



## **FPC Briefing: Time for Georgia to Become European** **Denis MacShane**

As Vladimir Putin broods in the Kremlin wondering what his next foreign policy moves should be, is Georgia on his mind? The small Black Sea and Caucasus state has always been a bother for Russia. With its 3,000 years of history and one of the oldest languages in the world, the heady mix of skiable mountains and tropical coastal resorts, the mélange of nationalities – Georgian, Armenian, Azeri, Turkic, Abkhazian, Ossetian (the best conductor in England, the LSO's Valery Gergiev, is Ossetian) with minority languages and religions in addition to one of the oldest orthodox churches in the world, Georgia is the most exotic of all the nations that once formed part of the Tsarist then Soviet imperium.

It is the only country Russia has invaded since the end of communism. The land-sea-air assault on Georgia in August 2008 preceded by a few weeks the collapse of Lehman Brothers. Neither geo-economics nor geo-politics has been the same since.

90 years ago the Kremlin was more ambitious. Between 1918 and 1921, Georgia had one of the most admired social democratic governments in Europe. After the collapse of Tsarism with Lenin and Trotsky focused on preserving their revolution, Georgia quietly declared its independence. The social democratic party won a majority and introduced the 8-hour day, trade unions and women's rights, free education and distributed land to the peasants. They did all this without any of the terror associated with Bolshevism.

Ramsay MacDonald, Karl Kautsky and other luminaries of post-WWI democratic leftism visited Georgia which was seen as a model of how planning, social rights and progressive politics could take a poor country forward.

A tiny trip wire of British troops kept the Red Army out of Georgia. However when Lloyd George, in one of the Liberal prime minister's endless foreign policy blunders after 1918, withdrew the British soldiers and Royal Navy presence in 1921, Georgia was exposed to Soviet imperialism. Georgia's most famous son, Stalin, was determined to bring his country under Moscow's rule. As in 2008, there was a full-scale military invasion. In 1921 the social democratic experiment was terminated as the Kremlin incorporated all of Georgia into the Soviet system.

Today, twenty years after the end of Sovietism, Georgia is struggling to find its place in the world. After variations of authoritarian rule, the Rose Revolution of 2003 swept away the *ancien régime*. The name comes from the roses carried by the young opposition who organised street demonstrations and occupied Parliament. Finance was provided by George Soros and the leadership of Georgia was personified by Mikheil (Misha) Saakashvili. Born in 1967 to a Tbilisi intelligentsia family (the cultural life of Tbilisi with its sense of history and a language and script impenetrable to most was rich and varied even under the worst years of Stalin and post-Stalinist rule) he did post-graduate work in the United States and France and speaks English and French perfectly in addition to Russian which still remains the lingua franca of Georgia.

He surrounded himself with young ministers, many educated in France, Britain, Canada or America and after his election as president in 2004, offered Georgia an immediate transformation by going along a shining path to a neo-liberal Western future. Saakashvili's relentless driving energy is remarkable and infectious. He represented a Black Sea expression of the Alan Greenspan era of deregulated economic theory. He expressly hitched Georgia's future to the United States, hoping like



the three small Baltic states, that a swift integration into Nato and in due course the European Union would firmly anchor Georgia in the West. But it was no longer the 1990s. Russia under Putin was not the chaos of the Yeltsin years when Harvard economists headed by Jeffrey Sachs handed Russia's wealth to a narrow group of oligarchs who were quickly brought under control by Putin, with the exception of those who chose exile like Boris Berezovsky or challenged the Kremlin and found themselves in prison like Mikhail Khordorkovsky.

Saakashvili expressly linked Georgia to Reagan-Bush politics, naming the main road from Tbilisi to the airport the George W Bush Boulevard and erecting a rather sweet statue of a smiling Ronald Reagan on a bench overlooking the city. This further irritated Putin, especially as Ukraine's anti-Moscow Orange Revolution of 2005 was inspired by Georgia's Rose Revolution. The crude Americanisation of Georgia after the Rose revolution was out of time. George W Bush's foreign adventurism and his debauching of American finances to reward a narrow elite of millionaires at the expense of middle class Americans meant that Saakashvili's identification with Bushism - while it played well in some American circles - allowed Georgia to be portrayed as an American outpost on the edge of a newly assertive Russia.

Thus it was easy for Germany to veto Georgia's Nato ambitions without any real opposition from other Nato capitals. Washington, London and Paris were keener to get Putin's help on Iran, on Afghanistan and access to Russian energy than begin a major confrontation with Moscow over faraway Georgia. Georgian politics were and are highly personalised with the country's own oligarchs making forays into politics and street theatre confrontations replacing parliamentary dialogue and patient political organisation. Unlike after 1918, there is no strong democratic left presence. (The Friedrich Ebert Foundation's excellent Tbilisi office (see: [www.fes.ge](http://www.fes.ge)) has a range of useful publications highlighting the lack of effective social democratic or even trade union presence.)

