

# Georgia's post-soviet transformation

## THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

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### Analysis

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**Robert Steenland,**  
CIR Associate & Analyst

Born in the Netherlands. He holds a double degree master in European Governance and Politics and Public Administration from the University of Konstanz and Utrecht University, as well as bachelor's in Law & Economics and International Relations from Leiden University. He has a special interest in Eastern Europe and wrote his master thesis before about Georgia's democratisation process.

**Givi Gigitashvili,**  
Consultant at Ecorys  
Polska

Born in Georgia. He holds an MA degree in EU-Russia Studies from the University of Tartu. Previously, Givi has been engaged with several think tanks in Kyiv (Maidan of Foreign Affairs), Riga (Latvian Institute of International Affairs), Berlin (Institute of European Politics) and Warsaw (Center for Social and Economic Research). The main fields of Givi's interests include post-Soviet politics, EU-Russia relations and Eastern Partnership Program.

**Recent high-profile political currents around Georgia's former President Mikheil Saakashvili, including his detention in Ukraine and deportation to Poland have put him in the international media spotlight again. The role he played in Georgia's transformation of the state, democracy and economy between 2004-2013 and then his short political career in Odessa and Kiev have made him one of the more prominent, yet also controversial figures of 21st century post-Soviet politics. He is out of the game since February 2018 but his name still raises emotions both in his country and abroad. In this analysis, an objective evaluation of his contested legacy in Georgia will be made to answer the following question: how did Georgia's transformative processes of state-building, democratisation and economic development progress under Mr. Saakashvili? Doing so, we will first provide some background and context, before analysing Georgia's transformation during Saakashvili's presidency, and ending with our conclusions.**

December 2017's straight-out-of-an-action-film detention of Mr. Saakashvili in Kiev – when not only was he temporarily taken back from the law enforcement by his supporters, but also threatened jumping off a roof should the prosecutors not back down – was perhaps as good a symbolic representation of his turbulent political path. But no one denies he had been a leader of Georgia's transformative processes of state-building, democratisation and economic development. The time he was in power, from the Rose Revolution of 2003 up until 2013, which marked the end of his second Presidential term has often been debated<sup>1</sup>, raising many emotions and controversies until today.

## The road to the Rose Revolution

The Post-Soviet era was one of the more turbulent periods in Georgia's history. Two separatist wars in Abkhazia (1992 -1993) and South Ossetia (1991-1992) coupled with a civil war in Tbilisi (1991-1992) devastated the country. Between 1990 and 1995 Georgia's Gross Domestic Product (GDP) shrunk by 78%<sup>2</sup> and its government was unable to exert full control over its territories, let alone provide basic services to its citizens.

The job of restoring stability and prosperity fell on Eduard Shevardnadze, a former Foreign Minister of the Soviet Union, who led the Georgian Parliament (1992-1995) and later became president of the country (1995-2003). While he did succeed in restoring some territorial control and sta-

<sup>1</sup> De Waal, Thomas & Antelava, Natalia. 2013. *Debating Saakashvili: An Exchange on the Georgian President's Legacy*. Carnegie Europe. [Link](#).

<sup>2</sup> Tsikhelashvili Ketevan et al. 2012. *The Economic Transformation of Georgia in its 20 years of Independence*. European Initiative – Liberal Academy Tbilisi. [Link](#).

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

3

bility in most parts of the country – as well as in implementing some much-needed economic reforms – by the end of his term in 2003, Georgia was still a weak, stagnant state with the shadow economy reaching its peak of 86%.<sup>3</sup>

On top of that, the police was essentially functioning as a mafia organisation and lawlessness was prevalent across the country.<sup>4</sup> Moreover, while a relative media freedom was respected during Mr. Shevardnadze's early period and civil society had room to function, he later reversed democratic reforms, rigged elections, and attempted to curb the media freedom.<sup>5</sup> Consequently, the final years of his rule were characterised by increasing authoritarianism, as well as deepening corruption and criminality, laying the fertile ground for revolution.

<sup>3</sup> Ibidem.

<sup>4</sup> King, Charles. 2001. *Potemkin democracy: Four myths about post-Soviet Georgia*. *The National Interest* (64): pp 100-103.

