Abstract: New pipelines and the Rose Revolution have provided a backdrop for economic growth and improved fiscal stability, resolved some territorial disputes, and created the beginnings of a strong state in Georgia. Such developments suggest that there is good reason to be sanguine about where the country is headed, but significant and potentially ominous problems remain. Among these are continuing disputes over breakaway regions and the failure of economic development to have a real impact on the country’s poor. On the governance front, the party in power has failed to develop a strong independent judiciary and does not appear to appreciate the long-term importance of having a viable political opposition. On the other side, however, prospects remain positive for Georgia to emerge as a successful laboratory for democracy.

Key words: civil society, democracy, economic development, Georgia, laboratory for democracy, Rose Revolution

For a country of such modest size, Georgia has recently been at the center of considerable international attention. One major reason for this is the Baku-Tbilisi-Ceyhan (BTC) pipeline, a project initiated in the 1990s during the presidency of Eduard Shevardnadze. This pipeline is essentially complete and will soon transport a million barrels of oil per day to the West without going through Russia, Iran, or the Bosporus Straits. It is so important for the region that analysts assert that it “reconfigures the mental map with which political observers and decision-makers look at the world.”

Equally important for the future of Georgia, however, is the Rose Revolution of 2003 and the events that have unfolded in its wake. The revolution was an important step in creating one of the most important laboratories for democracy.
The effects of the BTC pipeline and Rose Revolution have been interpreted in different ways, and part of this article is devoted to presenting the different perspectives involved. In particular, American and Russian views often stand in sharp contrast to each other, providing a continuing source of friction between the two countries. The upshot for Georgia is that it will continue to receive considerable international attention for the foreseeable future.

As many events in the former Soviet Union have shown, predicting the future in a place such as Georgia is a high-risk venture; therefore, I shall not attempt to do so in this article. It is possible, however, to identify some core issues around which the future will be worked out. These issues will be my focus. The three issues I discuss are: (1) economic development, (2) territory, and (3) the development of a strong, well-functioning state. The first case concerns the economic viability of the country, the second involves the extent and organization of Georgia’s territory, and the third deals with whether the country can develop the norms required of a modern state.

These three issues are interrelated, but they tend to show up in different discussions conducted by different policy and academic communities. One thing they have in common, however, is that they are playing out against the backdrop of the Rose Revolution, so I shall begin with a brief review of this event.

The Rose Revolution as Backdrop

The Rose Revolution was an extraordinary event that put Georgia on the international stage for several days in November 2003. It brought Mikheil Saakashvili, a young populist critic of Shevardnadze’s corrupt government, to power and initiated the region’s most important experiment in democracy. The ramifications of this revolution extend well beyond Georgia’s borders. It has made democratic movements thinkable in places such as Ukraine, a country where Georgian flags sprouted in the rallies of the Orange Revolution last winter. It is also brought up in discussions about potential democratic transitions in other places, including Russia.

A few basic forces at work prior to the Rose Revolution provide insight into why it took place. The first was the civil society that was struggling to emerge at the time. Numerous nongovernmental organizations (NGOs) had been active in Georgia for years, and they clearly had an impact on government and society by the time of the parliamentary elections of November 2, 2003. Some of these NGOs had actively defended the rights of religious and ethnic groups, which helped create a new kind of public discourse. Opinion differs as to just how important NGOs were in the revolution, but observers generally agree that they at least played a role in laying the groundwork for the event. This view is supported by the fact that after the Rose Revolution, leaders of countries such as Uzbekistan, Russia, and Kazakhstan, where such upheaval is viewed with trepidation, have restricted or simply closed down several NGOs.

A vibrant free press was a second factor in the Rose Revolution. Leading up to the events of 2003, the Georgian public was often inspired by the images and sto-
ries provided by the media, especially the television station Rustavi-2. The media, aided by the NGOs, had become so powerful by 2003 that attempts by government authorities in the previous few years to muzzle television stations were met by massive public resistance. Some observers viewed the media’s coverage of the Rose Revolution as bordering on the irresponsible, but they generally agree that it played a pivotal role in initiating and maintaining public support for it.

In contrast to these first two ingredients in the Rose Revolution, each of which had to do with the presence of something, the third involves an element that was largely missing, namely, state authority. During the last few years of his presidency, Shevardnadze’s technology of power was marked by a sort of liberal detachment from the corrupt processes in his government. This led many to regard Georgia as a fragile, if not failing, state. This view was supported by the fact that opposition leaders, along with the NGOs and media, encountered relatively little resistance from law-enforcement agencies during the Rose Revolution—something that stood in striking contrast to how events unfolded in Uzbekistan in May 2005.

