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THE NEW GEORGIA
Politics, economy and society

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Introduction

Georgia's developments since independence were more dramatic than those of other states that emerged from the ruins of the Soviet Union. Georgia went through two secessionist wars and ended up losing 20 per cent of its territory. It had two unconstitutional changes of power, the first of them violent and succeeded by a civil war. In the early phase of its existence, it faced prospects of further territorial dismemberment and general state failure. The collapse of its economy and public infrastructure was more profound than for other post-Soviet countries. In the more recent past, Georgia's 'culture wars', especially in areas such as religious freedom and gay rights, have occasionally led to violent episodes.

On the other hand, Georgia has notable achievements. By the standards of the South Caucasus, it is broadly believed to have the most open political system, the least corrupt bureaucracy, and the most liberal society. It has developed a firm commitment to the political course of European and Euro-Atlantic integration based on the solid support of its public. While having always strained and sometimes extremely bad relations with Russia, it has been successful in developing good neighbourly relations with all the other countries in the wider region. This chapter will give an overall picture of major problems and developments in Georgia's politics, economics and society in the period of independence.

The nation

By the time of the Soviet break-up, Georgia was the most ethnically diverse country in the region and arguably in the Soviet Union (with the exception of Russia). Ethnic Georgians, the so-called 'titular nation', constituted 70 per cent of the nascent independent state; the remaining 30 per cent comprised a number of ethnic groups that were also rather different from each other. There was a cross-cutting issue of religion: while Georgia is traditionally considered a country of eastern Orthodox tradition, Orthodox Christians coexisted with a number of religious minorities.

There is no law that ethnic diversity should lead to conflicts, but when new nation-states emerge from the debris of empires, it often does. In the Georgian case, the legacy of Soviet 'nationalities policy' was an important contributing factor that made conflicts more difficult

to avoid. In an obvious contradiction to its professed identity of a post-national proletarian state, the Soviet Union institutionalised and hardened ethnic identities both through its ethno-federal territorial structure, and the way it treated citizens of different origin. Union republics were nation-states of sorts, and they gave preferential treatment to their 'titular' elites in appointments to leading positions. By fixing individual ethnic identities through entries in all official documents, Soviet policies discouraged the cultural integration of minorities with titular nations (as well as with the Russian culture that was dominant on the all-Union level). Moreover, for some ethnic minorities within these quasi-nation-states it created autonomous units of different status, with similar privileges for their respective titular groups (Slezkine 1994). Georgia had three such units within its borders: the Autonomous Republics of Abkhazia and Ajara (Adjara), and the Autonomous *Oblast'* (this implied somewhat lower status) of South Ossetia. Ajara's autonomy was an exceptional case within the Soviet system, because this region was accorded special status due to religion (most Ajarans were Sunni Muslims living in a historically Christian Orthodox country), rather than ethnicity.

This created a precarious balance between ethnically based claims and interests. While the communist regime was still in control, it managed to keep contradictions in check; but the first steps towards liberalisation showed that nationalism had become the most potent alternative ideology that challenged and eventually destroyed the Soviet system. For the most part, this was nationalism of an exclusivist and radical variety. In some areas, clashes between nationalist programmes led to violent conflicts, in others they caused mistrust and alienation.

The nascent Georgian state started out with two secessionist wars in Abkhazia (1992–93) and South Ossetia (1991–92). Georgia was committed to preserving its territorial integrity, while its opponents wanted to break away from Georgian control.[1] Both wars ended in military defeats for Georgia's national government; ceasefire agreements (July 1992 for the South Ossetian conflict, April 1994 for the Abkhazian one) became grounds for the protracted condition of so-called 'frozen conflict', whereby 'de facto states' emerged on the territories of erstwhile autonomous territories (see Chapter 16). Russia served as the peace-keeper in both cases, which put it in the position of principal broker. It had a natural proclivity towards supporting the separatist side or at least keeping conflicts unresolved: this gave Moscow leverage in its relations with Georgia. Almost all the ethnic Georgian population was evicted from these lands with the exception of Gali district in Abkhazia, where the population was almost exclusively Georgian before the war. However, parts of both areas were still under Georgian control, which led to continuing occasional skirmishes (Cornell 2001).

In August 2008, the Russian invasion of Georgia brought an end to all remaining Georgian control of territory in both areas: the whole territory of Abkhazia and South Ossetia as they had existed in Soviet Georgia came under separatist control with more ethnic Georgian residents being evicted. The Russian Federation recognised Abkhazia and South Ossetia as independent states and created military bases on their territories. Only a handful of other states joined Russia in this recognition. Since then, Georgia considers them territories occupied by Russia, but encourages contact with the people living there (Nodia 2012).

There are no political or societal groups in Georgia who advocate for the giving up of Georgian claims to Abkhazia and South Ossetia: even mentioning such an option is considered taboo. On the other hand, there is a tacit consensus that there is no prospect for reunification in the foreseeable future. After a quarter of a century of 'frozen conflict', Abkhazian and South Ossetian societies have grown fully separate from Georgia. On the Georgian side, the problems of occupied territories are mainly discussed in the context of relations with Russia. The issue is

not presumed solved, but rather indefinitely suspended. There are occasional contacts on the civil society level but they hardly influence the overall situation on the ground.