<sup>5</sup> Ibidem.

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

4

#### The Rose Revolution

In the early 2000s, Mr. Shevardnadze was losing support not only among the public, but also amongst allies, whom at that point included a young reformer Mikheil Saakashvili. Disillusioned by his mentor, Mr. Saakashvili established his own party, United National Movement (UNM) in 2001, and left Mr. Shevardnadze's Citizens Union of Georgia coalition. Two years later, when it was revealed the November 2003 Parliamentary Elections were rigged by Mr. Shevardnadze and his cronies, Mr. Saakashvili led thousands of Georgians in a protest that resulted in the ousting of the former.<sup>6</sup> This event became known later as the Rose Revolution.

The historical Presidential Elections that followed in January 2004 led to a crushing victory of Mr. Saakashvili, and in March 2004, his party won the majority of seats in the Parliamentary Elections, after which he pursued an ambitious strategy to transform the country. The subsequent part of this analysis discusses and evaluates various reforms undertaken by Mr. Saakashvili.

<sup>6</sup> De Waal, Thomas. 2010. *The Caucasus: an introduction*. Oxford University Press. P. 190-191.

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

5

#### State-building

In 2003, Georgia was a weak and extremely corrupted state. Maintaining territorial control was a serious challenge for the country.<sup>7</sup> South-Ossetia and Abkhazia all but broke away from the country, the Adjara autonomous republic in South-Western Georgia was ruled by strongman Aslan Abashidze, and criminal gangs wielded the real power in the regions of Samegrelo and Svaneti. Moreover, the state struggled controlling its borders and border regions such as the Pankisi Gorge, which was used as a safe haven by terrorists and rebels from Chechnya. On top of that, Russian troops resided in different regions of the country, while the Georgian army was fragile, underfunded, and underfed, as a result of which mutinies across various units were common.<sup>8</sup>

Possessing the monopoly on the legitimate use of force along with a capable state apparatus is essential for a country's statehood, whereas institutional and administrative capacity to implement and enforce policies is

<sup>7</sup>Cheterian, Vicken. 2008. *Georgia's Rose Revolution: Change or Repetition? Tension Between State-Building and Modernization Projects*. Nationalities papers, 36(4). P. 694.

<sup>8</sup>Ibidem.

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

6

crucial for strengthening the state (as noted by Weber).<sup>9</sup> Mr. Saakashvili took his job seriously, comparing himself to the Georgian King David the Builder, who brought the Caucasus under his control in the 11<sup>th</sup> and 12<sup>th</sup> century.<sup>10</sup> Restoring the state's territorial integrity was a main goal of his presidency. Acknowledging the state reserves were “absolutely empty”, he also promised to take drastic measures to refill them.<sup>11</sup> In addition, he pledged to transform the political system, root out corruption, and build an efficient government.

To fulfil his promises, Mr. Saakashvili re-asserted state control over the Adjara region in May 2004, by forcing the authoritarian regional leader Aslan Abashidze to leave the country and flee to Russia. Subsequently, in 2005, he eventually managed to restore control and stability in Pankisi Gorge and one year later reached an agreement with the Kremlin, based on which Russian troops were to leave the country by 2007 (except Abkhazia and South Ossetia). Mr. Saakashvili's government also conducted an operation in Kodori Gorge, Northern Georgia, and expelled the local warlord Emzar Kviciani from the country and restored the state jurisdic-

<sup>9</sup> Lemay-Hébert, Nicolas. 2013. *Rethinking Weberian approaches to state-building*. In *Routledge Handbook of International State-building*, pp. 3-14. Eds. Chandler, David, and Sisk, Timothy D. Routledge: New York.

<sup>10</sup> Civil Georgia. 2004b. *President Saakashvili's Inauguration Speech*. [Link](#).

<sup>11</sup> Civil Georgia. 2004a. *Saakashvili's Vows Improvements with Drastic Measures*. [Link](#).

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

7

tion there. The state's presence was also strengthened in areas inhabited by Armenian and Azerbaijani national minorities in Southern Georgia. Finally, he strengthened the military by increasing its budget from 0.8% to 8% of GDP.<sup>12</sup> These actions clearly improved the state's monopoly on violence.