The fourth essential ingredient that went into the Rose Revolution was Georgian national identity and unity. Despite years of poverty and demoralization, opposition leaders were successful in appealing to powerful feelings of national unity when it came to mobilizing the nation. The fact that they were able to rally the population around a vibrant “story of peoplehood” was a crucial ingredient in the success of the revolution. This was particularly noteworthy in a country where it is often said that whenever two Georgians congregate, there will be at least three political parties.

Some of the most powerful and poignant statements coming from leaders of the Rose Revolution have to do with themes of Georgian national unity and identity. Whereas there were differences of opinion as to how important the NGOs were or how responsible the media were, there is agreement that the people were the main actors and heroes of the events of November 2003. They were motivated by deep frustration with the corrupt government, but this frustration did not simply express itself in an outburst of negative, destructive action.

Instead, the Georgian people came together in a way that was moving and often surprising to the leaders—and even to themselves. Nino Burjanadze (chairperson of parliament in both the Shevardnadze and Saakashvili governments) summarized what she saw by noting that Georgians “can tolerate a lot of things, poverty and so forth, but when it comes to our dignity, we cannot tolerate it . . . [T]his nation still has kept some inner force that can be used to recover its future.” And in his reflections, Zurab Zhvania (prime minister in the Saakashvili government until his tragic death in February 2004) remarked that the Rose Revolution “was the first time since regaining independence that Georgians feel like winners. They have this sense that they won . . . People are still in poverty and have the same economic problems and so on, but they now feel much, much stronger than before. It was like regaining dignity. We are a nation. We are a nation, and we are proud that we are Georgians again.”

The Rose Revolution provided a new background for developments in Georgia. The country has responded rapidly—and for the most part well—to this new
context. It has undergone major changes, most of them encouraging, over the past year and a half in the areas of economic growth, territorial development, and the emergence of state institutions.

Economic Growth

The most important news on the economic front is that there has been strong growth over the past couple of years; this is expected to continue. Such growth contrasts with what was going on during many of the years leading up to the Rose Revolution and what most analysts assume would have happened had this event not occurred. The Economist Intelligence Unit reports real gross domestic product (GDP) growth of 11.1 percent in 2003, a figure that dipped to 8.4 percent in 2004 due to a poor agricultural harvest, but is expected to rebound to around 10 percent for both 2005 and 2006.\(^5\) Because collecting statistics on economic growth is still such a new enterprise in Georgia, and because much of the economy is still in the process of coming out into the open, these figures meet with skepticism in some quarters. Nonetheless, it is worth noting that they exceed the figures of other CIS countries, which are estimated to be in the 5–6 percent range for 2005 and 2006.

Consumer price inflation was 4.8 percent and 5.6 percent in 2003 and 2004, respectively. Estimates for the next two years are around 6.8 percent, but there are some indications that it may exceed that, which is a cause of growing concern. Exports have increased from $831 million US in 2003 to an estimated $1.225 billion US in 2006, and imports have increased from $1.467 billion US to an estimated $2.6 billion US. The deterioration in the trade balance is considered to be temporary and mainly attributable to the construction of the BTC pipeline in an economy that was not sufficiently developed to supply the needs of such a major construction effort. Finally, the Georgian lari (GEL) has grown steadily stronger against the Euro and U.S. dollar, currently holding at around 1.8 GEL per USD.

The construction of the BTC pipeline, now largely complete, along with plans for the South Caucasus Gas Pipeline Project (SCP), have provided an important engine of economic growth for Georgia. With the nearing completion of both of these projects, however, the country will no longer be able to rely on major new infusions of construction funds to maintain its economic development. The BTC pipeline will be providing approximately $50 million US per annum in transit fees, but it will become increasingly important to foster growth in small and medium-sized business, especially the agriculture and tourism sectors. The latter was a major part of the Georgian economy during the Soviet years, when several million tourists came to the republic each year, compared to a mere ten thousand in 2004. In this context, observers have been urging Georgia to develop this untapped potential.\(^6\)

Turning to issues of economic policy, there has been strong growth in revenue collection since the Rose Revolution. In fact, initial targets for tax revenues had to be revised upward twice in 2004 because of the surge in tax collection. During that year, tax revenues doubled what they were in 2003.\(^7\) As a result, the government was able to pay off its arrears to several sectors (teachers, pensioners) and was able
to double monthly pensions. These trends resulted from strong economic growth, anticorruption efforts, and tax reforms. More businesses, especially medium and large-scale enterprises, have come out of the shadow economy as the enforcement of tax laws has improved. In addition, other sources of revenue increased sharply. For example, there was a marked increase in the customs fees with the reintegration of Ajara into the country.

