

# CURRENT POLITICS AND ECONOMICS OF THE CAUCASUS REGION

Volume 2, Issue 1

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Nova Science Publishers, Inc.  
Hauppauge, New York  
2009



# **CURRENT POLITICS AND ECONOMICS OF THE CAUCASUS REGION**

This scholarly periodical focuses on the rapid changes occurring in Russia, Eastern and Central Europe. The scope of the publication is the entire spectrum of contemporary politics and economics. The scope includes: domestic policy; foreign policy; government; elections; national economy; activities in the former republics; environment; transition to market economy; international political and economic organizations; military activities; problems of aging, pensions and insurance; childhood protection; medicine; culture; education; employment; industrial policies; monetary and fiscal matters.

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## **EDITORIAL AND SUBSCRIPTION INFORMATION**

*Current Politics and Economics of the Caucasus Region*  
is published quarterly by  
Nova Science Publishers, Inc.

Manuscripts should be sent to  
Editor-in-Chief  
Nova Science Publishers, Inc.  
400 Oser Avenue, Suite 1600  
Hauppauge, New York, 11788-3619, U.S.A.  
<https://www.Novapublishers.com>  
E-mail: [Novapublishers@earthlink.net](mailto:Novapublishers@earthlink.net)

Subscription Price (2009): \$220 per volume (6 issues)  
ISSN: 1937-5492

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## **ANATOMICAL PATHOLOGY OF GEORGIA'S ROSE REVOLUTION**

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### **INTRODUCTION**

As is known, the collapse of the Soviet System and the beginning of the transition to capitalism may be interpreted as a revolution (e.g. Bunce, 1999a, pp. 152-156). “Color revolutions” of the post-Soviet space put on the agenda the problem of exploring the nature of these revolutions, whether those really were revolutions and to what degree the expectations of their supporters have come true. The first analytical papers devoted to these problems have already appeared. However, it appears that more time is necessary to gain experience and come up with generalized results of “color revolutions.”

The Rose Revolution of November 2003 was an outcome of the Georgian people’s striving for the development of a democratic society and improvement of it’s human rights record, reduction of corruption, enhancement of national economy and qualitative improvement of the social conditions of life (e.g. Ascherson, 2004; Coppieters, and Legvold, eds., 2005; Fairbanks, 2004; Karumidze, and Wertsch, eds., 2005; King, 2004; Miller, 2004; Welt, 2004). It is no surprise that the “Revolution” and its heroes, led by the present president of

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Georgia, Mr. Mikhail Saakashvili, have been supported by the US administration, the leadership of EU and its member states, the whole civilized world.

With the passage of two years after the “Rose Revolution”, the quite natural euphoria that had followed it both inside and outside the country has gradually diminished and been replaced by the state of “sobering down” which leads to a rather realistic evaluation of the results of post-revolution changes. It is important to note that such sobering down from “revolutionary drunkenness” has been taking place in Georgia rather faster than oversees, which is quite understandable: Georgian citizens have been experiencing all of the “pleasures” of the revolution all on their own, whereas Georgia’s international friends very often mistake what they would like to happen for what is really happening (Papava, 2006c). Nevertheless, even those analysts who have been a priori supportive of the revolutionary leaders can not turn a blind eye to some recent antidemocratic developments in Georgia (such as executives dominating in the judiciary) (Jones, 2006). There were even more sobering accounts too (Kupchan, 2006), provoking discussions about the key values in post-revolution Georgia (Melikishvili, 2006).

The post-revolution political regime in Georgia from the very outset was a kind of mixture of democratic and authoritarian elements (Nodia, 2005, p. 44-45). Such a hybrid regime is not a substantial novelty but has always been a characteristic of many post-Communist countries (e.g. Bunce, 1999b) that have avoided “color revolutions”.

While too many politicians and experts in the West the crushing of the peaceful demonstrations in the Georgian capital, Tbilisi, in November 2007, appeared to be totally unexpected and, consequently, shocking, for the majority of Georgian analysts these events were more or less predictable. It was quite easy to foresee that sooner or later the official Tbilisi would show the rest of the world its real nature. The suppression of the peaceful demonstration, the shutdown of opposition TV channels, and the declaration of the State of Emergency look just like a culmination of what happened in Georgia after the Rose Revolution of 2003. The main question that naturally arises in this situation is: Why did the November-2007 events come as a complete surprise to the West?