Saakashvili nonetheless threw himself into a herculean task of modernising the Georgian state. His big coup was to dismiss most of the utterly corrupt police force and replace them with men who would not take bribes on pain of dismissal. A woman police chief under the age of 30 became the interior minister charged with enforcing the new incorruptibility. Visitors from neighbouring Russia, Azerbaijan, Armenia and Arab states shake their heads in disbelief that the Georgian cops will not accept bribes to get off a speeding ticket or on a bigger scale. There was mass liberalisation, including of the media, with the wife of Saakashvili's biggest opponent allowed to own a TV station. As in much of the Balkan-Black Sea region, including Turkey, the press is vigorous in its opinion columns but has little tradition of scrupulous, balanced news reporting. Money and power dominate the media and Georgians, as elsewhere, have bought the Rupert Murdoch view that only privately owned media guarantee freedom of expression. Europe has been largely absent in offering a different view of public service broadcasting or papers owned by trusts and cooperatives with deontological editorial independence.

Saakashvili abolished visa requirements to try to pump up tourism, an economic take-off industry for many poor countries. He smartened up the Black Sea resort of Batumi with its handsome Black Sea boulevards and buildings going back decades. He tolerated opposition, even if there was no power-sharing. When his opponents staged a long tent protest occupying the main street in Tbilisi and blocked all access to Parliament in March 2008, he left them alone. At the time I met opposition leaders and what struck me, as a West European politician, was the strength of their personal hate for Saakashvili and even more their dislike of each other. I got no sense of compromise or agreement



on a programme or leadership that might create a powerful but intelligent opposition which Georgia undoubtedly needs.

The defining moment in Saakashvili's presidency was the Russian invasion in August 2008. Books and reports have been written trying to disentangle the sequence and motives of the conflict. Russian provocations had been steadily building up and the massing of an armoured division on Georgia's borders and its move into the Russian-controlled South Ossetia (denounced by Misha Glenny, the writer on post-Soviet economic crime, amongst many as nothing more than a mafia enclave controlled by ex-KGBers who smuggled anything and everything into Russia) sparked an artillery duel which led to a full-scale Russian invasion. Russian warplanes attacked Georgian towns. The Russian navy sailed from its Crimean ports. Russian armour drove deep into Georgian territory stopping only when they got to Gori where the sight of Stalin's statue on a tall column in the main square of his birthplace caused the Russian soldiers to disembark and take photos of the great man. (Sadly his statue has since been taken down. It could have stayed to encourage political tourism!)

Shocked at this re-run of Prague 1968, the Western world reacted. Joe Biden, now Obama's vice president, flew to Tbilisi and Britain's Prime Minister, then the opposition leader, David Cameron, on holiday in the Aegean, found a private jet to go there. (Since then Cameron has ignored Georgia. There has been no visit by a Foreign Office minister since May 2010.) President Sarkozy, barely a year into office and still full of energy, shuttled between Tbilisi and Moscow using his presidency of the EU to enforce a cease-fire deal. Putin signed a 6-point plan which he promptly reneged on. Saakashvili had lost his bid to enter Nato and found himself under attack as being an adventurer in Europe. When Obama replaced Bush and the Lehman Brothers crisis announced the end of the Greenspan *Enrichessez-vous* era, Saakashvili found that his status as the Bush era's neo-conservative and neo-liberal outrider in the Caucasus was as much a problem as a help.

*Nil desperandum* became Georgia's motto. Despite having to house hundreds of thousands of refugees from what now became Russian-occupied territories and engage in a debilitating diplomatic war as Putin decided to define South Ossetia and Abkhazia as independent states which failed to get recognition from anywhere save Moscow, Caracas and Mangua, Saakashvili continued with his efforts to modernise the country. He adopted a policy of forced decentralisation with the parliament being moved to Kutaisi between Tbilisi and the coast and the Supreme Court also being moved to the regions. Visas were abolished for Russians who flock to Georgia despite Putin's disapproval in search for the best wines east of Burgundy and Bordeaux. A new airport is planned to allow Europe's low-cost mass tourist airlines to fly to Georgia and break a monopoly of the Turkish-owned Tbilisi airport with its extortionate landing charges which make air transport to Georgia a nightmare.

In his presidential office in a new and over-grandiose presidential building looking down on the capital (but over-shadowed by an even grandioser wedding cake new-build cathedral highlighting the domination of the orthodox church in Georgian affairs), Saakashvili is surrounded by designs and models of new projects, including a one-stop Palace of Justice which he says will allow every citizen to enter and conduct all business with the state, its agencies and municipalities online, cutting out all wasteful bureaucracy. Who knows? It might work and his exuberant enthusiasm that somehow Georgia can leap out of chronic underdevelopment and find a Western future can be infectious.