In general, increased revenues have been matched by increased expenditures by the state, which rose 60 percent in 2004 over the previous year. The largest outlays continue to be for social subsidies, debt repayment, and transfers to local governments. Expenditures for law enforcement and defense have risen rapidly as these undergo structural changes and the government makes new commitments to the country’s armed forces. The number of public-sector employees actually showed a significant drop of 30,000 during 2004, as the government did a great deal of housecleaning, but savings were used largely to improve the salary of the remaining employees—a move that makes them less susceptible to corruption.

In 2004, the state recorded a relatively small budget deficit (1.5 percent of the GDP), but there are concerns that its expansionary fiscal policies will lead to larger shortfalls and inflationary pressures. The International Monetary Fund (IMF), for example, has cautioned Georgian authorities against continuing their current pattern and has argued for prudence in state spending. The alternatives are inflation and weaker export competitiveness.

In general, the picture of economic development and policy in Georgia is encouraging. It is strikingly better compared to the prospects before the Rose Revolution, and it is much better than what most analysts assume it would be today if this event had not occurred. Some of the improvements can be attributed to increasing confidence on the part of domestic and foreign investors, which partially stems from a more transparent tax code. It is essential that the government continue to act in predictable, responsible ways to increase this confidence. Observers see potential problems, however, many of which are tied to the issue of Georgian territory and the challenge of developing a strong state.

The Issue of Georgian Territory

The boundaries and political organization of Georgia’s territory are issues that have been at the center of debate for years and concern the country’s very existence. When discussing these issues, Georgians often employ the expression “territorial integrity,” but I shall just use “territory” in an attempt to avoid prejudging a set of complex political and cultural issues.
Regardless of terminology, the major debates over territory in Georgia focus on the regions of Ajara, South Ossetia, and Abkhazia. These three regions are quite different in history, ethnic composition, and politics, but one thing they have in common is Russian involvement, which Georgia views as unwarranted meddling, if not hostile intervention. This involvement takes several forms, including the provision of military equipment, and it is often viewed as part of “The [Russian] policy of using separatist groups for policy purposes.”

The problem presented by Ajara, a small region in southwest Georgia on the Black Sea coast, was essentially resolved in the summer of 2004. In comparison with Abkhazia and South Ossetia, the challenge it presented was so modest that many observers did not even consider it to be a “breakaway region,” the term commonly applied to the other two. Populated by ethnic Georgians, but under the control of a local autocrat, Aslan Abashidze, Ajara was brought back into the fold of the Georgian state in 2004 after a short but tense standoff between Abashidze and the Saakashvili government. This episode ended when it became clear that popular support for Abashidze in Ajara was largely nonexistent and that his supporters in Russia were no longer going to prop him up. The demise of his government and his flight to Russia capped what is recognized as one of the major success stories of the Saakashvili government.

The breakaway regions of South Ossetia, and especially Abkhazia, present much greater challenges. Despite the small size of the territories and populations, intense feelings of ethnic nationalism have been the source of seemingly unending confrontation between central authorities in Tbilisi and these two “unrecognized republics,” as they are classified by international observers. The opposing sides in these disputes espouse markedly different ideas about the national identity of the groups involved, as well as the historical origins of the regions and their conflicts. The leaders on all sides have elaborated on these ideas in inflammatory and dangerous ways. The result is that the groups have utterly different responses to questions such as: Were the borders of present-day Georgia drawn in artificial and illegitimate ways to include territories that do not belong to the country? Should these regions be independent? Should they be part of another country (namely, Russia)?

I shall not go into the histories of these regions, histories that extend far into the past and are the subject of voluminous research and longstanding quarrels. Suffice it to say that the collective memories of various parties paint very different pictures of how Abkhazia and South Ossetia came to be included within the borders of Georgia. The picture is further complicated because it is not only the people of these two breakaway regions and Georgia who are caught up in this dispute. Other parties, especially Russia, are involved.