To answer the question it would be useful to analyze once again all those key tendencies and developments that took place in Georgia after the Rose Revolution.

## KEY CHALLENGES OF THE GEORGIAN GOVERNMENT

The beginning of all that was Georgia's young (including in terms of age) and in many respects inexperienced government inherited from the Shevardnadze administration numerous unsolved problems from which one should distinguish the following ones:

- *energy crisis*, which means that with winter's coming all of Georgia had to survive without electricity and heating;
- *budgetary crisis*, meaning that because of inability and unwillingness of public officers to collect taxes the government accumulated huge arrears of pensions and salaries in the public sector.

Most of such problems were conditioned first of all by a high degree of corruption. Therefore, the key challenge of the new post-revolution government was to combat corruption.

At the same time, the government which had come to power by means of revolution was exposed to a temptation of strengthening the vertical axis of power and minimizing elements of decentralized system of governance, justifying it by a need to reinstate the country's territorial integrity.

## CONCENTRATION OF POWER

From the moment of his coming to power Mr. Saakashvili set a goal of concentrating powers in the president's hands. To this end, as early as in February 2004 a number of amendments were effected to the Georgian Constitution, due to which the president obtained a power to dismiss the government or, alternatively, to disband the parliament and order extraordinary parliamentary elections, should the parliament and the government be in conflict with each other. The natural consequence of this kind of constitutional novelty was the growth of parliament's loyalty not only to the president, but also to his government which, in turn, led to the significant weakening of parliament as a political institution.

In late 2006, under pressure from the Council of Europe, President Saakashvili proposed amendments to the Constitution that would allow for an extraordinary presidential election in case of a repeated dismissal of the parliament.

Along with this adjustment to the balance of power, which might yield a slightly more stable parliament, some other amendments were passed that just further strengthened the presidential influence over parliament, in spite of new elections. Specifically, before the amendments the new parliamentary and presidential elections were due in spring 2008 and winter 2009, respectively; after amendments both elections were ordained to take place in autumn 2008. Thus, although the president reduced his term by a couple of months, he extended the parliament's term for more than half a year. To the extent that the president-led political party, which held a huge majority of seats in the parliament, was losing popularity every day, and before November 7, 2007 President Saakashvili had no significant competitors in the future presidential race, this change substantially increased the probability that, in the simultaneous presidential and parliamentary elections, those who would vote for Mr. Saakashvili would vote for his party too. Thus, before the 7<sup>th</sup> of November, the key plan of Mr. Saakashvili and his group was to accomplish even greater concentration of powers in the president's hands by means of sustaining parliament's loyalty to the president and transforming parliamentary opposition into an essential decoration so that democratic image of his administration could be maintained.

While before coming to power Mr. Saakashvili and his team harshly criticized Shevardnadze for his reluctance to allow direct elections of mayors in the major cities, after his takeover, President Saakashvili abandoned the idea of directly elected mayors.

The lack of any more or less critical remarks with respect to the above-described presidential power reinforcing developments on the West's part stimulated further growth of authoritarian tendencies in the public governance.

## **POSITIVE RESULTS**

The strengthening of presidential powers in Georgia had some positive implications in terms of establishing a financial order in the country, accomplishing some significant increases in tax revenues and, as a consequence, overcoming the above-mentioned budgetary crisis. As a result, the post-revolution government succeeded in paying off all accumulated debts to pensioners and public sector employees. In the summer of 2004, all this led to the renewal of the IMF program which had been terminated in 2003 due to the incapability and extremely corrupted nature of the Shevardnadze administration.



Among some other accomplishments of the post-revolution government one should emphasize the qualitative improvement of the criminological situation in the country.

The strengthening of presidential powers enabled the government to start an effective fight against corruption. In this context, one must mention the abolition of traffic police that had existed since the Soviet times, as well as the creation of a western-style patrol police in a very short period of time. As a consequence, the shameful practice of bribery across the country's roads and highways was exterminated.

The combat of corruption in the energy sector resulted in the overcoming of energy crisis: as of the winter of 2006-2007 whole Georgia has been enjoying a 100% supply of electricity.

