

Georgia's Paradoxes

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Upon returning from another trip to Georgia the contradictions of the post-Rose Revolution, and post-war period in that country remain more clear than ever. The country has made some very unambiguously positive steps in the last seven years, and even the last two years. It is impossible not to notice this when visiting Georgia and its capital, Tbilisi. The city is replete with new buildings, bridges and roads. The disrepair of the immediate post-Soviet period has clearly giving way to a cleaner, better functioning city. The petty corruption which dominated former President Eduard Shevardnadze's tenure as Georgia's president has not been in evidence for years. University degrees are no longer simply sold by impoverished professors and corrupt university administrators. Police no longer stop drivers, seemingly at random, to shake them down for bribes.

Even the private sector has changed dramatically during this period. There are now real investors and a nascent finance sector. The streets are filled with attractive shops selling a range of consumer goods that were not available only a few years ago. The old city of Tbilisi has been transformed and is now full of inviting boutiques, cafes and restaurants in addition to beautiful old building and historic sites. Only a few years ago the phrase "tourist industry" was a euphemism for encouraging diplomats and assistance workers to spend a few lari at second rate Georgian ski resorts and the like, but the charms of Tbilisi have not been lost on Europeans and Americans as tourists are beginning to come to Georgia to explore Tbilisi and other parts of the country.

These accomplishments are real; and critics of the current Georgian government who overlook these accomplishments discredit themselves. However, it is also clear that all is not quite how it looks in Georgia. This becomes apparent during the initial drive from the airport to downtown Tbilisi. After a few minutes on the awkwardly named George W. Bush Highway, one passes a large glass building which looks like a modern art museum in any provincial North American or European city. The building, one of the biggest and most expensive new buildings in the country, is the headquarters of the Interior Ministry. It is built out of glass, allegedly to demonstrate the transparency of the Interior Ministry, but many Georgians view the Interior Ministry as one of the major institutional obstacles to greater democracy in their country. Thus the glass panels mock the people, proclaiming transparency for the one agency where it has been least in evidence.

In general, the Georgian movement towards democracy can generously be described as having stagnated. While by late 2007, the country had taken an unambiguous turn away from the democratic promise of the immediate post-Rose Revolution period, the leadership of the country still sought to present the country as democratic, believing that was essential for further Georgian integration into the Euro-Atlantic institutions. Ironically, with NATO and EU membership now understood by both

Georgia and the west to be something that will only happen in the distant future, democracy can be more easily relegated to the back burner. This is another unfortunate outcome of the war Georgia fought with Russia in 2008.

In recent months the Georgian government has indicated that it is less interested in European advice and guidance. President Mikheil Saakashvili has publicly mentioned [Singapore as a model for Georgia](#). Although it may work for Georgia, Singapore is obviously somewhat different than a European model, particularly with regards to democracy.

Since a combination of the government's genuine popularity and their use of intimidation and state resources led to a resounding victory in the spring 2010 local elections, the political opposition in Georgia has been silent, creating a feeling of political quiet that can be taken to mean political stability as well. Nonetheless, the continued [domination of the media by the government](#) and recent constitutional changes which on the surface look fine but that will likely lead to [President Saakashvili remaining in office as prime minister](#) after he finishes his term as president, suggest that democracy is still not moving forward in Georgia.

The evolution of Georgia's private sector is perhaps more paradoxical than the country's political environment. The energy and growth of the private sector, particularly when viewed over the last five years, rather than simply since the twin disasters of military defeat and global economic downturn in the second half of 2008, is apparent. However, the statistics tell a different story. Foreign direct investment (FDI) is sharply down in recent years. It was \$759.1 million, in 2009, and only \$272.6 million for the first six months of 2010, down from \$1.56 billion in 2008 and \$2.01 billion in 2007. Overall growth has also [slowed substantially](#) since the war. The explanation of this economic paradox lies in Georgia's debt. Georgia's current economic development is supported largely by borrowing money, both for economic development and for rebuilding the country's infrastructure. This works for now, but will raise major economic and political challenges when this debt comes due in 2012-2014.

Another seeming paradox in Georgia is that the government still speaks of restoring the country's territorial integrity, meaning restoring Abkhazia and South Ossetia to Tbilisi's sovereignty, as if it can happen soon. The government has even produced a [new and relatively progressive plan](#) for doing this. However, Abkhazia and South Ossetia seem to have little interest in this plan, and are moving closer to Russia every month. Although, Abkhaz and South Ossetian independence, as proclaimed by Russia in 2008, has remained something of a fiction outside of about four countries, the road to bringing these places back to Georgia has become more, not less difficult since the war.

The current Georgian paradoxes are not altogether unusual. There are other countries that have been modernized by soft authoritarian regimes, or that have financed economic progress on borrowed money and faced the consequences when those debts have come due. Perhaps recognizing the unexceptionalism of Georgia can be useful for policy makers. This might allow policy makers to see Georgia as a country more concerned

with modernization than democracy, and to recognize the potential seriousness of a looming debt crisis, which is scheduled to coincide with a sharp decline in American assistance, and how this could have a potentially destabilizing impact. This might be a better foundation for a sound Georgian policy than increasingly vague rhetoric, particularly from Washington, about democracy and territorial integrity.