There have been other challenges to Georgia's nation-building process, though they have proven less dramatic. Under the leadership of autocratic leader Aslan Abashidze (1991–2004), Ajara also grew apart from the rest of Georgia in matters of governance; however, no claim of a separate Ajaran identity and statehood was ever raised. Importantly, while Abashidze tried to deepen his effective autonomy from Tbilisi, he never tried to instrumentalise the Islamic factor. Ajara became a case of undeclared separatism, with Georgia's jurisdiction in this region rather shaky if not symbolic. This, however, came to an abrupt end in May 2004, when following the change of power in Tbilisi known as the 'Rose Revolution' (see below), popular protests forced Abashidze to flee. Ajara's autonomous status was maintained but curtailed with Georgia's effective jurisdiction fully restored. Ajara's society did not appear to object to this change in its status.

Since then, the Ajaran territorial challenge has ceased to exist; however, the issue of religious difference continues to be an irritant. The forces driving Georgia's religious nationalism insist that 'true Georgians' are supposed to be Orthodox Christians and pressure Ajarans to return to the religion of their forefathers.[2] Some of them actually did so, which left Muslims accounting for about 30 per cent of the population of Ajara. The latter believe, however, that their religion does not in any way interfere with their being part of the Georgian nation (Zviadadze 2018).

Azeris and Armenians are the largest ethnic minorities in Georgia. They are mostly concentrated in small towns and rural areas of the southern Kvemo Kartli and Samtskhe-Javakheti regions respectively. Most of these two minority populations do not speak Georgian, which is an important disadvantage for their participation in political and civic life. Only a small fraction of young people receive their higher education in Georgian universities. Until 2006, when a Russian military base was situated in the Armenian-populated municipality of Akhalkalaki, there were some reasons to believe that effective Georgian jurisdiction over the region was partly compromised: for instance, it was the Russian rouble rather than the lari, the Georgian national currency, that circulated informally at the local level.

However, save for a few isolated episodes in the period of nationalist movements in the late 1980s and early 1990s, there have never been serious ethnic tensions in these areas. There is an element of mutual mistrust, with part of the Georgian public suspicious that these minority populations (residing on the border with their 'ethnic homelands' of Azerbaijan and Armenia) harbour hidden separatist agendas; the minorities feel discriminated against and under-represented in government bodies. Efforts to integrate these minorities through government policies and civil society activities is bearing some fruit, but extremely slowly. Georgia's good neighbourly relations with both Armenia and Azerbaijan is an important factor for the stability of these ethnic minority regions.

One more minority issue the new Georgia had to struggle with was that of the Meskhetian Turks. This is a Muslim and Turkish-speaking group that used to live in Samtskhe-Javakheti, a southern province of Georgia, until 1944, when the Soviet leadership deported them to Central Asia. Currently, the number of deportees and their descendants is estimated at 300,000–400,000 people. In Georgia, they are more often referred to as Muslim Meskhetians, which may imply that they have ethnic Georgian roots (most, though not all, of the deportees deny this). Dispersed in different parts of the former Soviet Union, they strived to return to Georgia but – save for a few hundred people – were never permitted to do so. In 1999, in the context of accession to the Council of Europe, Georgia undertook an obligation to allow their return, and in 2007 the Georgian Parliament adopted a law allowing the deported population to repatriate.

However, there was strong popular resistance to this project, especially from the local population in Samtskhe-Javakheti (both its ethnic Georgian and Armenian parts), who were afraid of their region being 'Turkified'. The Georgian government did not do anything to facilitate the return process. Overall, it is estimated that only about 1,500 deportees have returned at different times, and any prospect for further large-scale repatriation appears highly unlikely (Pentikäinen and Trier 2004; Arabuli 2015).

Georgian political discourse oscillates between the poles of ethnic nationalism and civic patriotism; all Georgian governments have tried to combine elements of both in their rhetoric and policies. Against that background, ethnic diversity may still constitute a challenge to the unity and functionality of Georgia's political nation (Wheatley 2010). However, in the twenty-first century, having this kind of challenge has become a new normal for all democracies, including established cases in the West. Georgia's diversity is a fact of life that may cause occasional problems but no longer existential threats.

The state

The tasks of nation-building and state-building cannot be fully separated from each other, but there are specific issues that are better covered under the latter heading. In particular, this includes the issue of state efficacy. Georgia faced grave challenges in this area as well; for the whole period of 1990s, it was widely branded a 'failed' or 'failing' state, which implies that it had no capacity to produce most basic public goods that states are expected to deliver.