As critics of Russia see it, “Moscow continues to unashamedly back the two secessionist territories in northern Georgia, Abkhazia and South Ossetia, who wrested off Tbilisi’s control in the early 1990s with Russian help.” From a Russian perspective, however, interest in the region stems from legitimate concerns. One of these is that the BTC and other east-west corridor energy and transportation projects portend a scenario in which a significant portion of infrastructure development
will move out of Russia’s central regions and into the South Caucasus. Indeed, this is already happening and constitutes a blow to the economic and demographic future in the traditional Russian heartland.

The major source of Russian concern stems from traditional fears of being surrounded by potential enemies. In particular, it could result in “total American control along a substantial part of Russia’s state borders.” The Russian commentator who made this statement went on to argue that “This control will inevitably evolve into interference in the internal affairs of oil exporters and transit countries, including Georgia . . . America intends to deploy its own military contingents where the Russian military is stationed nowadays.”

Such concerns are often framed in terms of Russia’s special interests in the near abroad, where it claims the right, and sees itself as having the responsibility, to ensure stability for itself and others. Coupled with assertions about inherent instability in the region, including the threat of Islamic terrorism, this leads to the assertion that there is a need for a Russian presence to ensure its own security and that of everyone else in the region.

Perhaps the most striking illustration of where this line of reasoning leads can be found in the seemingly endless process of removing Russian military bases that are in Georgian territory. The two bases involved are holdovers from Soviet times, and the fact that their removal has been so long in coming reflects the lingering colonial mentality of some Russians. A new set of agreements to remove them will hopefully end this point of contention. At a meeting of the CIS Collective Security Treaty Organization on June 24, 2005, Russian officials declared that the expressions “near abroad” and “post-Soviet space” should be taken out of circulation, but remnants of the thinking behind such terms clearly remain, at least among some circles in Moscow.

As another example of Russian assumptions about a special role in the region, consider that during the past few years, authorities in Moscow have repeatedly argued that they have a right to conduct military strikes in the Pankisi gorge region of Georgia. They justify such operations as the need to remove Chechen fighters and troops from other countries who use those areas for rest and recuperation. According to Richard Miles, the U.S. ambassador in Georgia until mid-2005, virtually no terrorists or fighters continue to reside in this area, and Georgian authorities are capable of policing it. However, this has done little to silence claims coming out of Moscow about instability on Russia’s borders and the special responsibilities it has there.

In striking contrast to this perspective, many observers in the West and Georgia view Russia as the cause, rather than the antidote, to such instability. This is a claim that officials in Moscow vehemently dispute. Regardless of one’s perspective on such issues, a basic fact of life for Georgia is that Russian economic and geopolitical interests will continue to be felt in the region. Ideally, however, these should be approached with an understanding that “Russia has a natural right to influence, but not to dominate or dictate policy.”

Discussions of the frozen conflicts in Abkhazia and South Ossetia routinely revolve around a few possible scenarios. The first is that South Ossetia and Abk-
hazia would be reintegrated into Georgia, undoubtedly with some special arrangements for autonomy. This is generally the Georgian view of what should happen, and since the Rose Revolution brought him to power, Saakashvili has made several bold claims that it would happen. To date, however, negotiations and occasional flare-ups of armed conflict have not been encouraging. For example, a military operation by Georgian forces in South Ossetia in the summer of 2004 was an embarrassing failure for the Saakashvili government. What is generally viewed as an impulsive operation on the part of a Georgian leadership caught up in the hubristic atmosphere of the Ajaran success ended up setting back relationships between Tbilisi and South Ossetia.

A second possible outcome of the struggles in these two unrecognized republics is that they would become sovereign, independent states. This seems highly unlikely, if for no other reason than their small populations—an estimated 200,000 in Abkhazia (half Abkhaz and the other half mainly Armenians, Russians, and Georgians) and less than 50,000 in South Ossetia. Nonetheless, leaders of these regions often make bold assertions of their right to exist as independent countries.

A third scenario is for South Ossetia and Abkhazia to become part of the Russian Federation. In the view of some, this seems to be precisely what Moscow is angling for, given its practice of handing out passports to those in the breakaway regions who want them. Comments made by President Vladimir Putin support this interpretation. In a 2004 discussion with journalists and political analysts, he referred to Georgia as an “artificial state,” meaning that Stalin created borders such that Abkhaz and Ossetians were included without being consulted and despite the fact that they were not really Georgians. From this perspective, supporting Abkhaz and South Ossetian armed resistance and smuggling would be a logical strategy for keeping the Georgian state in a weak position and perhaps eventually for reintegrating the two breakaway regions, as well as Georgia itself, into the Russian Federation.

