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Consolidation in Georgia: Democracy or Power?

Introduction

Thanks to its successes in democratization and modernization, Georgia is considered something of a model state in the South Caucasus. Yet this country, with its 3.7 million people, has been down a difficult road since independence in 1991 – economic collapse, violent conflicts between political factions, wars of secession in two territories (Abkhazia and South Ossetia), not to mention war with Russia in 2008. After 25 years of independence, Georgia remains a country in transition.¹ In many ways, Georgia corresponds to the model of a “dominant-power system”, a category in Thomas Carothers’ typology of political systems of states that have undergone only an incomplete transition.² In the last decade, Georgia has changed a great deal, and the first peaceful transfer of power following the 2012 parliamentary elections is a historic achievement. At the same time, the country is confronted by many structural obstacles on the way towards the consolidation of democracy. The major hurdles include secession conflicts, security problems with Russia, and economic development. This contribution will concern itself exclusively with internal shifts in the balance of political power. It considers what the series of elections held between 2012 and 2014 (parliamentary elections in 2012, presidential elections in 2013, and local elections in 2014) mean for Georgia’s ongoing democratization, and what the outlook is in the run-up to the elections due in 2016. The structural problems and limitations revealed by considering Georgia as a dominant-power system must be taken seriously. Furthermore, since 2012, Georgia has also been confronted with the problem of autonomous power bases – a situation in which non-state actors possess resources that are outside the control of state and society and can influence

1 Freedom House considers Georgia to be a partly free state, cf. Freedom House, *Georgia*, at: <https://freedomhouse.org/country/georgia>.

2 Cf. Thomas Carothers, The End of the Transition Paradigm, in: *Journal of Democracy* 13/2002, pp. 5-21. Carothers is concerned with “transition countries” that are neither authoritarian nor democratic, but remain trapped in a grey zone. He describes the dominant-power system as follows: “Countries with this syndrome have limited but still real political space, some political contestation by opposition groups, and at least most of the basic institutional forms of democracy. Yet one political grouping – whether it is a movement, a party, an extended family, or a single leader – dominates the system in such a way that there appears to be little prospect of alternation of power in the foreseeable future.” *Ibid.*, pp. 11-12. Georgia is considered an example of this kind of system, cf. *ibid.*, p. 13. These states are also sometimes described as “defective democracies”, cf. Aurel Croissant/Peter Thiery, Von defekten und anderen Demokratien [On Defective and Other Democracies], in: *WeltTrends* 29/2001, pp. 9-33; for more specifically on Georgia, see: Christofer Berglund, Georgia between Dominant-Power Politics, Feckless Pluralism, and Democracy, in: *Demokratizatsiya* 3/2014, pp. 445-470.

political processes. Nonetheless, Georgia has decent prospects of continuing its democratic transformation: Though the political landscape is dominated by a single party, the opposition's room for manoeuvre is growing. This contribution considers the political implications of the elections held between 2012 and 2014 in view of these challenges.

Georgia after Three Elections: Change or Continuity?

What do elections mean in states whose transformation is incomplete? Are they really an expression of the will of the voters or merely a means to legitimate the existing or emerging holders of power? In 2003, President Eduard Shevardnadze's attempt to falsify the election results in his favour led to the peaceful "Rose Revolution". Shevardnadze was forced to resign. The subsequent parliamentary and presidential elections merely confirmed the transfer of power to Mikheil Saakashvili that had already taken place.³

Yet a series of elections – parliamentary in 2012, presidential in 2013, local in 2014 – were celebrated as free and fair and hence as a breakthrough in Georgia's democratization process. The 2012 parliamentary elections were indeed a historic occasion for the country, marking the first time since independence that a change of government came about by electoral means. President Saakashvili's United National Movement (UNM), which had governed the country since the Rose Revolution, had to give way to the opposition Georgian Dream (GD) coalition. According to official Central Electoral Commission figures, the UNM won 40 per cent of the vote, giving them 33 list seats in parliament. In addition they won 32 constituency seats. Thus, the UNM won 65 seats in total, while the GD captured 54 per cent of the vote (44 list seats) and 41 constituency seats, making 85 seats in total (see table 1).