Security is the most critical of these goods. Ethno-political conflicts of the early 1990s have been the most conspicuous security challenges, but not the only ones. The foremost was the inability of the state to enforce what Max Weber called a 'monopoly on the legitimate use of force', which he considered the most basic criterion of accomplished statehood. This monopoly was first violated when Georgia was still part of the Soviet Union: in response to nationalist challenges in Abkhazia and South Ossetia, and the violent crackdown of the Soviet army on a peaceful pro-independence rally on 9 April 1989, a number of private militias were created; similar ones emerged in ethnic minority regions. The Soviet authorities lacked legitimacy and capacity to curb this development. Later, the coup that ousted independent Georgia's first democratically elected president, Zviad Gamsakhurdia, brought about the total breakdown of any legitimate authority in the country. For two or three years, Georgia was at the mercy of competing warlords. A Military Council comprising two leading warlords, Tengiz Kitovani and Jaba Ioseliani, invited Eduard Shevardnadze, former Communist Party leader of Georgia and later the foreign minister of the Soviet Union, to lead the country, but his leadership was a far cry from effective control. Moreover, those who supported Gamsakhurdia as the deposed but legitimate president created an enclave in western Georgia that did not recognise the power of the ruling 'junta' (Driscoll 2009).

By the autumn of 1995, Shevardnadze managed to establish a modicum of stability and control. The main armed opponents of his regime were defeated, their leaders put in jail, a new Constitution was adopted in August 1995, and Shevardnadze himself elected president, with his party, the Citizens' Union of Georgia (CUG), gaining control of Parliament. Warlordism was no longer a major threat to the country, although some uncontrolled armed groups still existed, such as Georgian 'guerilla' groups acting in Samegrelo (a province in western Georgia, sometimes referred to as Mingrelia) and Gali district in Abkhazia, or the personal guards of Aslan Abashidze in Ajara.

However, Shevardnadze's state was still underperforming in many other ways. Arguably, his achievement can be described as a transition from a failed state to a weak one (Nodia 2002). In 1995–2003, this weakness was primarily expressed in a failure to establish a public

service capable of producing public goods. First of all, it could not raise taxes (only a fraction of due taxes were actually paid), which meant that it also could not pay even basic living wages to public servants or maintain – much less develop – public infrastructure. Lack of resources led to structural corruption, with direct extortion becoming the main resource for financing public services. Transparency International routinely described Georgia as one of the most corrupt countries in the world. The state also could not effectively fight organised crime, opting for negotiations and compromises with crime bosses instead (Huber 2004).

By the end of Shevardnadze's rule, the old problem of a failure to institute a monopoly over the legitimate use of force resurfaced again, this time mainly expressed in losing effective control over the Pankisi Gorge, a small region populated by Kists, a minority group related to the Chechen or Vainakh peoples in the North Caucasus. In the context of the Second Chechen War (beginning in 1999), this small region comprising several villages became a safe haven for Chechens fleeing the war. This included civilians, but also some fighters, who turned into the effective local power. This became an international problem, because Russia started to accuse Georgia of harbouring terrorists, while in the wake of 9/11 attacks United States intelligence found out that some al-Qaeda operatives were hiding in Pankisi. The situation started to improve only after the United States launched a 'train and equip' programme aimed at helping Georgian law enforcement tackle the problem (Devdariani and Hancilova 2002).

The true turning point for Georgia's state-building efforts was the 'Rose Revolution' of November 2003, the accession to power by its leader Mikheil Saakashvili and his political team in the United National Movement (UNM), and the reforms that they implemented in its wake. As an opposition figure, Saakashvili was mainly an anti-corruption campaigner; when he came to power, his government's reforms were primarily motivated and legitimised by anti-corruption sentiment. However, in effect these reforms implied building law enforcement and public service in accordance with the model of modern developed states. While the period of UNM rule (2004–2012) is a deeply controversial subject both inside and outside Georgia with contradictory assessments of its merits, there is relatively high level of consensus that reforms aimed at building an efficacious modern state were broadly successful (Cheterian 2008). This success had several dimensions.

Even if after the 2008 war with Russia the loss of 20 per cent of Georgia's area as 'occupied territories' looked more irreversible than before, in terms of territorial control Georgian state jurisdiction was consolidated on all other territories with dubious or tacitly contested jurisdiction, such as Ajara, the Pankisi Gorge, or Samtskhe-Javakheti. Saakashvili also established a monopoly over the legitimate use of force, as all remaining pockets of private armed formations were disbanded, beginning with the so-called Georgian 'guerillas' active in Samegrelo and Gali district. Organised crime groups also stopped being influential social actors, with the most important crime bosses being imprisoned or forced to flee abroad. Organised crime lost its control over the penitentiary system. In the realm of public finances and public service, the state learned how to raise taxes: while tax rates were significantly reduced, public revenues increased manifoldly (GRASS Fact-check 2018). This, as well as the significant trimming down of public services, allowed the government to create a much more competent, non-corrupt and efficient public service. The rates of corruption decreased considerably, making Georgia less corrupt than some European Union (EU) countries.[3] The government was also able to commit significantly larger amounts of funding to the areas of education, healthcare, social security, and to public infrastructure, leading to significant improvements in these areas (World Bank 2012). To be sure, significant challenges remained

in these fields; this is especially true of social services and public infrastructure, which is still substandard if compared to the requirements of developed countries. However, on balance the state moved to a qualitatively higher level of development, and Saakashvili's reforms were perceived as a model for some other post-Soviet countries.