While the use of law enforcement allowed Mr. Saakashvili to restore control, its abuse – which oftentimes included political repressions – undermined his authority and with it, the newly transforming Georgian state. This includes the protests of 2007 in Tbilisi, which were forcefully dispelled, culminating in a state of emergency. Mr. Saakashvili eventually resigned and announced early elections.<sup>13</sup> While he was subsequently re-elected, he lost nearly half of the votes he had, with his support down from 96% in 2004 to 53% in 2008. Protests in 2011 were repressed with violence as well, further weakening his authority.<sup>14</sup>

However, a big setback for Georgia's control of its territories took place following blunders that led to a war with Russia over the separatist region

<sup>12</sup> Berglund, Christofer. 2013. *Georgia between Dominant-Power Politics, Feckless Pluralism, and Democracy*. *Demokratizatsiya*, 22(3), 445-470.

<sup>13</sup> Freedom House. 2008. *Nations in Transit, Georgia*. [Link](#).

<sup>14</sup> Freedom House. 2012. *Nations in Transit, Georgia*. [Link](#).

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

8

of South-Ossetia in August 2008. By wrongly choosing military force,<sup>15</sup> Mr. Saakashvili fell into the Russian trap.<sup>16</sup> An EU financed independent report concluded Georgian forces started the military attack against South Ossetia.<sup>17</sup> Nonetheless, Russia had continuously provoked Georgia before and disproportionately retaliated, invading other parts of the country.<sup>18</sup> Russian bombardments also heavily damaged its infrastructure. A cease-fire agreement brokered by the then French President Nicolas Sarkozy prevented further escalation and ended the conflict. However, Russia subsequently recognised South-Ossetia and Abkhazia as independent states and significantly reinforced its control and military presence in these regions, crushing Georgia's hopes to regain control over them.

Regarding the state apparatus, Mr. Saakashvili strengthened it by swiftly dealing with corruption. The highly corrupt traffic police was replaced with a better-trained and paid patrol police, and the police in general was transformed into an effective crime-fighting force with significant coer-

<sup>15</sup> It must be said that Georgia was already facing provocations from Russia a year prior to the war, including killings and explosions in these regions.

<sup>16</sup> Emerson, Michael. 2008. *Post-Mortem on Europe's First War of the 21st Century*. Centre for European Policy Studies. CEPS Policy Brief No. 167

<sup>17</sup> Independent International Fact-Finding Mission on the Conflict in Georgia. 2009. [Link](#).

<sup>18</sup> EUobserver. 2009. *EU-sponsored report says Georgia started 2008 war*. [Link](#).



### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

9

cive capabilities.<sup>19</sup> Sweeping public sector reforms were also pursued, cutting red tape and tackling bribery.<sup>20</sup> These, alongside other measures such as education reform that decertified many corrupt private colleges, led to a sharp decline in corruption: in 2003 Transparency International's Corruption Perceptions Index ranked Georgia 127<sup>th</sup> out of 133 countries, while in 2012 it was placed 51<sup>st</sup> out of 174 countries,<sup>21</sup> putting it on par with the Visegrad group states. Figure 1 shows the progress in attributed corruption scores<sup>22</sup> between 2003-2012.

<sup>19</sup> Fairbanks, Charles H. & Gugushvili, Alexi. 2013. *A New Chance for Georgian Democracy*. *Journal of Democracy* 24 (1): 116-127.

<sup>20</sup> Kapatadze, Alexander. 2016. *Georgia's Break with the Past*. *Journal of Democracy* 27 (1): 110-123.