There are limits to how vigorously Russia can pursue this strategy, at least overtly. Encouraging these regions to break away from Georgia raises questions about why the same approach should not apply to Chechnya and other hotspots of ethnic independence movements in the North Caucasus area of the Russian Federation. The wars and the brutal, seemingly endless armed conflict that have afflicted Chechnya in the post-Soviet period are framed against a background in which Russia refuses to give it full autonomy or independence. Any move for such independence by Abkhazia or South Ossetia would raise an alarm in Moscow that regions such as Chechnya and Dagestan in the North Caucasus could follow, and this would present a fundamental challenge to the Russian state.

A fourth possible scenario for the future is that rather than trying to incorporate Abkhazia and South Ossetia into the Russian Federation, various parties are working to ensure that they remain in limbo as stateless territories. The villas built by Russian generals and businessmen on the Black Sea shore of Abkhazia, as well as the large-scale smuggling of gasoline, cigarettes, and flour in South Ossetia, provide strong incentives to keep these regions outside the control of the Georgian state—or any other state, for that matter. This is all part of “the widespread
wartime political economy in the Caucasus that is among the region’s most intractable obstacles to peace and democratization.”

This wartime political economy has emerged in the context of what many observers view as Russia’s confused or nonexistent policy in the Caucasus. The seeming inability to come up with a coherent approach can be seen as a reflection of the tenuous standing of government authority in Russia in the wake of “economic reform.” In the view of some observers, the emergence of an economic oligarchy has usurped much of what would otherwise be a state’s sphere of action. If Anatol Lieven is right, this is a stable system, not a passing stage in the development of liberal democracy and capitalism. The plight of Mikhail Khodorkovsky shows that Russian authorities will sometimes try to reestablish their authority, but no one should doubt the power of the oligarchy and the resulting inability of the state to pursue a single coherent strategy when it comes to issues such as the breakaway regions of Georgia.

In sum, the struggle over the size and political organization of territory in Georgia involves several actors and motives, resulting in competing explanations for events that transpire there. Economic forces and rational geopolitical strategizing clearly play a role, but the most powerful and volatile force at issue, a force that provides the framework within which others operate, may be national memory and identity. Stuart Kaufman, for example, has argued that it is hard to account for the disputes between Abkhaz and Ossetians, on the one side, and Georgians, on the other, if one focuses only on economic or political factors. From this perspective, it is especially hard to account for why conflicts do not exist elsewhere. For example, Azeris and Armenians each make up about 6 percent of the country’s population, but there has not been the sort of conflict between them and Georgians that one finds in Abkhazia and South Ossetia, with their much smaller numbers.

This should not be taken to suggest that all is well with Azeri and Armenian minority groups in Georgia, however. There have been tensions in Samtskhe-Javakheti, an ethnic-Armenian region on the Armenia-Georgia border, with some groups calling for secession from Georgia. In Kvemo Kartli, a southeastern region predominantly populated by approximately 300,000 ethnic Azeris, there have also been disturbing developments. The powerful collective memories at work in this setting are evidenced in the practice of local radical Azeri groups, as well as some Azeri media, to refer to Kvemo Kartli using the Azeri name “Borchalo,” which implicitly questions the Georgian origin of this area.

Georgian concerns with the issue of territory focus first and foremost on Abkhazia and South Ossetia, but it is important for the country not to overlook other minority populations, especially Azeri and Armenian groups living within the country’s borders. In all cases, the symbolic politics of nationalism is an essential driving force in the disputes. For the Russian actors, economic motives might play a larger role, but even there the sides are defined and the issues framed in terms of the memory and politics of nationalism.

Most observers, including many Georgians, now recognize that there is enough blame to go around for the sad state of affairs in the crucial regions of Abkhazia
and South Ossetia. If they are to be reintegrated into the Georgian state, it appears that two essential occurrences must happen. First, the opposing sides will have to transcend or diminish the power of the “sealed narratives” that make it impossible for them to cooperate. In particular, the political elite, including public intellectuals, will have to take the lead. Some on the Georgian side have already recognized that an apology from politicians and public intellectuals for words and actions that have exacerbated nationalist feelings might be in order. Second, solid agreement on new forms of autonomy for the regions will be required. At least some Georgians know and accept this, but feelings remain so high that the first response of the opposing sides is often that either complete sovereignty or straightforward reannexation is the only possible future. Both are nonstarters.