The success of these reforms was indirectly confirmed by the fact that most of these achievements were maintained, or in some cases developed after the change of power in 2012. For instance, Georgia's position in the Corruption Perception Index continued to improve: in 2017, it was ranked 46th in the world, ahead of Italy, Slovakia, Croatia, Greece, Romania and Hungary (Transparency International 2018).

The political system

It was the ambition of the new Georgia to build not just an independent and efficacious state, but a *democratic* one. All Georgian governments, as well as opposition organisations of any consequence, shared an assumption that the nascent Georgian state should and would be democratic, and claimed allegiance to democratic norms.

However, Georgia has never fully fulfilled this aspiration by conforming to even minimal criteria of democracy, even though at some points it appeared to come close. To illustrate this, we can use Freedom House's *Freedom in the World* ratings index that has assessed Georgia's political system since 1991. The index rates countries on a score from 1 to 7, whereby 1 stands for fully free (that is, fully democratic), and 7 for non-free (fully autocratic); ratings between 3 and 5 stand for 'partly free' countries that can be considered neither democracies nor autocracies in the proper sense. Georgia was only deemed non-free in 1991 when it was still technically part of the Soviet Union. In all other years it fell into the 'partly free' zone, and since 1996 its ratings have oscillated between 3 and 4. In 2005–6, and then in 2012–18 Georgia had a rating of 3, which is the best a 'partly free' country may have, but it never improved on this (Freedom House 2018).

What stands behind these numbers? A popular way to describe Georgia's political regime is to call it 'hybrid' or as combining certain features of democracy and autocracy (Diamond 2002); another term expressing the same condition is a 'grey zone' between the two (Carothers 2002). Authors highlighting the autocratic component of the system would call it 'competitive authoritarianism' (Levitsky and Way 2002), while those who are more willing to recognise its democratic quality might prefer terms such as 'defective democracy' (Merkel 2004). All of them would agree that such a country has all the necessary formal institutions of democracy, and that these constitute more than just a 'façade'. There is genuine contestation of power, and opposition can campaign, mobilise supporters, and sometimes actually threaten the position of the incumbent government; independent media exists and criticises the powers that be and does so mostly without fear of reprisals; civil society organisations can freely organise themselves and pursue their agendas, and so on. On the other hand, the autocratic character of the regime may be summarised as a *dominant power system*. All levers of power are controlled by a single political organisation created around a single authoritative leader: it has a handsome majority in Parliament (typically, a sufficient one to change the Constitution without consulting the opposition), it controls all or almost all municipal governments, it has decisive influence on the courts, it can ensure that most popular and influential TV companies are friendly to government, and so on. Hence, there is no even playing field in relations between the government on the one hand and opposition and civil society actors on the other. Electoral procedures are never fully trusted and the losers rarely acknowledge defeat, claiming foul play: sometimes they have good reason to do so. All of the above fully applies to the reality of Georgia's politics.

Under such conditions, the opposition may still occasionally defeat the ruling party, but this would not be a routine occurrence as it is supposed to be in mature democracies. Any government change is an extraordinary event and is widely perceived (including by many international observers) as a *regime change*, a new opening for genuine democracy, in contrast to the previous regime that becomes routinely described as 'autocratic'. However, after some time the new authorities start displaying the same autocratic leanings as their predecessors, and the cycle continues.

Since 1990, political power has changed hands from the government to the opposition four times, with the most powerful opposition group of the moment moving from the streets into government offices. Twice, in 1990 and 2012, this happened through elections. In the first case the change occurred technically while Georgia was still within the Soviet Union, with the discredited and demoralised Communists losing to a nationalist coalition known as the 'Round Table'. This looked a formidable achievement: nowhere in the former Soviet Union save for the Baltic States, Georgia and Armenia did a non-Communist opposition clearly defeat representatives of the old regime in the first formative elections. However, the coup or rebellion of December 1991–January 1992 wasted this chance, bringing about state collapse and civil war. A decade later the 'Rose Revolution' of 2003 was relatively peaceful and bloodless, but it was still an extra-constitutional event (Wheatley 2005). Nearly 10 years after that in 2012, the UNM conceded defeat to the incoming Georgian Dream coalition in parliamentary elections; this was deemed the first case of a genuinely constitutional change of power in Georgia and the post-Soviet Caucasus. This gave new hopes that Georgia may, after all, be moving towards becoming a full democracy. However, disappointments quickly started to accumulate. It became obvious that the Georgian Dream party acted as a dominant power in essentially the same way as its various predecessors did.

It remains fundamentally unclear how the cycle of democratic breakthroughs and subsequent semi-authoritarian consolidations may be broken. On the positive side, however, Georgia maintains its image as the most democratic and liberal country of the region. While almost all of its neighbours save for Armenia have been sliding in an authoritarian direction throughout most of the new century, Georgian semi-authoritarian governments have so far never succeeded in consolidating a fully autocratic system. Its media and civil society continue to be vibrant and combative. This keeps alive the hope of genuine democratic progress somewhere down the road.