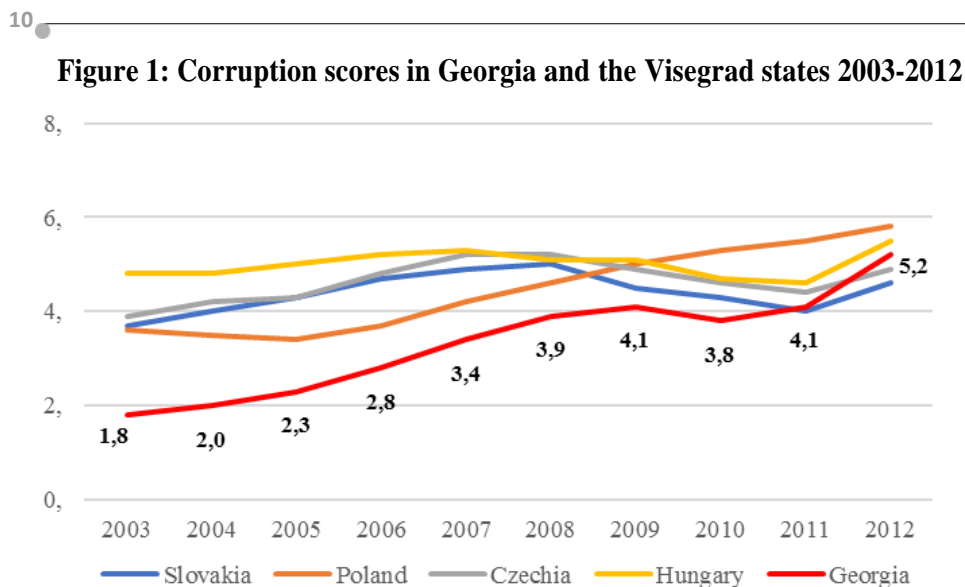
<sup>21</sup>In Transparency International's Corruption Perception Index ranking system, countries are ranked, with a lower number implying a higher rank, and a higher number implying a lower rank. For more information about methodology, see [Link](#).

<sup>22</sup>In the Transparency International Corruption Perception Index scoring system, countries are given scores, with 0 implying the country is completely corrupt and a score 10 implying the country is free of corruption. For more information about methodology, see [Link](#).

**GEORGIA'S POST-SOVIET TRANSFORMATION**

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili



Source: Corruption Perceptions Index (CPI), Transparency International

Finally, administrative capacities such as tax collecting were improved, with the value of taxes collected increasing by 700% between 2003 and 2008 and the number of taxpayers nearly tripling over the same period.<sup>23</sup> As a result, whereas in 2003 the state's tax revenues amounted to just 7% of GDP, by 2012 they tripled up to 24.1 %.<sup>24</sup>

<sup>23</sup> Mitchell, Lincoln A. 2009. *Compromising democracy: state building in Saakashvili's Georgia*. Central Asian Survey, 28:2. P. 175.

<sup>24</sup> World Bank Data. 2003-2012. *Georgia. Tax revenue (% of GDP)*. [Link](#).

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

11

### Democratisation

The transition of a less democratic regime to a more democratic one is what is generally understood as democratisation.<sup>25</sup> There are different ideas about the features of democracy, with some coming up with lists of 72 characteristics.<sup>26</sup> However, for this analysis we will focus on six main core characteristics of democratic transition: institutionalisation of democratic laws and institutions, fair elections, freedom of information and press, an independent judiciary, an active civil society and human rights. Mr. Saakashvili promised to create a democratic state in his inaugural speech on 25 January 2004, stating Georgia should serve as a paragon for democracy where all citizens are equal before the law. He also pledged to direct his country towards the EU.<sup>27</sup>

Despite these promises, Mr. Saakashvili showed little respect for democratic institutions. Instead, he focused on concentrating power in his hands.<sup>28</sup> Just two weeks after becoming the President, constitutional

<sup>25</sup> Lehoucq, Fabrice. 2012. *The third and fourth waves of democracy*. In *Routledge Handbook of Democratization*. Eds. Haynes, Jeffrey, New York: Routledge. P. 273.

<sup>26</sup> Held, David. 2006. *Models of Democracy*. 3rd ed. Stanford, CA: Stanford University Press.

<sup>27</sup> Civil Georgia. 2004b. *President Saakashvili's Inauguration Speech*. [Link](#).

<sup>28</sup> Freedom House. 2005. *Nations in Transit, Georgia*. [Link](#).