Among the post-revolution government's accomplishments one should emphasize the introduction of national examinations for admission to universities which replaced the old corrupt system of separate admission exams in individual universities which had existed since the Soviet times.

A fourfold growth of the national budget revenues was achieved as a result of such anti-corruption measures as arresting and releasing of former government officials and their relatives for a "price of liberty." Officially, this was proclaimed as paying back to the State money and properties that had been stolen from it (McDonald, 2005). Such type of revenues can not be raised on a regular basis. At best, they can be collected for one more time and with a much less effect. The government, specifically for this purpose, established extra-budgetary "law-enforcement development accounts," where those suspected of corrupt practices were compelled to transfer payments to buy their liberty (Usupashvili, 2005).

The launch of a large-scale privatization program should also be regarded as one of the key accomplishments of the post-revolution government.

Among other achievements of the Saakashvili government one should also mention a significantly simplified licensing system for businesses, and reduction of the rates of some taxes.

The Armed Forces of Georgia were radically overhauled, with a defense budget fueled by revenue increases, and with assistance from the United States and other NATO member states. Military readiness improved greatly, and Georgian forces serving abroad received high marks from coalition officers.

## ESSENCE OF ECONOMIC REFORMS IN POST-REVOLUTION GEORGIA

In post-Revolution Georgia, the so-called “Northern Way,” or Georgia’s integration into Russia’s economic domain, has become prominent (Papava, 2006c). In 2003, Anatoliy Chubais, the President of the Management Board of RAO EES (Unified Energy Systems) Russia and prominent Russian statesman and political figure, wrote that Russia should establish a “Liberal Empire” in the post-Soviet world (Chubais, 2003, Torbakov, 2003). By calling it “liberal,” it was in the sense that the new empire should be based on economics rather than coercion wherein Russian companies (public and private) should take over the ownership of strategic companies in the former Soviet republics which, in the long run, must lead to the re-establishment of Moscow’s political influence over those countries.<sup>1</sup>

Russia started fulfilling its master plan in Armenia which is its strategic partner in the region. In late 2002, on the eve of the presidential election in Armenia, a Russian-Armenian treaty called the “debt-for-equity” swap was executed.<sup>2</sup> In early 2006, Russia obtained new assets in exchange for not raising Armenia’s price for natural gas. As Russia and Armenia do not share a border, and in view of the frozen conflict between Armenia and Azerbaijan, the lynchpin in an economic space of Russia and Armenia is Georgia. If Georgia is dragged into the Liberal Empire, the fate of Azerbaijan will be determined as well given the fact that all of its strategic economic projects are linked with Georgia (Papava, 2006a).

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<sup>1</sup> According to its architects, a Liberal Empire should be created not by forced armed occupation of the former Soviet republics but by gaining control over the main economic facilities (by means of acquiring and developing assets) located on their territory. An essentially universal analysis of Russian investments in the CIS countries is presented in an article by Crane, Peterson and Olikar (2005). It is also important to note that in the Russian idea of a Liberal Empire, its developers and executors imply non-military methods of creation in the word “liberal,” and not of the functioning (which they do not mention at all) of this “empire” which is essentially not surprising if we keep in mind the far from democratic and liberal nature of the regime in Putin’s Russia (Åslund, 2005; Trenin, 2005). Herein we should note the interrelation in Russian policy in the post-Soviet space of energy dependence and political independence (Balzer, 2005) whereby when the former increases the latter weakens (Smith, 2004, pp. 5-8). It is no accident that for Russia, along with the formation of a Liberal Empire, a targeted advance towards creating an Energy Empire is of particular importance (Hill, 2004).

<sup>2</sup> See Armenia: Economic Hai-Lights, July, 2002, online at <http://www.bisnis.doc.gov/bisnis/bisdoc/020809ARHaiLights.htm>.

The first step towards snaring Georgia in the Liberal Empire's net was the summer 2003 takeover of the shares of the US-based company AES Silk Road by RAO EES (Gularidze, 2003).