Every day he is opening a new building or project, donning ski gear to snow-plough down Georgia's ski slopes or hosting Placido Domingo and star-studded opera concerts in Batumi. He showed me a small computer made locally which he dropped on the floor to demonstrate its robustness. The



computer will be given to every child. Critics point out it might be a help to have teachers in rural Georgian schools who have at least turned on a computer and a bigger help if classrooms could have a few books.

As with Saakashvili's efforts to teach English to Georgia, the aspirations meet a reality hard to change. Taxis in Tbilisi are rented out to their drivers by the hour or week as peasants come in to make some money and sleep overnight in the vehicle. You can be asked for payment before the trip in order to put some petrol in the tank and the taxi driver in what is a striking tourist city who knows his way around or even a word of English is rare indeed. Money is found for a handsome new parliament building but not to renew the decaying, rotting buildings that look like slum left-overs from the Soviet era just behind the handsome cosmopolitan boulevards of the capital. The patriarch of Georgia's orthodox church which disputes with Armenia the claim to be the world's oldest Christian community, rails against Georgians going abroad for education. Co-religionists should stay at home and be devout and patriotic he preaches. Church-inspired thugs headed by robed priests with beards attacked a tiny Gay pride march in Tbilisi in May. It is hard to see Georgia fully embracing European modernity without some clearer separation of church, state and civil society.

Money is in short supply. Georgia has no natural resources. FDI slumped after 2008 and while Tbilisi has sensibly turned to Azerbaijan for its gas, the country remains poor with half the workforce in low-pay agriculture. The economy grew by 6 per cent and 5 per cent in 2010 and 2011 respectively and 6 per cent growth is expected in 2012. That isn't bad by European norms but with GDP per capita at US\$3,000, the nation has a long way to go. The Georgian government wants to float two major state outfits, Georgian Railways and the Georgia Oil and Gas Corporation, on the London Stock Exchange and seek to upgrade the performance of Georgian capitalism by integrating the economy into the globalised market place. The slow-down of the world economy and increased investor nervousness means that Georgia may be hitching its wagon to Greenspan-era globalisation just as it is losing steam.

A vengeful Putin has imposed a trade boycott and high quality agricultural produce, especially wine and alcohol, which was highly popular in Russia, now has to find other outlets. Putin and Medvedev treat Saakashvili as a non-person and despite endless offers of talks and the complete opening of Georgian borders to Russia, the barely disguised hate of the Kremlin's duo for both the personality and politics of the Georgian leader make a rapprochement unimaginable. Having de-oranged the Ukraine with the election of the Kremlin's old protégé Victor Yanukovich and the imprisonment of the vaguely pro-western Yulia Tymoshenko, Putin wants to uproot the Rose revolutionaries of Georgia and as in 1921, though using modern methods, bring Georgia back into the Kremlin's sphere of influence.

As so often in Kremlin power plays, Putin is placing his hope in an oligarch to remove Saakashvili. His would-be nemesis is Georgia's richest man. Worth about one third of Georgia's US\$13 billion economy, Bidzina Ivanishvili, has decided to oust Saakashvili. The oligarch made his money in Russia in the 1990s and has turned into Georgia's biggest Maecenas. He has founded endless education and community projects and built the giant cathedral dominating Tbilisi. He worked well with Saakashvili after the Rose revolution and no-one seems to know exactly why the two men fell out. But now Ivanishvili is financing what he calls the "Georgian Dream" which was launched late in 2011. He is aiming to win a majority in Parliamentary elections in October. At a rally in May he described Saakashvili as a "coward". He promised to "diminish the problem of unemployment to a minimum level" and pledged "free health insurance packages to each and every citizen of Georgia." His platform maintains Georgia's EU and NATO ambition. Ivanishvili has the money to buy his way into



politics. Critics say he is outspending Saudi Arabia on hiring lobbyists in Washington and in London, one of the richest transatlantic lobbyists now represents his political ambitions. Ivanishvili is now donating free satellite dishes to households so that they can tune into his own TV station. His supporters say this is extending media freedom. Others will recognise a vote-buying exercise. Suddenly reporters and politicians in Europe and the US are being asked to meet opposition politicians from Georgia and Committees for Free Elections in Georgia have sprung up. Money is not short for the campaign to oust Saakashvili.