Foreign relations

The new Georgian state was born with an assumption that Russia was the chief source of threat, while the West was its main friend and protector. One may regard this disposition as a self-fulfilling prophecy, yet the fact of the matter is that this juxtaposition still remains fully valid over a quarter of a century later.

The clash of interests with Russia is rooted in a double interconnected issue of sovereignty and territorial integrity. Russia never fully reconciled itself to the genuine independence of Georgia: Moscow claimed the former Soviet space as a zone of its privileged interests and initiated various reintegration projects, such as Commonwealth of Independent States (CIS), Collective Security Treaty Organization (CSTO) and Eurasian Economic Union (EAEU).[4] Georgia saw these initiatives as a threat to its independence and sought protection in the West, which it saw as the guardian of a liberal international order in which small and vulnerable states could enjoy some liberty to make their own policy

choices. This raised Russian concerns that perceived any political activism of the West in what it considered 'its backyard' as evidence of geopolitical competition aimed at squeezing Russia out of its legitimate zone of interests.

Georgia always considered Russia's involvement in its territorial conflicts in Abkhazia and South Ossetia through the lens of its struggle for sovereignty: in Georgia's opinion, Russia instrumentalised these conflicts in order to force Georgia to accept its terms. This was how Shevardnadze's government understood Russia's message. Following Georgia's military defeat in Abkhazia, he reversed his previous position and accepted membership of both the CIS and CSTO[5] in the hope that strategic concessions to Russia would allow Georgia to regain control over break-away territories. In 1995, Georgia also signed an agreement on Russian military bases in Georgia, on the condition that subsequently Russia ensured the restoration of Georgia's territorial integrity.

As no progress on the territorial integrity issue followed and it became clear that this strategy would not work, Georgia started to drift towards the West. In 1999, Georgia withdrew from the CSTO, and in 2002 announced its wish to join the North Atlantic Treaty Organization (NATO). Since then, Western integration became a steady guiding theme of Georgia's foreign policy. In practice, this implied that joining NATO and the EU – or, if that was not possible, finding the closest available formats of cooperation with these organisations – was the ultimate benchmark against which success or failure of Georgian foreign policy was to be measured. The West was quite reluctant to embrace Georgia's ambitions: it did not want to further complicate relations with Russia, considered Georgia too distant, poor, unstable and undemocratic, did not want to get directly involved in its territorial conflicts, and was generally wary of taking up new commitments abroad (North 2016).

Despite this negative background, on balance Georgia came much closer to the West, especially in the period following the 'Rose Revolution'. In 2004, Georgia (along with Armenia and Azerbaijan) was included into the European Neighbourhood Policy (ENP) – even though just one year earlier the South Caucasus had been considered too distant to be included in the ENP. Quite a few people believe that the 2003 'Rose Revolution' and subsequent aggressive lobbying of the incoming Georgian government was an important factor behind the EU's decision to change its mind. In April 2008, after contentious negotiations during the NATO Bucharest summit, Georgia was denied a Membership Action Plan for accession to the alliance, but received a general promise of membership when ready (without, however, clearly defining the terms of 'readiness'). Since 2011, Georgia has been called a 'NATO aspirant country' (NATO 2011). In 2014, Georgia signed an Association Agreement and Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU. From 2016, visa liberalisation has granted Georgian citizens the right to visit EU Schengen countries without visas.

In parallel, Georgia's relations with Russia deteriorated. This climaxed in the 2008 Russian-Georgian war, something that many Georgians as well as some international commentators saw as Russia's way to prevent NATO's expansion in its neighbourhood (Asmus 2010). After coming to power in 2012, the Georgian Dream government announced its ambition to normalise relations with Russia without changing the policy of Western integration. It succeeded in mutually hostile rhetoric being toned down, and economic contacts developing, but no qualitative breakthrough was achieved: the two countries have no diplomatic relations, and are deeply suspicious of each other's motives.

However central the choice 'the West versus Russia' may be for defining Georgia's foreign policy, Georgia is nevertheless also focused on maintaining cooperative relations with all its neighbours and regional countries. In this regard, it is rather more successful. An axis including Azerbaijan and Turkey is especially important, developing in the 1990s

mainly around projects of oil and gas transportation from the Caspian basin to Turkey and later Europe. From the Georgian perspective, this link was extremely important because it gave the country the opportunity to achieve energy independence from Russia and gave Western powers (especially the United States that was the main supporter of the Baku-Tbilisi-Ceyhan pipeline) a stake in Georgia's security (Cornell and Starr 2005). However, strategic partnership with Azerbaijan and Turkey has not precluded Georgia from developing quite strong relations with its other neighbour, Armenia, even though the latter had extremely bad relations with both Azerbaijan and Turkey and was strategically tied to Russia. Georgia has also developed good working relationships with another regional power, Iran, despite the latter's rather conflicted relations with the West (Kakachia 2013). Georgia has been successful in developing steady partnerships with other ENP countries such as Ukraine, Moldova and Belarus – despite their varying geopolitical outlooks.