The new Georgian government fully supported the entry of the Russian capital into the Georgian economy during the broad-scale privatisation of government-owned enterprises after the Rose Revolution. The best example was the sale of Georgian gold and copper mining and processing companies to Stanton Equities, a subsidiary of the Russian holding group, Industrial Investors.<sup>3</sup>

Encouraged by the government's affinity for Russian capital, the owners of the United Georgian Bank (privatised in 1995) sold it to Russia's Vneshtorgbank of which 99-percent is owned by the Russian Government.<sup>4</sup> This sale was the nationalisation of the United Georgian Bank by the *Russian* Government. This takeover came on the tails of Vneshtorgbank's acquisition of Armenia's Armsberbank.<sup>5</sup>

Gazprom is especially aggressive. It has made several attempts to take over the gas pipeline connecting Armenia with Russia. In late 2005 and early 2006, the Georgian Government negotiated with Gazprom, ostensibly to sell the gas pipeline (Voropaeva, 2005). It is not clear, however, why selling the pipeline to the Russian Government-owned gas company should be considered "privatisation." After America's intervention, the Georgian Government's talks with Gazprom came to an end<sup>6</sup> which dealt a heavy blow to Russia's plans.

In late 2006, in the context of doubling the price for Russian gas, Gazprom once again tried to take over some of Georgia's energy assets (Socor, 2006).

It must be kept in mind that RAO EES has also not said its last word and it is very likely that sooner or later it will, at least, try to use the same scheme as it once successfully implemented with respect to AES Silk Road.

Regrettably, it is evident that Georgia is being culled into Russia's Liberal Empire (Papava, and Starr, 2006).

After the Rose revolution the Kazakh capital invasion of the Georgian economy is also remarkable. The entry of the Kazakh government-owned

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<sup>3</sup> See: "Novosti: 97% aktsii GOK "Madneuli" prodano za \$51 mln" (News: 97% of Shares JSC Madneuli are Sold at US \$51.1 Million), CITO, 7 November 2005, online at <http://www.citon.com.ua/news.php?id=10>.

<sup>4</sup> See: "Vneshtorgbank priobriol kontrolnyi paket aktsii Ob'edinionnogo banka Gruzii" (Vneshtorgbank Purchases the Control Packet of Shares of the United Georgian Bank), News.ru, 18 January 2005, online at: <http://www.newsru.com/finance/18jan2005/vnesh.html>.

<sup>5</sup> See: "Russian Vneshtorgbank Continues Transcaucasian Expansion," Mosnews.com, 31 May 2004, online at <http://www.mosnews.com/money/2004/05/31/vtbgeorgia.shtml>.

<sup>6</sup> See: "Millennium Challenge Corporation Board Approves \$295.3 Million Compact with Georgia," Georgian Business Week, 16 August 2005, online at <http://mca.gov/press/releases/2005/release-081605-boardapprovesgeorgiacompact.php>.

companies<sup>7</sup> into the Georgian market is, for some reason, labelled as “privatisation” (probably in order to create a reform image for the government).

Some of the Georgian Government’s actions defy both economic theory and common sense. Chief amongst these was the President’s generous summer 2006 initiative to add 50,000 people to a national employment programme.<sup>8</sup> The idea was to require private entrepreneurs to give three-month jobs to unemployed persons. For this, the latter were to be paid USD\$85 a month out of the national budget. (In the summer of 2006, after the enactment of the new Labour Code, unemployment allowances [USD\$12.40 per month] were abolished.) The programme cost the national budget USD\$12.7 million. In principle, no business with the demand to expand needs any direct assistance from the national budget. All the government needs to do is to provide for the development of professional training or retraining programmes and the Georgian Government has rightly assumed this duty.

This programme, however, employed only a few persons. In most cases, a simple deal was made. Businessmen agreed to subscribe to any contract under which they could pretend that they employed some people who did some job. Such a deal made an unemployed person happy, too, because he made USD\$255 in three months for doing nothing. There were, however, rather perverted situations as well. Some businessmen agreed to subscribe to such contracts on the condition that new “employees” shared half of the sum with them.

The average share of salaries in the costs of production is typically twenty percent and so USD\$12.7 million spent on salaries should produce goods and services worth about USD\$60 million. Although there are no official statistics employment under this programme, we should expect that about ten percent of the targeted number of beneficiaries were actually employed. This means, then, that USD\$12.7 million was spent out of the national budget for the production of goods and services with an aggregate value of perhaps USD\$6 million.