“As in the aftermath of the revolution, President Mikheil Saakashvili and his leadership team have made several moves toward rebuilding trust in the state.”

The Development of a Strong Georgian State

As noted earlier, one of the reasons that the Rose Revolution succeeded was that little state authority stood in its way. Shevardnadze had been presiding over a failing state for years, and by late 2003, corruption, chaos, and demoralization had created such a crisis that he could no longer assume the loyalty of state actors, including the police and military. In the aftermath of the revolution, President Mikheil Saakashvili and his leadership team have made several moves toward rebuilding trust in the state. The campaign they launched in 2004 to create a clean and effective police force is a prime example. Saakashvili fired all the low-paid traffic police, with their bad habits, and hired new ones at salaries high enough to allow them to resist corruption. These new officers, outfitted in distinctive uniforms and supplied with a fleet of new Volkswagen police cars, made their debut in the fall of 2004. This reform effort is viewed as one of the most important success stories of the government.

Although the immediate motivation for strengthening state authority might have been the crisis that the Shevardnadze government had left behind, it is being pursued in a historical context where trust in state institutions has always been superficial at best. People in Georgia and the Caucasus generally have a long history of relying on family and personal networks rather than on bureaucratic institutions when pursuing economic goals and other forms of social action. Society has traditionally relied heavily on “clientalistic” relationships, somewhat like those found in twentieth-century machine politics in U.S. cities. Recent findings from studies in the South Caucasus suggest “high levels of personal support from family and friends but lower levels of trust and integration into the wider society.” This system, grounded in networks of personal relationships as opposed to generalized trust, remains in force today and provides a challenge to anyone wishing to build a modern state in Georgia.
To counter this issue, the Saakashvili government started a public relations campaign aimed at broadening support for state institutions. This campaign is reflected in billboards that appeared early in 2004 in Tbilisi depicting the clean and trustworthy police force that serves the Georgian people. One reading of these billboards is that they were part of the same kind of advertising expected from just about any political machine. Namely, they were meant to publicize a success story of the ruling party and remind Georgians of what the Saakashvili government had done for them. To be sure, this was at work, but they were also part of a campaign to build loyalty to Georgian state authority more generally.

In this connection, consider the billboard shown in figure 1. It was part of a campaign to educate members of the public about how they could contact the police in an emergency, namely, by calling the new emergency number 022 (the equivalent of 911 in the United States). But the broader message is to be found in the photos of the officers. Their smart uniforms and badges clearly distinguish them from the old, Soviet-style look of their predecessors. And in case anyone missed the pictorial representation of trustworthiness and dedication, the written text proclaimed, “When you need a help, we are by your side.”

A second billboard, shown in figure 2, was even more pronounced in its emphasis on the trustworthy nature of the new police, going so far as to suggest that they provide good role models for future citizens. At the top of this billboard was “23 November,” which is the official date of the Rose Revolution in 2003, and at the bottom it proclaimed, “In the Name of Georgia.” Again, this presentation can be
taken as a reminder of how much the country owes Saakashvili and his party, but it goes further in its appeal to the citizens of Georgia. The two officers present a friendly yet disciplined face of the new state and are put forth as reason to trust in central authority. The boys saluting in the foreground imply that this new precedent of trustworthiness could help foster the next generation of citizens.

Along with a campaign for public trust waged through billboards, Saakashvili has engaged in an ongoing rhetorical effort that often employs the intriguing strategy of harnessing ethnic nationalism in an effort to build civic nationalism. The seeming paradox in this is actually not so surprising if one takes into account what Jurgen Habermas has called the “Janus-faced” nature of modern nation-states. Although the source of political legitimacy in the modern state may be the voluntary nation of citizens, he argues that the political mobilization required to secure social integration continues to rely on ethnic nationalist notions, such as language, culture, and a shared history.

Staatsbürger, or citizens, constitute themselves as a political association of free and equal persons by their own initiative. Volksgenossen, or nationals, already find themselves in a community shaped by shared language and history. The tension between the universalism of an egalitarian legal community and the particularism of a community united by historical destiny is built into the very concept of the national state. 

The upshot of this formulation is that Saakashvili’s strategy for building a strong, trustworthy state requires walking a tightrope between the ideal of civic nationalism and the alluring, but potentially dangerous, appeal of ethnic nationalism. He has effectively executed this balancing act on several occasions. Consider, for example, an event of January 24, 2004, which was the day before Saakashvili’s official
state inauguration as president of Georgia. On that day, he made a pilgrimage to the ancient monastery in Gelati in western Georgia to take an oath on the tomb of David the Builder. The patriarch of the Georgian Orthodox Church, who was also present, gave his blessing to the event, declaring, “You are entrusted with Georgia with its great hardships and problems. Georgia expects reunification from you and we are sure that you will do it with God being your helper.”