In Georgia's 150-seat unicameral legislature, this defeat meant that the UNM was no longer able to form a government, even though President Saakashvili's term was not due to expire until the end of 2013. Saakashvili accepted the defeat and appointed the coalition's leader, the billionaire Bidzina Ivanishvili, to the post of prime minister. The parliament confirmed the new government.

Although the parliamentary elections were adjudged free and fair, it is important not to forget what happened in the run-up to the vote. In some cases, polarization between the UNM and the GD coalition had reached extreme levels. Shortly after Ivanishvili publicly announced that he was interested in politics and intended to stand for election, his Georgian citizenship

3 This is why the Rose Revolution is often seen not as regime change but as a phase within the "regime cycle". Saakashvili simply replaced Shevardnadze's pyramid-shaped single-party system with his own. Cf. Henry E. Hale, Regime Cycles: Democracy, Autocracy, and Revolution in Post-Soviet Eurasia, in: *World Politics* 1/2005, pp. 133-165; Henry E. Hale, Two Decades of Post-Soviet Regime Dynamics, in: *Demokratizatsiya* 2/2012, pp. 71-78.

was revoked.⁴ At the same time, Saakashvili's government also tightened the rules on party financing and implemented measures that would make it harder for the pro-Ivanishvili opposition to raise funds.⁵ In 2012, Cartu Bank – a private bank owned by Ivanishvili – was even accused of money laundering and placed under the control of the national bank.⁶

Table 1: Distribution of Seats in the Georgian Parliament

	Seats after 2012 election	Seats as of 1 August 2015	Change
GD majority coalition	85	86*	+1
UNM minority	65	46	-19**
MPs in other parliamentary groupings	-	8	+8
Non-aligned MPs	-	8	+8
Total	150	148	-2

* Including 13 former UNM MPs.

** Eighteen parliamentarians left the UNM, while one MP died.

Source: Georgian Central Election Commission, *Elections 2012, Final Results*, at: <http://results2012.cec.gov.ge> (Georgian language); Parliament of Georgia, *Parliamentary Activities, Factions*; at: <http://www.parliament.ge/en/saparlamento-saqmianoba/fraqciebi-6>.

The polarization of the campaign was reflected in the composition of the parliament, with the two main rivals securing all the seats. This increased the likelihood of confrontation and created the impression that co-operation between the UNM and the GD was impossible. Indeed, the goal of the new governing majority was the “restoration of justice” in response to the “machinations” of the previous UNM government. Key UNM members were arrested and prosecuted.⁷ UNM members of parliament have been subject to enormous pressure. A total of 18 have left the ranks of the UNM since the election, partly as a result of pressure from the GD. Thirteen of them have

4 Cf. *President's Spokesperson: Stripping Ivanishvili of Citizenship "Fully in Line with Law"*, Civil Georgia, 18 October 2011, at: <http://www.civil.ge/eng/article.php?id=24045>.

5 Cf. Berglund, cited above (Note 2), pp. 455-456.

6 Cf. *State to Take Over Ivanishvili's Cartu Bank*, Civil Georgia, 11 July 2012, at: <http://www.civil.ge/eng/article.php?id=24990>.

7 The prominent figures arrested by the new government were Ivane “Vano” Merabishvili, former prime minister and secretary general of the UNM at the time of his arrest; Gigi Ugulava, a former mayor of Tbilisi; and Bacho Akhalaia, a former minister of defence and of internal affairs. Outstanding warrants have been served for others, including former president Saakashvili, and former minister of justice Zurab Adeishvili. Saakashvili and Adeishvili are both now in Ukraine and have been granted Ukrainian citizenship. Saakashvili has since been appointed governor of Odessa Oblast, where Adeishvili is in charge of the public prosecutor's office.

joined the majority grouping, while a few have chosen to sit as independents or to describe themselves as the “alternative opposition”. The GD has also been leaking MPs, with the Our Georgia – Free Democrats party of former defence minister Irakli Alasania joining the opposition. With a year to go until a new parliament is elected, the GD coalition’s majority now depends on the support of the former UNM MPs.