In essence, it can be said that USD\$12.7 million allocated from the national budget was nothing but an allowance for the unemployed. This amount went to market ostensibly with the purpose of producing consumer goods but because no actual goods and services were produced, the only contribution was to the growth

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<sup>7</sup> Both Kaztransgaz and its only shareholder, Kazmunaigaz, however, are government-owned companies (Men’shikova, 2006). Kazakhstan’s government-owned holding company, Samruk, in turn, is the only shareholder of Kazmunai’gaz (see: “Ziat’ Nazarbaeva vozglavil ‘Kazmunai’gaz’” (Nazarbaev’s Son-in-Law Takes Over “Kazmunai’gaz”), Catalog SMI, 27 June 2006, at <http://www.catalogueofmass-media.ru/index.php?dn=newsandre=printandid=22922>).

<sup>8</sup> See: “Saakashvili Unveils New Economic Initiatives,” Civil Georgia, 5 August 2006, online at <http://www.civil.ge/eng/article.php?id=13256>.

of inflation. Consequently, any measures of this kind, however generous their objectives might be, cannot, in fact, produce any desired results. On the contrary, all they can do, along with other similar measures, is to contribute to macroeconomic destabilisation.<sup>9</sup>

Unfortunately, the same type national employment programme covering 100,000 people was started in December 2007.

Deregulation, such as reducing the number of licenses and permits, has limited the legal grounds for government's interference with businesses. Cutting tax rates significantly eased the tax burden for businesses (Khaduri, 2006). Reducing the import-tax base for agricultural produce and construction materials as well as the annulment of the import taxes for other goods have made Georgia much more competitive.

The new Labour Code is revolutionary. By limiting the rights of employees, it has substantially broadened those of employers. Although this may encourage businesses to develop, it also leaves employees unprotected.

These sorts of reforms resemble the Southeast Asian (Hong Kong, Singapore) and Anglo-Pacific (Australian, New Zealand, US and Canada) economic models. It should come as no surprise, therefore, if Georgian reforms track the way to the East and, in fact, we are moving towards the American-Canadian model along the path through Southeast Asia and Australia-New Zealand.

Another circumstance that should be discussed separately is that all reforms described here are associated with a kind of disease which conventionally could be labelled as "rating-o-mania."

After the publication of the World Bank's rating list in 2006 entitled "Doing Business," according to which Georgia had made an impressive jump from the 112<sup>th</sup> to the 37<sup>th</sup> place amongst the world's nations, the Georgian Government announced that its next year's objective would be to push the country forward and to ensure that Georgia would be found amongst the 20 best nations of the world in the World Bank's next year's rating list and, in fact, it did assume the 18<sup>th</sup> place in 2007.<sup>10</sup> (Remarkably, the four best nations in the WB ranking include such non-European nations as Singapore, New Zealand, the US and Hong Kong).

The government should strive and provide for public wealth and prosperity and not for higher places in rating lists. As far as ratings are concerned, the government should pay more attention to the Economist Intelligence Unit Quality

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<sup>9</sup> See: "IMF Warns Georgia on Inflation," Civil Georgia, 19 August 2006, online at <http://www.civil.ge/eng/article.php?id=13350>.

<sup>10</sup> See: Doing Business. Economy Rankings. Washington, DC: The World Bank Group, 2007, online at <http://www.doingbusiness.org/EconomyRankings/>.

of Life Index<sup>11</sup> and the UNDP Human Development Index<sup>12</sup> by which, much to the people's disadvantage, Georgia ranks 87<sup>th</sup> and 96<sup>th</sup> respectively.

## NEGATIVE RESULTS

Among negative consequences of the strengthened presidential and weakened parliamentary powers one should distinguish an intensified feeling of impunity among the government officers which, in the first place, has been manifested in a gross disrespect for the rule of law. Humorously, the significantly weakened parliament is often called the "Government's Notary". As to judiciary, it has become an appendix to the General Prosecutor's Office and the whole executive branch (e.g. Anjaparidze, 2006a).