As many as ten thousand people listened as Saakashvili responded to the patriarch’s call by stating, “Today Georgia is split and humiliated. We should unite to restore Georgia’s territorial integrity. Georgia has existed and will exist. Georgia will become a united strong country.” These comments by the patriarch and Saakashvili sound like a clarion call to ethnic nationalism. Indeed, in the early 1990s, it was precisely such statements that gave rise to the outbreak of nationalist violence between Georgians and the Abkhaz and Ossetians.

However, Saakashvili has usually managed to use such utterances in a more dexterous and strategic way. His assertion that the country must once again become “a united strong” entity is something to which no Georgian would object, and provides a foundation for everyone to participate in a national discussion. However, his performance at the tomb of David the Builder, the founding figure of Georgia’s “Golden Age,” would at first glance seem to be addressed to a narrower audience—the ethnic and religious nationalists, for whom David’s success in building the first strong Georgian state is a great source of pride.

But the way in which Saakashvili followed up on this performance reveals a calculated effort to lure nationally oriented Georgians into the broader community of citizens. He relied on an essential part of this heroic narrative, namely, that King David called for tolerance and sought the commitment of a wide range of national groups in carrying out his state-building project. Hence, Saakashvili was framing issues in such a way that it appealed to those motivated by ethnic nationalism, but encouraged them to recognize their responsibilities to building a multiethnic state.

In Habermas’s terms, by speaking to nationals, Saakashvili wanted them to think as citizens. All Georgians, including those motivated by chauvinistic concerns, were being invited into a discussion around a shared national narrative, but the reading that is emphasized is not what they may have assumed at the outset. Instead of viewing national difference as a threat to the state and its territorial integrity, Saakashvili harnessed a national narrative in which diversity is a strength, a claim he has made explicitly on several occasions.

The public relations effort and rhetorical strategies of the Saakashvili team reflect a major campaign to foster trust in the state, but is there any evidence that the government’s efforts have been effective? Does this campaign amount to anything more than the propaganda spewed forth by Soviet authorities in previous decades? Or is it part of an effort that is having more profound and concrete consequences? An interesting answer to this can be found not in billboards, surveys, and the like, but in another area already discussed: the striking increase in tax revenues.

This development was partly attributable to the fear that the Saakashvili government has struck into the hearts of Georgian citizens and businesses. Soon after
taking office, it launched an aggressive anticorruption campaign that included detaining suspected tax evaders and putting them in “pre-trial detention.” This involved incarcerating individuals suspected of tax evasion with little or no legal procedures and then negotiating their release in exchange for back taxes. There have also been other widely reported instances of searches and arrests without due process or before proper warrants had been issued. Such measures are highly questionable from a legal perspective and run the risk of being abused by the government. Indeed, many believe that there have already been too many instances when they have been harnessed for political ends.

The more ominous long-term outcome would be that such practices lead to diminished, rather than enhanced, trust in the state; this is what the government may be starting to see. Many Georgians and outside observers believe that such practices should be phased out and that the government needs to make increased efforts to make the transition to a more normal form of governance.

In sum, the larger situation is one in which the increase in tax revenues presents an encouraging picture. How much of this is motivated by fear of the tax police, as opposed to the more positive development of growing trust in the government, remains an open question. But the trajectory has been encouraging, especially if the government can make the transition to using practices that are legal, fair, and transparent. The possibilities for doing this have been increased by the passage of a new, simpler, and fairer tax code in 2004.

Problems and Prospects

The new pipelines and the Rose Revolution provide a backdrop for economic growth, the resolution of territorial disputes, and the beginnings of a strong state in Georgia. Much of this suggests that there is good reason to be sanguine about where the country is headed. As is always the case, however, yesterday’s successes only raise questions about what needs to be done today.

A pessimistic view of the current situation would emphasize that Georgia’s drive for territorial integrity seems to be stalled, that large segments of its population have not seen any of the benefits of the economic upturn they keep hearing about, and that new concerns are rising over just where the government is headed and how much to trust it. From this perspective, the afterglow of the Rose Revolution has faded and the population’s patience is beginning to grow thin, something reflected by a significant drop in Saakashvili’s poll ratings. Fortunately for him, the opposition to date has been weak and disorganized, so there is no imminent threat to his presidency. Nonetheless, some serious thought is now in order about what comes next.

