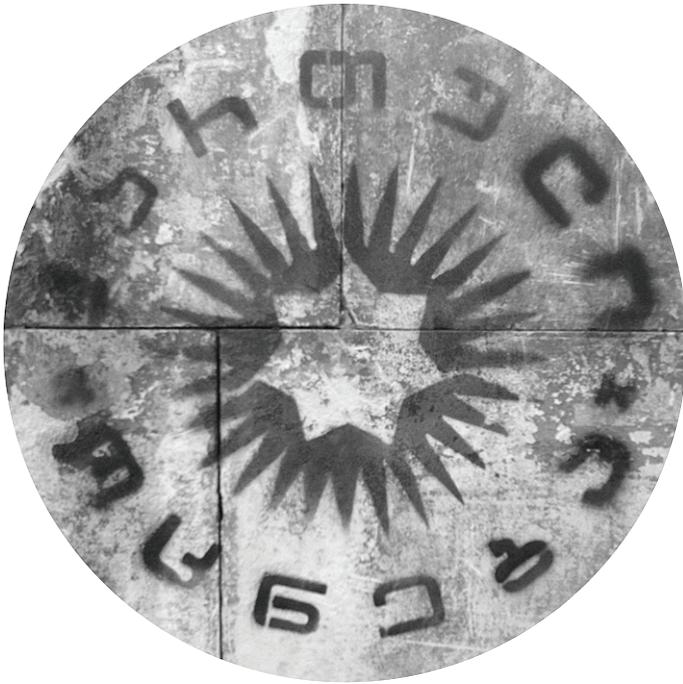
Political setup for “dream and nightmare” scenarios

As a result of the elections, Georgian politics now revolves around two key figures that will play a crucial role in determining whether the national scenario turns into a dream or a nightmare. So far, President Saakashvili has respected the electoral results and has duly appointed Ivanishvili and his selection of ministers to the president’s cabinet. This means that the cabinet will already start to work *de facto* as if the constitution had already changed.

Ivanishvili remains something of a question mark at present – no one knows how he will start to rule the country and what his actual priorities are. For the moment it seems that he is open to listen to and take advice from people that have been in politics longer than he has. He has also emphasized on several occasions that when it comes to relations between Georgia and the US, NATO and the EU, nothing will change, but he will also try to establish a better relationship with Russia. In domestic politics, he has pledged better democratization, and since the prison abuse videos played such a central part in mobilizing support for the GDC, it is likely that he will pursue reforms that are related to the judiciary and penal systems.

In any event, the biggest challenges for Ivanishvili’s rule will be related to the transition period and possibly to the bitter power struggles engendered not only by the relationship between the GDP and the UNM, but also by internal issues concerning the GDC, GDP and the administrative structures. The parliament and the government are now pluralistic, and that will have an effect on the prime minister’s ability to rule the country: compromises must be made.

The GDC consists of six different parties and it includes diverse personalities that do not get along well with each other and have very different political ideas. For example, some of the GDC parties have previously been in coalition with the UNM, and many of the people, including Ivanishvili himself, were previously supporters of Saakashvili’s regime



Electoral campaigning on the streets of Tbilisi:
Georgian Dream –graffiti. Photo: Teemu Sinkkonen.

who withdrew their support for the UNM for one reason or another. This could undermine the unity of the coalition, since it is not so much defined by ideology as it is by personal loyalty ties. The coalition was formed for electoral purposes, but now that six new parties have made their way into the parliament, they are free to continue on their own. As a consequence, some of the small parties could have a decisive role in certain issues.

If the UNM plays its cards wisely, it could conduct efficient opposition politics in the parliament. However, it is not unlikely that some UNM members will switch sides to the GDP. That has been something of a tradition in Georgia, especially amongst those MPs that are the sole representatives of their constituencies. For them, it is easier to maintain support if they are in the ruling party instead of the opposition. Ivanishvili has already started to lure UNM MPs over to his side. A key motive in doing so is to gather 100 MPs behind him, which would give him a constitutional majority in the parliament. This would also be a significant tool to gain some leverage over the president, perhaps even to force him to resign from his post and bring about earlier presidential elections and constitutional change.

Another issue that is likely to affect the policies and perhaps prolong the transition period to a truly functioning system is the fact that most of the GDP members have no prior experience in politics. Even from the coalition, only the Republican Party had two members in the previous parliament. Then

there are several people who have been in politics, but many years ago. Many things have changed since then, not only when it comes to policymaking practices, but also in both domestic and international politics. For example, the role of the US in the area has declined during President Obama's term while the part played by the EU has become more and more central in Georgia since it took a key role in the conflict management during and after the 2008 war. However, Ivanishvili might need to retain some of the UNM ministers or deputy ministers at least for a while, since his own coalition members do not yet have a sufficient level of professionalism to assume certain positions.