The government's control of media and, most of all, of TV channels has become overwhelming. The independent TV channels ("Channel 9", "Iberia", later "202") and popular newspapers ("Dilis Gazeti", "Mtavari Gazeti") were closed shortly after the Rose Revolution. Popular private TV stations "Rustavi-2" and "Mze" became completely controllable by the government<sup>13</sup>. Unfortunately, all these facts remained "unnoticed" by the Western friends of President Saakashvili.

Redundancies in the government were combined with gross mistakes in staffing and institutional policies. In all government agencies most of experienced employees were swept away (in most cases in violation of law). All government institutions were mainly staffed by the youth, who had received some international training. As a consequence, the government ministries and departments were deprived of experienced staffs which situation led to the loss of "institutional memory."

The government's mistakes in the reorganization of the ministries and departments and the loss of "institutional memory" were supplemented with the non-professionalism of many post-revolution ministers. The most blatant example of non-professionalism was the entrustment in the spring of 2006 of the Minister of Defense with a task to deal with the marketing of Georgian wines abroad. Another example of this kind was the abolition of the State anti-monopoly service in late 2004 and Mr. Saakashvili's initiative in the fall of 2007 to empower the

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<sup>11</sup> See: "The Economist Intelligence Unit's quality-of-life index," online at [www.economist.com/media/pdf/QUALITY\\_OF\\_LIFE.pdf](http://www.economist.com/media/pdf/QUALITY_OF_LIFE.pdf).

<sup>12</sup> See: "Statistics in the Human Development Report," online at [hdr.undp.org/hdr2006/statistics/](http://hdr.undp.org/hdr2006/statistics/).

<sup>13</sup> See: "Newspaper: Government Controls Editorial Policies of the Private TV Stations," Civil Georgia, Tbilisi, February 28, 2005, online at <http://www.civil.ge/eng/article.php?id=9202>.

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Ministry of the Interior (which in Georgia combines the police and the national security forces) to deal with the anti-monopoly regulation of domestic market.

The revolutionary wave also gave the government enough courage to reorganize some ministries and departments. In particular the State Department of Statistics, which before the revolution had been an independent agency accountable to the president, also fell victim to revolutionary reorganizations. It was also incorporated in the Ministry of Economic Development which is perhaps the most palpable example of the conflict of interests. As a consequence, presently in Georgia statistics plays the same role as it did in the Soviet times when it was assigned a political function to proclaim annual improvement of the country's economic status. The most observable example of using statistics for political purposes is an accidental "leak" of information in August 2006: in its periodical publication of statistical information the Department of Statistics declared that the in July 2006 the annual inflation rate in Georgia had reached 14.5% which fact, quite naturally, became reason for the IMF's criticism of the Georgian government. In reply to such criticism, the Georgian government found an "ideal" remedy how to cut the inflation rate: the head of the State Department for Statistics was immediately dismissed and his successor, having followed the government's instructions, started a gradual reduction of the inflation rate until it dropped to 9.2% in December 2006. Unfortunately, like in many other occurrences of politization of the Department for Statistics, the IMF turned a blind eye to that.

One has to emphasize the ways of transformation of corruption in post-revolution Georgia. The extra-budgetary accounts, which used to accumulate incomes from accused persons' paying the "price of liberty," was already described above. Because such accounts were outside the budgetary area, it is natural that there was no transparency in terms of spending too. However, the problem became even more serious as the government started replenishing those accounts by means of so-called "voluntary contributions" of businesses (e.g. Anjaparidze, 2006b). As a result, if pre-revolutionary functionaries had pockets open for bribes, their post-revolutionary successors having closed pockets opened bank accounts. In the beginning, the IMF turned a blind eye to the existence of such accounts due to an erroneous assumption that all means are good to fight corruption. Obviously, it had forgotten a simple truth that it is a futile endeavor to beat corruption by means of corruption. Later, in the spring of 2006, under the IMF's pressure the "extra-budgetary" accounts were abolished.

The post-revolution government's disrespect for the Constitution and laws became evident in the process of the privatization of public property when by

means of bypassing the law, or much rather in its complete defiance, some new owners started to “emerge” from nowhere.