The pressure on local authorities controlled by the UNM was particularly strong. While local elections were due to be held in 2014, the GD coalition had nonetheless begun to assume power in local government right after the 2012 parliamentary elections. For instance, when twelve UNM representatives on the Tbilisi municipal council switched loyalty to the coalition, the GD had a majority of 25 seats on the 47-person body, and thus secured an early transfer of power before the election.⁸

Both the 2014 local elections and the presidential elections in 2013 served to consolidate the transfer of power. The result of the presidential elections was not hard to predict. The GD candidate, Giorgi Margvelashvili, was elected president with 62 per cent of the vote. It is worth mentioning that Margvelashvili had no history in politics and no party behind him; he was personally selected by Ivanishvili, who made the decision without consulting his coalition partners.⁹

In the local elections, there was more evidence of competition during the campaign and, for the first time since independence, run-off ballots were held in 21 electoral districts. A run-off even had to be held in the capital Tbilisi to determine who would be the next mayor. The winner was the GD candidate, who beat the UNM candidate into second place. The very fact that mayors and other local politicians were elected directly itself represented progressive institutional change. Nevertheless, the local elections did not have a major effect on the way that power is exercised in Georgia – one-party control by the UNM prior to 2012 was merely exchanged for one-party control by the GD coalition.

The three elections between 2012 and 2014 were acknowledged to be free and fair. The first peaceful transfer of power in Georgia, in 2012, represented major progress towards the consolidation of democracy. However, by merely replacing one dominant party – the United National Movement – with another – the Georgian Dream coalition – the election left Georgia’s dominant-power system essentially unchanged.

8 Cf. Canan Atilgan/David Aprasidze, End to an Era: Transfer of Power in Georgia, in: *KAS International Reports* 12/2013, pp. 69-88, here: p. 72.

9 Cf. *ibid.*, pp. 74-75.

Autonomous Power Bases – A New Kind of Challenge for Georgia?

The Georgian Dream coalition, Georgia's new dominant power, has a fairly diverse membership. The leading party, Georgian Dream – Democratic Georgia, defines itself as a centre-left party, while its partners range ideologically from liberal (Republican Party of Georgia) via nationalist (Conservative Party of Georgia, National Forum) to pro-business/mercantilist (Industry Will Save Georgia). The party of former defence minister Alasania, Our Georgia – Free Democrats, left the coalition in November 2014.¹⁰ The Republicans are often seen as an unnatural fit within the coalition, though the party's leadership vehemently denies this.¹¹ Ivanishvili is without doubt the glue holding the coalition together. Without him it would be hard for the various groups in the coalition to maintain their alliance.

Ivanishvili made his fortune in Russia in the 1990s. He moved there in the mid-1980s, only returning to Georgia in 2004. His business interests range from finance and investment to property. For many years, he kept himself to himself, shunning publicity. On returning to Georgia, Ivanishvili largely devoted himself to philanthropy, even supporting Saakashvili's government in the early years following the Rose Revolution. In 2011, he announced that he was entering politics, challenging Saakashvili in the 2012 parliamentary elections.

Ivanishvili's fortune is estimated at around 5.2 billion US dollars,¹² making him the richest person in Georgia. His personal wealth is equivalent to nearly a third of Georgia's GDP, which was 16.53 billion US dollars in 2014,¹³ and more than the entire 2015 state expenditure of ca. 3.6 billion US dollars.¹⁴ Georgia heads the list of countries where the richest individuals have a personal wealth that represents a significant proportion of GDP.¹⁵ It should also be noted that in Georgia, Ivanishvili possesses this wealth alone, whereas in Russia (number two in the list), wealth equivalent to 20 per cent of GDP is shared by 111 billionaires.¹⁶

10 Cf. Lincoln Mitchell, *The Beginning of the End of the Georgian Dream Coalition*, 5 November 2014, at: <http://lincolnmitchell.com/georgia-analysis/2014/11/5/the-beginning-of-the-end-of-the-georgian-dream-coalition>.

11 Cf. Parliament of Georgia, *David Usupashvili on Republican Party*, 29 October 2014, at: <http://www.parliament.ge/en/parlamentarebi/tavmdjdomare-1125/tavmdjdomaris-axali-ambebi/david-usupashvili-on-republican-party.page>.

12 Cf. Forbes, *The World's Billionaires*, *Bidzina Ivanishvili*, at: <http://www.forbes.com/profile/bidzina-ivanishvili>.