What should be at the top of the agenda of the Saakashvili government at this point? There is growing consensus that the key item should be making the transition from the centralized control it has employed since the Rose Revolution to one in which the distribution of power is the norm. Demands for this are rising, and the government is approaching a fork in the road where it will have to make some decisions on how to address them. Continuing down the path of centralizing power in the president’s office raises serious questions about the country’s
future. To be sure, there are those who believe that Georgia is still in a state of emergency that requires a strong, centralized hand. Most, however, now appear to see this as bordering on the kind of permanent revolution invoked by Soviet leaders to retain their power.

One of the most alarming results of overcentralizing power in the president’s office is the weak and insufficiently independent judicial system in Georgia that the people simply do not trust. Judges are widely viewed as being beholden to, if not outright intimidated by, the executive branch, and this means that their decisions are assumed to be subject to whatever the current political agenda might be.

This view is beginning to have a deleterious impact on the economic climate as domestic and foreign investors become less certain that they can count on the judicial system to get a fair hearing, especially in disputes with tax collectors. In 2004, a special procedure was established to help businesses arbitrate such disputes. This was popular with the investment community, but after losing several cases and the tax revenues that went with them, the Saakashvili government abruptly cancelled the practice, saying it was costing the state too much. The motivation of the government is understandable, but this move was a blow to investor confidence in Georgia. The bigger story, however, has to do with why the arbitration panel was needed in the first place. The answer is that it grew out of the assumption that the courts could not be trusted to deliver fair decisions.

Today, the major danger that the government may be facing stems from the overcentralization of power. People are beginning to view this as a form of permanent, stultifying authoritarianism reminiscent of the Soviet era. The Communist Party and Komsomol may no longer exist, but the patterns of rhetoric and thought associated with them seem to be reemerging, and that Saakashvili is sometimes referred to as a “neokom” is revealing in this regard. This trend is especially alarming because trust in the actions of the state may hold the key to economic development and even the settlement of territorial disputes. If Georgia can create a trustworthy judiciary, this could unleash a new wave of investment and economic growth. This, in turn, would provide such an attractive alternative to the corrupt political economies in breakaway regions that they would be more likely to negotiate new, productive relationships with the Georgian state.

What can be done to right the current imbalance in the distribution of power and heighten the credibility the government will need to move on to the next stage? A good first step would be to reverse the questionable changes in the constitution that were made in 2004. Those changes, which transferred power from the legislative to the executive branch, are raising more and more questions as

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"Today, the major danger that the government may be facing stems from the overcentralization of power."
the country tries to make the transition to a normal democracy. Dealing with this situation would be an encouraging sign that the government has recognized the problem of overcentralization of power in the president’s office.

A second step would be to create a more consultative form of political dialogue in Georgia. Many would like to see Saakashvili welcome more voices from the opposition into public debate to bring along the whole country as it pursues future challenges. This is not simply part of an effort to defuse the opposition, but to produce wiser and more widely accepted solutions to the problems faced by the country.

Both of these steps involve judgments about timing: at what point do the strong measures needed to fight corruption and establish a first draft of a working state need to be replaced with the inherently messy, but more open and consultative, procedures that eventually have to be part of a democracy? Finding the right answers to such questions will determine much about where the country will head in the future.

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NOTES

8. I am indebted to Thomas de Waal for pointing out this terminological issue.
13. Ibid.
15. “Interview with Ambassador Richard Miles,” in Karumidze and Wertsch, Enough!
22. This is an insightful term that Thomas de Waal has used in his analysis of the conflict in Nagorny-Karabakh. See Thomas de Waal, *Black Garden: Armenia and Azerbaijan through Peace and War* (New York: New York University Press, 2003). He has also applied it to other conflicts in the South Caucasus more generally. See the Roundtable Discussion of the Caucasus International Forum in *Caucasus Context* 2, no. 1 (2005).
23. See the interviews with Nino Burjanadze, Zurab Zhvania, and Richard Miles in Karumidze and Wertsch, *Enough!*
28. David the Builder continues to play a central role in the Georgian imagination. In a recent poll conducted by the International Republican Institute, he was the top choice among Georgians as “a hero in our time.” Saakashvili received only 2 percent of the votes. *The Messenger*, no. 119 (June 3, 2005).