To sum up, Georgia has proven to be the most committed partner for the West in the region, and a good neighbour to all other regional countries except Russia. This can be considered a success. However, its overall international standing is still precarious and uncertain. The West has failed to make up its mind about the scope of its commitment to the region, while Russia has not given up on its designs to serve as the dominant power in what it still sees as its 'backyard'. Turkey's preferences, after being a staunch ally of the West in the 1990s, are increasingly unpredictable. This is not a comfortable neighbourhood to be in, but so far Georgia has managed to maintain its capacity to carry out an independent foreign policy nevertheless.

The economy

In all countries that rejected communism, deep and abrupt transformation of the old command economy into a free-market model brought about initial economic decline followed by an eventual recovery. In Georgia, due to a period of civil wars and the total implosion of state capacity, the rate of contraction was catastrophic. Between 1989 and 1993 its economy shrank approximately three-fold (Livny 2016). This implied mass unemployment and poverty, as well as an extremely high rate of emigration (in the 1990s, most of this was to Russia, though later directions of emigration became much more diverse). Relative stabilisation and partial recovery of state capacity after several years of turmoil led to a fairly high level of economic growth: in 1996 and 1997, real GDP per capita grew by 14.0 per cent and 12.6 per cent respectively, though from a very low base. In 2003, the last year of Shevardnadze's rule, the growth again climbed to an impressive 12.5 per cent. However, with the state being extremely weak and corruption rates high, a large part of the economy was in the 'shadow sector': According to 2002 World Bank data, Georgia had the largest shadow economy in the world (Namchavadze 2018). Energy supplies turned out to be an extremely grave problem: during the 1990s and early 2000s, most Georgians had only limited access to electricity and gas, or none at all. Rampant corruption as well as perceptions of political instability constituted an important impediment for long-term investments in the Georgian economy.

The Baku-Tbilisi-Ceyhan oil pipeline became an especially important project for Shevardnadze's government, followed by the Baku-Tbilisi-Erzurum gas pipeline (both were completed in 2006). As mentioned above, the primary rationale for Georgia in participating in these projects was more political than economic, but they also had strategic economic importance as they eventually ensured Georgia's energy independence from Russia. On the

other hand, the rationale was also for Georgia to position itself as a transit country. While this endeavour was in itself fully legitimate, this might also imply that being unable to develop a vibrant economy based on the rule of law and friendly investment climate, and not having any mineral resources of its own, Georgia gave priority to taking advantage of its geographic location as a transit state (see Chapters 21 and 23).

The period following the 2003 'Rose Revolution' became a turning point for not only building stronger state capacity, but economic reforms as well. The strategy of reforms in this period is often described as ultraliberal, based on aggressive privatisation, reducing tax rates, and turning Georgia into an attractive target for foreign investment. Kakha Bendukidze, a businessman who made his wealth in Russia but went back to Georgia to become the minister of the economy, came to be known as the architect of the reform programme. He became famous for saying that 'Everything can be sold, except conscience' (European Stability Initiative 2010). Georgia's ratings in the World Bank's Doing Business and the Heritage Foundation Economic Freedom indices improved markedly.[6] The reforms, in conjunction with a dramatic reduction in corruption and the defeat of organised crime, brought strong results. The period 2004–2007 saw high economic growth that was only interrupted by the Russian-Georgian war and world economic crisis in 2008. In 2007, year-to-year growth reached 12.6 per cent. The rate of Foreign Direct Investment was also growing. In 2010–12, after the results of the crisis were overcome, the average growth rate reached 6.6 per cent.

Despite a reputation of pursuing ultraliberal economic policies, however, the Georgian government was also an active economic actor, giving priority to large-scale public infrastructure projects. As a result, Georgian families gained access to electricity and natural gas, the most important roads were repaired or rebuilt, and the historical areas of several Georgian cities were rehabilitated. The Georgian government invested especially heavily in the Black Sea city of Batumi in Ajara in order to turn it into a point of attraction for regional tourism. Tourism was prioritised as an especially promising part of the economy.

On the negative side, economic growth failed to generate a concomitant number of new jobs, so that unemployment rates remained rather high. The shedding of many redundant jobs in the public sector was another factor exacerbating unemployment. While the government introduced a number of social programmes or significantly strengthened existing ones, it was frequently criticised for not doing more in this area. Rural poverty caused by rather low productivity in agriculture continued to be a major problem that the government failed to adequately address. According to official statistics, around half of the Georgian workforce was engaged in agriculture, yet this sector accounted for only a 8–10 per cent share of GDP (National Statistics Office of Georgia 2019). Agriculture was also adversely affected by the fact that Russia, the traditional market for Georgian agriculture, banned Georgia's agricultural produce from 2006.

The new Georgian Dream government that came to power in 2012 promised large-scale socially oriented reforms but its performance in that area did not meet expectations. The most popular of its reforms was the introduction of a universal healthcare system. Its overall economic policies remained similar. The greatest progress was achieved in the tourism sector, where the number of visitors to Georgia increased almost six times in a period of nine years. In 2018, visitors to Georgia reached almost 8.7 million people (Tabula 2019) as compared to 4.4 million in 2012 and 1.5 million in 2009 (Georgian National Tourism Administration 2016). The progress in international rankings continued as well: in 2018, Georgia was number six out of 190 countries in the Doing Business index, and sixteenth in the Economic Freedom index. This period of economic growth bore fruit in terms of an overall increase in living standards: poverty rates declined from 32.5 per cent in 2006 to 17.1 per cent in 2016.