13 Cf. World Bank, *Georgia*, at: <http://data.worldbank.org/country/Georgia>.

14 Cf. *Parliament Approves 2015 State Budget*, Civil Georgia, 12 December 2014, at: <http://www.civil.ge/eng/article.php?id=27906>.

15 Cf. Dan Alexander, *Ex-Soviet States Dominate List of Countries Where Billionaires Have Most Control*, Forbes, 14 March 2014, <http://www.forbes.com/sites/danalexander/2014/03/14/ex-soviet-states-dominate-list-of-countries-where-billionaires-have-most-control>.

16 Cf. *ibid.*

In contrast to the Russian oligarchs, Ivanishvili's business interests are mostly outside his own country. Yet this does not make the political effects of his economic power any less problematic. This is the structural problem of "autonomous power centres" or "autonomy from citizens".¹⁷ Shortly after the 2013 presidential election, Ivanishvili resigned as prime minister and officially left politics. He has promised that he plans to control his government from within civil society, and has established an NGO for this purpose.

Ivanishvili is now entirely unaccountable to the Georgian electorate. Yet his fortune allows him to establish capacities that are autonomous from state and society, and to use these to informally control the state. Ivanishvili's informal power is manifest in various ways, most strikingly in his attitude towards the current president. President Margvelashvili has criticized several decisions made by the government, even using his veto, which was strongly criticized by Ivanishvili. Ivanishvili admits that, since stepping down, he has maintained informal contacts with the new president, only to be disappointed by him.¹⁸ Representatives of the government make no secret of the fact that they frequently seek advice from the former prime minister.¹⁹

Ivanishvili's autonomous power base poses a challenge for the consolidation of democracy in Georgia. The key features of his autonomy are as follows: First, Ivanishvili possesses resources equivalent to one third of Georgia's GDP and exceeding the government's annual expenditure. Second, these resources originate outside Georgia and are therefore removed from oversight by the Georgian state or Georgian society. As a result, Ivanishvili has a relatively free hand to deploy his resources to influence Georgian politics by funding either the current government or potential alternatives.²⁰ This undermines the independence of the state from non-state actors in general, increasing the risk of state institutions coming under their informal control.

17 The concept of "autonomy from citizens" is used in reference to rentier states. This concerns a situation in which "the state apparatus, and the people who control it, have a 'guaranteed' source of income that makes them independent of their citizens (potential taxpayers)". Mick Moore, Revenues, State Formation, and the Quality of Governance in Developing Countries, in: *International Political Science Review* 3/2004, pp. 297-319, here: p. 306. For the application of this concept to Georgia, see: David Aprasidze, Democratization's Vicious Circle or How Georgia Failed to Change, in: *Connections* 4/2014, pp. 65-72.

18 Cf. *Ex-PM Ivanishvili "Disappointed" in Margvelashvili*, Civil Georgia, 18 March 2014, at: <http://www.civil.ge/eng/article.php?id=27048>.

19 Cf. PM: I ask Ivanishvili for Advice on Important Strategic Issues, in: *Tabula*, 24 July 2014, at: <http://www.tabula.ge/en/story/86095-pm-i-ask-ivanishvili-for-advice-on-important-strategic-issues>.

20 This is how Ivanishvili's NGO "2030" is often seen. The organization employs dozens of experts, some of whom have been appointed to positions in the government.

Prospects for the Consolidation of Democracy in Georgia

The next parliamentary elections in Georgia are due to take place in 2016. This raises the question of whether the country will be able to pass Samuel Huntington's "two-turnover" test of achieving two consecutive peaceful transfers of power.²¹ Despite the issues highlighted above, other internal factors suggest that the further consolidation of democracy in Georgia will be possible.

In the first instance, the 2012 parliamentary elections amounted to a sea change in Georgia. For the first time, the various groups within the political elite were confronted with the need to co-operate. While the new coalition had overall control of the parliament and was able to form a government, President Saakashvili still had broad constitutional powers, including executive powers. The cohabitation between the GD-controlled government and parliament, on the one side, and the UNM president, on the other, did not lead to a political stalemate. Instead, both sides agreed to compromise and, despite major disagreements, they were able to reach agreement on specific questions.