The process of “de-privatization” launched after the Rose Revolution is another reason for being worried. De-privatization in the post-revolution Georgia’s context means that certain objects that had been privatized before the revolution were forcibly taken back by the government which then offered them for privatization. In the process got involved the law-enforcement organs (the General Prosecutor’s Office and the Ministry of the Interior) which pressured the owners to “voluntarily” give up their property for the government’s benefit. At the same time, there is no guarantee that sometime in the future a need of another de-privatization will not be brought onto agenda (Papava, 2006b). The real goal the government was the redistribution of property for the benefit of the newly formed elite.

One should also be worried about some other examples of the post-revolution government’s defiance of property rights, such as extrajudicial decisions to demolish privately owned residential houses built before the revolution, the owners of which had all relevant documents certifying both ownership and legitimacy of construction. The only argument presented by the government in justification of such demolitions was a desire to improve the city’s “image”. That the property rights were grossly infringed (Christiansen, 2006) the government seemed not to be concerned with at all. Paradoxically, the Georgian government’s obvious disrespect for one’s property rights never became subject to the West’s criticism. Furthermore, in the World Bank’s rating list for Year 2007, titled *Doing Business*, Georgia, the country where private ownership is not protected in any way, held the 18<sup>th</sup> place which by itself deserves very little confidence.

Against the background of successful fight with mass corruption, there still remains unsolved the problem of elite corruption involving high-level government officers who, on the one hand, in defiance of public procurement regulations, with total impunity, have been using budgetary resources for their own benefits, and, on the other hand, have been exploiting their official status to protect their favorite companies under their umbrella. Most palpable example of such kind of corruption is the former defense minister, Irakli Okruashvili, who was charged with corruption after his switching from the government team to vigorous opposition of President Saakashvili. The Okruashvili lesson is exemplary for the other cabinet and parliamentary majority members to the extent that now everyone will know that nobody may be “assured” against the discovery of his or her corrupt behaviors should anybody dare to move into opposition. At the same time, the Okruashvili story is typical to the extent that it shows how “effectively” the Saakashvili administration exploits the combat of corruption against its



political opponents: until Mr. Okruashvili remained to be the cabinet member, he used to be proclaimed by Saakashvili himself an ideal minister, one who should be an example to others; after he left the government, the presidential team chose not to make any comments about his behavior; and only after Mr. Okruashvili publicly announced his political ambitions, was he accused of corruption.

Into the context of the above-described negative consequences of the post-revolution government's activities, fit quite well in the multiple violations of human rights (including murders of young people by policemen for which – as broadly believed by the public – not all responsible persons received fair punishment)<sup>14</sup>, which have repeatedly been incorporated in the Public Defender's reports<sup>15</sup>, and seem not quite unexpected. Until recently, the West's criticism for these and many other facts was so “soft” that the Saakashvili government had no real reason to take any more-or-less effective steps to rectify existing mistakes, not to mention taking any preventive measures.

## IN LIEU OF A CONCLUSION

While the Saakashvili post-revolution government achievements were enthusiastically commended by the leaders of the western nations and various international organizations, unfortunately, the mistakes — as was repeatedly noted above — were subject to moderate criticism at best. Naturally, there arises a question: why did the West choose to turn a blind eye to such mistakes and why only after November 7, 2007 did an avalanche of criticism drop on Mikhail Saakashvili, along with his government and the parliamentary majority?

The West's captivation by Mr. Saakashvili resulted, first of all, from the fact that Mr. Saakashvili from the very beginning was perceived by all as an example of a successful post-Soviet leader with Western university education; furthermore, by his numerous passionate speeches and interviews, especially in the West, he managed to procure the image of an advocate of Western democratic values, human rights and a market economy. It is important to note that unlike his speeches made for the West, his public appearances in Georgia, especially after

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<sup>14</sup> The status of human rights from the very outset of the post-revolutionary development in Georgia have been associated with quite a lot of difficulties (e.g. Devdariani, 2004). See also: One Step Forward, Two Steps Back. Human Rights in Georgia After the “Rose Revolution,” Human Rights Information and Documentation Center, 2004. <http://66.116.100.86/humanrights.ge/eng/files/REPORT.pdf>.