Overall economic growth, however, slowed down as compared to the previous period: in 2014–16, the average growth rate was 3.4 per cent, and in 2017 it reached 4.8 per cent, so far the best result in the Georgian Dream's period in power (World Bank 2018). In 2013, the government carried out an ambitious program of subsidising agriculture and achieved some short-term growth in the sector (the opening up of Russian markets to Georgian produce also helped). Later, however, the subsidies were discontinued as they were not cost-effective and the state budget could not afford them indefinitely, so the output in the agriculture sector actually contracted.

The World Bank categorises Georgia as a lower middle-income country, which makes it poor but not desperately poor. It is still behind its neighbours save for Armenia in major economic indices, but it is somewhat better off than Ukraine and Moldova, its partners in the ENP. Georgia may have a chance to achieve further economic progress by taking advantage of its privileged access to the European market through the DCFTA agreement with the EU; moreover, Georgia is the only country in the world that has free trade agreements with both the EU and China. This, in conjunction with liberal pro-business policies, gives Georgians hope that their country will become more attractive to international investors. Its traditional transit function may also be used as a resource: the project of building a new port at Anaklia on the Black Sea coast is based on this hope. However, the image of being a politically unstable country, for both internal and external reasons, as well as one where the rule of law is relatively weak, may yet be a major impediment to its economic success.

Identity and society

The dramatic series of events and transformations since Georgian independence has also led to conflicts based on culture. Their general quality might be more or less typical for 'late modernisers', such as the clash between forces of cultural conservatism on the one hand and those of progressive development on the other (whatever people might understand under the 'progressive' banner). However, in each particular country this generic conflict has peculiar local dimensions.

In the Georgian case, support for progressive development implied first and foremost the centrality of Georgia's commitment to its European vocation. This meant highlighting civilisational ties between Georgia and Europe (mainly invoking Georgia's Christian heritage and links to ancient Greece, but also legacies of the independent Democratic Republic of Georgia of 1918–21), as well as recognising the norms and institutions of contemporary Europe: democracy, human rights, the market economy, social and cultural tolerance, secularism, and so on. At the same time, this included strong political nationalism that expressed itself in solid support for the Georgian nation-state; on the negative side, this implied resisting Russian threats to Georgian sovereignty, as well as distancing itself from legacies of the Soviet past. This nationalism also tries to be of a civic variety, promoting policies that are inclusive to ethnic and religious minorities.

Contrary to this, cultural conservatism combines a strong sense of ethnic, exclusivist nationalism (which could also be called nativism) with tacit or even open nostalgia for the Soviet past. This may be considered paradoxical because on the surface, the Soviet regime espoused progressivist and cosmopolitan ideology. In effect, however, Soviet nationalities policies encouraged and effectively protected traditionalist and culturalist expressions of ethnicity, while at the same time trying to suppress any political manifestations of non-Russian nationalism. The Georgian version of nativism also includes a demonstrative commitment to

the Georgian Orthodox Church (GOC) as a pillar of Georgian identity. Nativists are not always politically anti-Western, but they see grave threats in the West's cultural influence, especially with regards to such issues as support for LGBT[7] rights.

This mindset leads to deeply ambivalent attitudes among nativists towards Russia. Open support for Georgia's recent imperial master and current occupying power cannot be a fully legitimate position, so only a relatively small fraction of people would be openly Russia-friendly (though some are). Nevertheless, nativist conservatives tend to insist that Russia is civilisationally closer to Georgia than the West: it is a co-religionist power and a supporter of traditional cultural values against decadent Western influence. Aside from the West, the Islamic world is also seen as a hostile force scheming to undermine Georgia (this putatively also makes Russia's image more appealing in comparison). It considers existence of Muslim Georgians (such as the Ajarans) as an aberration, as 'true' Georgians are supposed to adhere to the Orthodox faith.

These may be considered more or less coherent worldviews, represented by certain political actors, civil society players or intellectuals. Those groups and organisations in Georgia usually described as 'civil society' are strong supporters of Georgia's Western, European identity; on the other hand, there is a growing number of anti-Western and tacitly or openly pro-Russian groups that may be described as nativist civil society (though this may be a misnomer as their methods and practices may often be rather uncivil) (Nodia 2018).

Most Georgian society, however, tries to combine both of these sets of attitudes. On the political level, Georgian governments have generally subscribed to political, pro-Western nationalism, although they have also tried to appease 'ethno-nativist' forces, and shown a special respect to the GOC. It was Mikheil Saakashvili's UNM government that was perceived as the most consistent and aggressive promoter of modernising, pro-Western nationalism. This – despite its efforts to win GOC support – eventually put the UNM on a collision course with the Church, and stimulated an ethno-nativist backlash; as a rule, anti-Western nativists see the UNM and Western-funded civil society networks as their primary enemies (Metreveli 2016). The Georgian Dream government tries to follow a middle course: it subscribes to Western integration policies, but tries to incorporate and appease nativist groups too, because it considers them important allies against the UNM.