For Saakashvili and supporters, the oligarch is little better than a patsy for Putin. They point to the easy way he was able to sell Gazprom shares to raise cash for his campaign. Others insist Ivanishvili is a genuine Georgian patriot who has spent a fortune helping Georgians and now wants to build an effective democratic opposition. That there is opposition to Saakashvili is clear. Crowds of up to 100,000 have come to attend rallies hostile to Saakashvili. The October elections are for Parliament. Ivanishvili cannot technically run for office as his citizenship status (he took out French citizenship some years ago) is unclear even if he insists he will be prime minister. He lives in a palace behind the usual army of security guards all oligarchs who made a fortune out of the Yeltsin years have to have. Those who have met him describe an unremarkable personality who speaks calmly and who prefers having old masters on his walls to the nightclubs of many of his flashy, young women-bedecked fellow-oligarchs. His one weakness is his teenage son, Bera, a would-be rock star who is allowed to close political rallies with his songs.

It is important that the October parliamentary elections are democratic and pass off without any of the excesses of Georgian politics of the past two decades. The OSCE and Council of Europe must be massively present to ensure that the elections are seen to be fair and to stop any smears that may be spread by defeated candidates. Saakashvili has repeatedly said he would not seek a third term as president and has told me so to my face. Now there is talk of changing the constitution to allow a more parliamentary system with a powerful prime minister. But staying in power by hopping from president to prime minister has been discredited by Putin and the problem of post-Saakashvili Georgia as the tenth anniversary of the Rose revolution looms large.

Kakha Gogolashvili of the Georgian Foundation for Strategic and International Studies and a former diplomat has set out three futures for Georgia:

- The first is to continue American Enterprise Institute-style neo-liberal economics with “no regulatory restrictions.... a highly commoditised labour force and with a low level of social protection.”
- The second is “reconciliation with Russia ... Go back to the Commonwealth of Independent States and join the Russian-Belarus-Kazakh customs union” so that resource-rich Russia will share its wealth, providing gas and oil at low prices. Georgia will regain the lost Russian market for its wine and other agro-products.”
- The third is to “ally with EU policies” and “gradually gain a share in the EU internal market and transform the economic and social environment into an ‘EU-compatible’ one.”

Gogolashvili prefers the latter. “European integration is a way for Georgia to reach political, economic and social stability and prosperity.” He acknowledges that Georgia will remain committed to economic liberalisation “with low taxes and minimal interventions for some time.” (Kakha Gogolashvili, “In search of Georgia’s economic model” in ‘South Caucasus – 20 Years of Independence’, Friedrich Ebert Stiftung, Berlin, 2011.)



As after 1918, Georgia remains the most interesting of the post-Soviet states. Too close to Moscow and too far away from the EU and Nato centres in Brussels, Georgia missed the chance for clear EU and Nato integration that the Baltic states and the Black Sea nations of Bulgaria and Romania obtained by the end of the first decade in the 21<sup>st</sup> century.

Russian military might crushed Georgian independence in 1921 and Russian military intervention derailed Georgia's hopes of full Western integration in 2008. James Nixey of the Royal Institute of International Affairs in his Chatham House paper "The Long Goodbye: Waning Russian Influence in the South Caucasus and Central Asia" (June 2012) argues that the 2008 war has not strengthened Moscow's hands. None of the states in the region supported Russia's claims that Abkhazia and South Ossetia are independent states. In contrast to Kosovo, where nearly 100 UN members, including most of the major world democracies, have been granted recognition despite energetic Russian-led opposition, the two Georgian regions exist only as Russian creations. Nevertheless, Nixey concludes that Russia has lost influence or control over the fate of Georgia. Despite "the West's inconsistent and confused engagement" argues Nixey, "Russian heavy-handedness means that, for Russia, the battle is already lost" to again be the dominant and domineering power over Georgia and other Caucasus states.

After the 2003 Rose Revolution, Saakashvili decided to represent a George W Bush idea of the future. At the time, too many European leaders, notably in Germany, appeared to prefer to stay on good terms with Russia than recognise and support the aspiration of peoples and nations that wanted to have a full Euro-atlantic future, not a new subordination to an increasingly authoritarian Russia. But the confident Europe that accommodated the more Western post-Soviet nations has disappeared. Economic woes and a rising xenophobic dislike of the new Europeans disfigure political discourse, notably in Britain and France.

Saakashvili speaks fluent French as do many of his key advisors. Despite the current economic and political difficulties facing the EU, perhaps it is time for Georgia to see its future as a European nation and state, and no longer a colony of American rightist ideology. Might the time have come to re-name the George W Bush Boulevard, the European Union Highway? Or find a street or square to name after President Obama or his pro-Georgia Vice President, Joe Biden? Georgia has alternative futures but nostalgia for an imagined neo-liberal or neo-conservative world offers limited possibilities. Alternatively, if the next President of the United States is Mitt Romney, might Georgia be again a flash-point where the cold peace politics Putin seems to relish sees a new confrontation between the United States and Russia as Moscow decides to bring Georgia finally and fully back into its fold?

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