<sup>15</sup> See: “Public Defender Tells Saakashvili to Make Positive U-Turn,” Civil Georgia, Tbilisi, January 14, 2008, online at <http://www.civil.ge/eng/article.php?id=16894>.

his coming to power, were clearly and predominantly aggressive with respect to the people of his country (the most typical example of his aggressive speech is one which he made in one of his public appearances before the Georgian TV channels when he called the senior generation of the Georgian scholars and public figures the people who must be “flushed down”). This kind of aggression, combined with the above-described negative consequences of the Saakashvili administration, contributed to the gradual development among the experts of the opinion that Georgia has been ruled by an authoritative regime and that embryonic democratic elements of governance have been getting weaker every day.

Official statements of the Georgian leadership regarding Georgia’s desire to join NATO and EU, Georgian military groups’ participation in the antiterrorist coalition in Iraq and peacekeeping forces in Kosovo and Afghanistan were considered as a proof of the post-revolution government’s pro-Western orientation. To do justice, it must be noted that similar statements had been made before the Rose Revolution and the first military missions to Kosovo and Iraq had also been sent out before the revolution.

The West also liked President Saakashvili’s clearly anti-Russian rhetoric as manifested most of all in tough (sometimes even cynical) criticism of Russia’s top political leadership. Very little attention was attached to the fact after the Rose Revolution Georgia widely “opened doors” for the Russian capital whose interests in Georgia by no means have diminished despite Russia’s declared embargo on the Georgian exports since the spring of 2006 (e.g. Anjaparidze, 2006c, Parsons, 2006, Tsereteli, 2006). At the same time, the Kremlin’s unhidden and intense dislike for Georgia’s post-revolution government and personally President Saakashvili (at times combined with open aggression against Georgia manifested, for example, in occasional bombardments of the Georgian territory from the air, as well as annexation of the Georgian provinces of Abkhazia and South Ossetia by distributing Russian passports to the inhabitants of those two regions) contributed to the further growth of the West’s support of Georgia and its leadership which had been pretty extensive even before the Rose Revolution.

Georgia’s pro-Western and anti-Russian course was exactly the main reason why the West turned a blind eye to the above-described negative consequences of the post-revolution government’s activities. Apparently, the government was the first to realize this. Especially after President George W. Bush’s visit to Georgia in May 2005 the Georgian leadership’s behavior started showing the symptoms of a certain “forgiven-for-all syndrome”: it was believed that the Bush visit to Georgia by itself was an adequate indulgence and exoneration by the West for any antidemocratic actions of the post-revolution government, not only already committed ones, but also those ones which might be committed in the future.

Georgia's experience teaches that a pro-Western and an anti-Russian orientation by no means is a firm and adequate guarantee of democracy. After the 7<sup>th</sup> of November, 2007, a cynical joke started roaming among the citizens of the Georgian capital: "*Don't upset me while I'm building democracy, or I'll kill you all!*"

Georgia's experience of the post-Rose Revolution development demonstrates that the West holds at least two standards of democracy – one for itself and another for such countries as Georgia. The latter standard resembles authoritarianism rather than democracy. By employing such an approach the West, regrettably, perhaps unconsciously, produces a negative effect on public opinion in Georgia with regards to the country's true pro-Western orientation, since for Georgians this orientation increasingly becomes falsely associated with the desire to support authoritarianism.

In November 2007, to rescue his own image as well as that of Georgia, President Saakashvili resigned and called for an extraordinary presidential election for January 5, 2008. In 2008, a parliamentary election is expected to take place too. During the presidential campaign it was apparent that Mr. Saakashvili was using administrative resources for his own interests; he gave instructions to government officials as if he were still in office, and appeared at public openings of civil works. The elections were competitive, considering the circumstances, and polling was mostly uneventful. In the final accounting, Mr. Saakashvili received a couple percent more than the fifty percent required to avert a runoff. International observers gave qualified approval to the campaign environment and elections conduct, but Georgian watchdog groups have serious reservations about the transparency and fairness of the ballot counting, and the opposition continues to protest the results.

However, by no means of less if not greater importance for Georgia is a post-election period. The challenge is that Georgia should not slide toward the Russian model of so-called "controlled" or "sovereign" democracy under which the Russian leadership has attempted to hide their authoritarian rule. The West's role in this respect is indispensable. It is hoped that the West is no longer willing to just "blindly" trust Georgia's newly elected president and parliament.

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