The dream scenario

Assuming that the “dream” for Georgia would be a quick and smooth transition of power and democratic progress, the most important criterion is that the new and subsiding powers respect the laws and good parliamentary principles and find a way to cooperate. This would lay the much-needed foundation for democratic pluralism in Georgia and have a positive impact on future policymaking inside the country.

As already noted, President Saakashvili has said that he respects the electoral results, while Ivanishvili himself has stated that he will not make any drastic changes to the administrative structures, unless absolutely necessary. However, many of

Ivanishvili's henchmen lost their positions due to Saakashvili's regime and they may be looking for payback. Ivanishvili needs solid and constructive leadership skills to guide his government through the fragile transition period.

One way to quicken the transition would be for Ivanishvili to make gains in the possible electoral reruns or to enlist the support of a critical number of UNM MPs and achieve a constitutional majority in the parliament. That would balance his power with Saakashvili's, or even give him the upper hand and cause Saakashvili to resign earlier than expected. If that happened, the awkward dual power period would be over sooner and the transition to a normally functioning, pluralistic parliamentary would be quicker.

Another dream for Georgia is related to civic activism and freedom of the press. Ivanishvili's campaign was marked by a strong mobilization of society, which has raised high expectations that political activism will become freer than during the last few years. However, a similar situation emerged during the rose revolution in 2003. Now that Ivanishvili does not have the absolute power that Saakashvili enjoyed, and the police are not as loyal to him as they are to the UNM, the temptation to suppress political opposition might not loom as large as it did for the president. Regarding the media, the UNM has now lost control of the public broadcast companies as well, since they are under the control of the parliament. This tips the balance in Ivanishvili's favour. Promoting free and neutral journalism would be a most welcome policy on the part of the parliament.

A major issue that Ivanishvili will be expected to address is the conflict with the Georgian breakaway districts of Abkhazia and South Ossetia, and the confrontation with Russia. Since Ivanishvili made his fortune in Russia, people will be expecting him to form a better relationship with the Kremlin. Saakashvili had refused to conduct a proper dialogue with the breakaway districts, so a change of power might serve to alleviate the frozen and tense situation.

Ivanishvili is considered to be a Georgian patriot, so fears of him conceding to Russian, Abkhazian or South Ossetian demands are most likely unfounded. He himself has said that the conflict resolution will be a long process and no major changes will happen overnight. However, initiating a dialogue would be

a good first step towards confidence-building. Russian President Vladimir Putin has previously stated that he would not negotiate with Saakashvili⁸, so it will be interesting to see what the Russian policy towards Georgia will be now that Ivanishvili is in power. Once again, major changes in the near future are unlikely, however. A somewhat realistic "dream" would be related to opening up the Russian market for Georgian products, which would benefit the Georgian economy considerably – a situation that is also expected to improve under Ivanishvili.

Regarding the foreign policy towards the West, the "dream" is that Ivanishvili's statements will be operationalized and the transitional delays will not be protracted. Cooperation according to the bilateral partnership plan with the EU will continue as agreed, and reforms towards democratization, economic improvement and conflict resolution will continue. These include negotiations on the Deep and Comprehensive Free Trade Area (DCFTA), which is an integral part of the future Association Agreement.

Although US interest in the Southern Caucasus has not been as pronounced during President Obama's term as it was during President Bush's terms, the transatlantic relationship is still the most important one for the Georgians, and Ivanishvili is well aware of that. According to data collected by the Caucasus Research Resource Centre in 2011, 71% of respondents considered that Georgia should foster its closest foreign relationship with the US, while the EU was the second most common choice (66%) and Russia third (47%).⁹ The new prime minister has already said that his first foreign visit would be to Washington.¹⁰ Despite the fact that NATO membership will remain a distant goal for Georgia, it seems that Ivanishvili is not ready to sacrifice the NATO project to aspirations of improving the relationship with Russia. Consequently, Georgia will continue active NATO cooperation, including a strong presence in Afghanistan.

8 George Khutsishvili: "Words are not enough", <http://www.iiss.org/programmes/russia-and-eurasia/about/georgian-russian-dialogue/caucasus-security-insight/george-khutsishvili/words-are-not-enough/>

9 CRRC EU Survey 2011, Georgia. Respondents ranked the top three. Available online at: <http://www.crrc.ge/oda/>

10 <http://www.civil.ge/eng/article.php?id=25310>

The nightmare scenario

The Georgian dream could, however, turn into a nightmare if the country regresses to pre-Saakashvili times due to power struggles and a loosening control over the administration. During the electoral campaigns, allegations surfaced concerning Ivanishvili's connections to organized crime. Although there is no hard evidence of his complicity, increased crime might pose the biggest challenge for Ivanishvili in the short term. Criminal organizations will certainly be keeping an eye on the new regime, since the penal system became a central topic during the campaign period when the prison abuse videos were released, and Ivanishvili is likely to reform it as a result.