Second, the GD coalition does not have the necessary parliamentary supermajority to amend the constitution and has thus not been able to change it as it would have liked. While it has increased its majority thanks to the support of a number of former UNM members, it has failed to achieve the majority necessary to amend the constitution, and has also suffered a number of losses, foremost among them the departure of former defence minister Alasania's Our Georgia – Free Democrats MPs from the coalition. The coalition currently relies on the co-operation of the opposition. As a result, the parliament continues to sit in Kutaisi – Georgia's second-largest city. The coalition would like it to return to Tbilisi, but the opposition is unwilling to support the necessary constitutional amendment.

Third, despite being under enormous pressure since 2012, the UNM has survived as a party and has even managed to cement its position as the main opposition. In Georgia's dominant-power system, no governing party had previously survived such a defeat. Zviad Gamsakhurdia's Round Table – Free Georgia coalition collapsed as soon as he was driven from office in the coup of 1992. Eduard Shevardnadze's Union of Citizens disappeared from the political stage following the Rose Revolution in 2004. By contrast, the United National Movement survived its removal from power and appears to be capable of adapting.²²

21 Cf. Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century*, Norman, OK, 1991, pp. 266-267; cf. also Stephen F. Jones, *Democracy in Georgia: Da Capo?* Cicero Foundation Great Debate Paper No. 13/02, April 2013, at: http://www.cicerofoundation.org/lectures/Stephen_Jones_Georgia.pdf.

22 According to an opinion poll, 16 per cent of voters support the UNM. This puts the opposition party in second place behind the GD coalition, which is supported by 24 per cent. Cf. National Democratic Institute (NDI), *Public Attitudes in Georgia. Results of an April*

Finally, Georgia now has a parliamentary system. With the entry into office of the new president in 2012, constitutional changes came into effect that had already been elaborated by a state commission during Saakashvili's presidency. The changes transformed the political system from a super-presidential model to one in which the parliament and prime minister have greater power. The prime minister is the most powerful actor in the new system. He or she is elected by the parliament and is not accountable to the president. At the same time, the president is still elected directly, and thus continues to have a key political role. The president maintains a number of powers that include the appointment of senior civil servants with responsibility for foreign and security policy. Thus, in Georgia, executive power does not rest in the hands of a single individual, but is shared.

The constitutional reforms also changed the supermajority required to amend the constitution. Future amendments will now require 113 of 150 parliamentary votes and not 100 as before. Given the current division of the political landscape, a constitutional supermajority is very unlikely. This is likely to encourage cross-party co-operation on major bills.

Summary

Since 2012, Georgia has found itself at a crossroads. The second attempt at a democratic breakthrough (the first being the 2003 Rose Revolution) has left the impression that the country is trapped in a cycle of semi-authoritarianism and a democratic grey area. Evidence of this is provided by the fact that, despite free and fair elections, the system continues to be dominated by a single party. Just as the UNM enjoyed absolute power in Georgia from 2004 until 2012, the GD coalition is now the sole party in power throughout the country. Georgia also continues to be troubled by the problem of autonomous power bases. The richest individual in the country, former prime minister Ivanishvili, remains the most powerful political figure in Georgia, ruling from the sidelines despite having left office. Ivanishvili's fortune is immense in Georgian terms. It enables him to act autonomously from the Georgian state and electorate and, when necessary, to buy the loyalty of state actors and others.

At the same time, Georgia has made progress in a number of areas. In 2012, a first peaceful transfer of power via elections did take place. While the party that was voted out, the UNM, continues to find itself under enormous pressure, it has not collapsed in the three years since its defeat and has even managed to establish itself as the main opposition party. The reformed constitution requires a three-quarters majority in parliament for constitutional amendments. This raises the hope that political parties will be forced to work together in the future more than before. Since the entry into office of the new

2015 survey carried out for NDI by CRRC Georgia, at: https://www.ndi.org/files/NDI_Georgia_April_2015_Poll_Public_Political_ENG.pdf.

president in 2013, Georgia has had a dual executive – with the prime minister in the key position and the president as directly elected head of state. This institutional check will make it harder for the government to concentrate power in its hands. The next parliamentary elections in Georgia are due in 2016. At that point it will become clear which path Georgia is actually taking – that of transition or merely the next circuit of the cycle.