On the societal level, numerous public opinion polls show that the Georgian public is overwhelmingly supportive of the path of European and Euro-Atlantic integration, embraces values of democracy and human rights, and sees the West as the main partner and protector, as opposed to Russia that is seen as the chief source of threat. But the same polls also show that the GOC is by far the most authoritative social organisation in Georgia, and the public generally welcomes an active political role for it (Thornton and Turmanidze 2018). When it comes to the type of religiosity typical for Georgia, there is an important gap between declarative religiosity and actual religious practice. While Georgia is among the most religious countries in the world when it comes to the percentage of people who describe themselves as religious, the number of those who actually take part in religious practice is considerably lower (Charles 2009). While the Church formally endorses Georgia's proclaimed aims of European and Euro-Atlantic integration, it opposes many important ideas and values associated with it. In 2014, the GOC actively opposed anti-discrimination legislation promoted by the EU. Parliament eventually enacted it in May of that year, but in a rather watered-down version.

A pogrom against an attempted public action related to the day of solidarity with the LGBT community on 17 May 2013 became probably the most conspicuous example of

Georgia's culture wars. A small group of Georgian LGBT rights activists tried to organise a small event commemorating that day but it was attacked by a mob of conservative protesters led by Orthodox priests. The police did not dare to stop the mob but probably saved the lives of protesters by removing them from the scene. While some legal cases were filed against the offenders (including the priests), nobody was in the end punished. The pro-Western part of Georgian society expressed indignation at what had happened, but the Church declared 17 May as Family Protection Day and it has been widely commemorated every year ever since. The civil rights community does not give up, however, and stages much smaller events on the same day under heavy police protection.

On balance, one could say that as time passes Georgian society tends to become more pluralistic but also more polarised, with ethno-cultural cleavages gradually being replaced by ideological ones. Proliferation and the rising influence of aggressive nativist groups is one expression of this trend. But on the other hand, a vibrant youth culture is developing that has expressed itself, among other things, in a (partly successful) movement for the decriminalisation of the use of marijuana. This pluralism and polarisation may be a sign that Georgian society is gradually distancing itself from the Soviet legacy.

Conclusion

In the mid-1990s, Georgia's general viability as a country was still under question. Now, this stage appears to be over. Twenty per cent of the country's territory is lost and no prospect of its recovery, or solving the issue in any other way, is on the horizon. However, on its remaining territory the Georgian state appears efficacious and sustainable. It has its problems with ethnic minority integration and the proliferation of xenophobic nationalism, but nothing beyond what might be considered normal conditions for a contemporary state. No new territorial challenges are in sight. If you judge the country by regional standards, Georgia's public service is cleaner, its political system more competitive, and its society freer than most others in its neighbourhood. It is increasingly becoming an attractive tourist destination.

However, the country has much higher aspirations. It is against them that many Georgians measure the successes and failures of their country. If held to this higher standard, shortcomings become more salient. It is important for Georgians for their country to be seen as a European one, but this is still not the case. Its political institutions are still weak and unstable, allowing for state capture by charismatic leaders or, most recently, by a secretive billionaire with a rather opaque political agenda: the shadowy leader of the Georgian Dream, Bidzina Ivanishvili. While the country mostly follows European norms in its formal institutional design, its political practices continue to be mostly post-Soviet. Save for short interludes, the Georgian economy has been growing too slowly to overcome mass poverty, and the population is shrinking due to a low birth-rate and economically motivated migration.

Last but not least, while Georgia brought itself much closer to the West politically, having been recognised as a NATO aspirant country and EU associate, its security situation continues to be precarious. The West, while generally supportive, cannot bring itself to extend workable security guarantees to it; on the other hand, workable peace with Russia is not achieved either. This, in addition to unstable situations to its east and south, makes Georgia's future prospects even shakier than they are for many countries in an increasingly uncertain world.

Notes

1 At some points, the secessionists claimed their aim was to create stronger guarantees of their autonomy, but this might be seen rather as a tactical manoeuvre – or this was how Georgians perceived it.
2 Until incorporation into the Ottoman Empire in 1614, Ajara's population used to be Orthodox Christian, as it was in other historically Georgian lands (Rayfield 2012).
3 As based on the Corruption Perception Index, available at <www.transparency.org/research/cpi/overview> (accessed 20 January 2019).
4 The CIS and CSTO were created in 1991 and 1992 respectively, in the wake of the Soviet breakup, while the EAEU was established in 2014.
5 Georgia joined the CIS in December 1993 and the CSTO in 1994.
6 While in 2006 Georgia was ranked 112th in the world in terms of ease of doing business, in 2011 it was number 12 – see the rankings at <www.doingbusiness.org/>. In 2010, the Heritage Foundation ranked Georgia 26th in the world – see the Heritage Foundation, 2010 Index of Economic Freedom. Available at <www.heritage.org/index/pdf/2010/index2010_full.pdf> (accessed 20 January 2019).
7 LGBT is an initialism that stands for lesbian, gay, bisexual and transgender.

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