Georgia's prisons currently house roughly 23,000 inmates and the facilities are overcrowded.¹¹ Some kind of amnesty may be possible, at least for political prisoners, but Ivanishvili may also create a probation system of some description. This in itself poses neither a danger nor a challenge, but considering that the police force still largely comprises UNM supporters and the UNM may want to undermine the GDC's social support, this kind of reform could go terribly wrong if the UNM does not cooperate with it. People are used to very secure living conditions and their trust in the police has increased considerably – from 54% in 2008 to 67% in 2011¹² – but this is all thanks to Saakashvili's police reform.

An increase in crime in Ivanishvili's first months would be a sign of weakness, and public opinion would quickly revert to the UNM. Ivanishvili has appointed his former aide Irakli Garibashvili as Minister of the Interior, who has said that zero tolerance towards crime and the de-politicization of the ministry are priorities¹³, but whether the 30-year-old and politically inexperienced Garibashvili will be able to take over the UNM's stronghold, make the necessary "purges" in personnel and continue the fight against crime remains to be seen.

Another fear is that Ivanishvili cannot, or will not, control the retaliatory wishes that some of his supporters have towards Saakashvili and the UNM. Their political rallying behind Ivanishvili was motivated by revenge. A significant proportion of Ivanishvili's supporters were former police officers that were sacked because of the reform and they have been out of work for over eight years. The same goes for many higher level politicians. Ivanishvili is therefore between a rock and a hard place: he should please his supporters but at the same time he does not want to upset the key people in the UNM. Mismanaging the situation might lead to a "Shevardnadze style" of leadership, where Ivanishvili would let people fight for power and merely intervene as a referee when necessary.

Ivanishvili's leadership style may cause other problems, too. To date, he has generously financed Georgian infrastructure and social services from his own pocket, and this charity may well continue if the pluralistic and possibly quarrelsome politics does not prove effective enough for him. Although benevolent, such a policy from the state leader would undermine the legitimacy of the political system and create harmful extra-parliamentary structures.

Regarding the conflict management and relationship with Russia, the situation could not really get much worse than it already is. The conflict is frozen and there has not been a proper dialogue between Georgia and the breakaway districts or Russia for a long time. Nevertheless, a new war is unlikely.

Like the Ministry of the Interior, the Ministry of Defence is currently a monolithic UNM stronghold and some reforms and purges are to be expected. However, unlike the new Minister of the Interior, the Minister of Defence is an experienced and skilled politician, leader of the Free Democrats, and a former diplomat – Irakli Alasania. None of the reforms should change the conflict management policy, but if the Georgian Defence Forces are not fully functional, the breakaway districts and Russia might take advantage of this in the negotiations, or they might try to test the capability of the forces with minor provocations. The border with Dagestan is a particular hotspot for such provocations. This would significantly increase the tension on the borders and boundary lines.

11 International Centre for Prison Studies: <http://www.prison-studies.org/info/worldbrief/wpbcountry.php?country=122>

12 CRRC Caucasus Barometers on Georgia 2008 and 2011. Available at <http://www.crrc.ge/oda/>

13 Civil Georgia: "Ivanishvili names part of incoming cabinet", October 8, 2012. Available at: <http://www.civil.ge/eng/article.php?id=25326>

There is also a slight danger that Georgia might sidetrack the EU and NATO relationships when trying to improve the relationship with Russia. Although a better relationship with Russia would be welcomed and Georgia would need the Russian markets for its products, such a sidetracking would be politically costly for Georgia.

Conclusion

Since the transition period is fragile and high hopes can swiftly turn into bitter disenchantments, the EU should act proactively in the situation and try to support both the winner and the loser of the parliamentary elections and motivate them to find a way to cooperate constructively. In practice, Ivanishvili's new and inexperienced government needs advice and guidance, but at the same time Saakashvili and his UNM should be able to share power with the GDC, or at least find a way to step aside without losing face. In addition to normal diplomacy, signing the free trade and Association Agreement in the near future should motivate Georgia to stay on an agreed path.

Regarding the conflict with the breakaway districts and confrontation with Russia, it would be necessary to prevent any provocations or testing of the fragile transition period in the Georgian security forces. Efficient dialogue is necessary with all stakeholders. That means that the EU needs to improve its relationship with Abkhazia, which is currently on a shaky footing. Since the EU has had a key role in the conflict management since the 2008 war, that role is now being tested once again.

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ISBN 978-951-769-359-2

ISSN 1795-8059

Cover photo: Teemu Sinkkonen

Language editing: Lynn Nikkanen

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