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

12

amendments were passed in Parliament, which laid the foundation for a “hyper-presidential” system: legislative powers of the Parliament were curbed, and the Prime Minister and its Cabinet were made subordinate to the President (who often dismissed them).<sup>29</sup> Rather than institutionalising democracy, Mr. Saakashvili entrenched power. As he planned to continue his rule in the country as Prime Minister after the end of his 2<sup>nd</sup> Presidential term in 2013, in 2010 he and his party introduced amendments to the Georgian constitution (effective after the 2012 Parliamentary Elections),<sup>30</sup> introducing a “super-prime-minister” system.<sup>31</sup> However, the plan backfired, as Mr. Saakashvili’s party lost the elections.

Elections in Georgia often lacked a competitive environment as observed by the OSCE during the 2004<sup>32</sup> and 2008<sup>33</sup> Parliamentary elections. Electoral laws and election commissions were politicised, whereas state resources were used to the advantage of Mr. Saakashvili and his party.<sup>34</sup> For

<sup>29</sup> Broers, Laurence. 2005. *After the ‘revolution’: civil society and the challenges of consolidating democracy in Georgia*. Central Asian Survey, 24(3). P. 345.

<sup>30</sup> Jones, Stephen. 2013. *Georgia, a political history since independence*. New York: I.B. Tauris & Co. Ltd, p. 150.

<sup>31</sup> Freedom House. 2011. *Nations in Transit, Georgia*. [Link](#).

<sup>32</sup> OSCE. 2004b. *Georgia Partial Repeat Parliamentary Elections 28 March 2004: Election Observation Mission Report, Part 2*. for Democratic Institutions and Human Rights. [Link](#).

<sup>33</sup> OSCE. 2008b. *Georgia Parliamentary Elections 21 May: OSCE/ODIHR Election Observation Mission Final Report*. Office for Democratic Institutions and Human Rights. [Link](#).

<sup>34</sup> Freedom House. 2007. *Nations in Transit, Georgia*. [Link](#);

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

13

instance, local elections were turned into a winner-takes-all system that favoured Saakashvili's UNM party.<sup>35</sup> In addition, a new electoral law led to more majoritarian parliamentary seats, from which UNM benefitted during the 2008 Parliamentary Elections.<sup>36</sup> However, the asymmetric odds were turned around in 2012, when billionaire philanthropist Bidzina Ivanishvili beat UNM by unifying the opposition in a coalition for which he provided massive funding.

Regarding media freedom, progress was initially made in the begin by the decriminalisation of libel and defamation as well as through increased protection for journalists.<sup>37</sup> However, not much later it deteriorated due to the closure of certain media outlets (Iberia and the Ninth Channel), whereas others faced indirect control (Rustavi 2, IMEDI TV) by Mr. Saakashvili's associates. Critical political TV shows also stopped.<sup>38</sup> Consequently, press freedom became worse than before the Rose Revolution.<sup>39</sup> At one point, most media were either under direct or indirect control of

<sup>35</sup> OSCE. 2006. *Georgia Municipal Elections 5 October 2006: OSCE/ODIHR Limited Election Observation Mission Final Report*. Office for Democratic Institutions and Human Rights. [Link](#).

<sup>36</sup> OSCE. 2008b. *Georgia Parliamentary Elections 21 May: OSCE/ODIHR Election Observation Mission Final Report*. Office for Democratic Institutions and Human Rights. [Link](#).

<sup>37</sup> Freedom House. 2005. *Nations in Transit 2005: Georgia*. [Link](#).

<sup>38</sup> Freedom House. 2008. *Nations in Transit 2008: Georgia*. [Link](#).

<sup>39</sup> Transparency International. 2009. *Television in Georgia – Ownership, Control and Regulation*. [Link](#).

## GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

14

the government.<sup>40</sup> However, following the 2011 protests, internal and external pressure led to an agreement that allowed more plural representation in the state media, although weakly enforced.<sup>41</sup> Furthermore, UNM's media dominance was seriously challenged after Mr. Ivanishvili's takeover of a significant amount of media outlets.<sup>42</sup> Freedom House's Freedom of the Press Index<sup>43</sup> illustrates the wobbly path Georgia made throughout this period (Figure 2).

**Figure 2: Georgia's Press Freedom Scores 2003-2013**



*Source: Freedom of the Press Index, Freedom House*

<sup>40</sup> Bertelsmann Stiftung. 2010. *Bertelsmann Transformation Index (BTI) Georgia Country Report*.

<sup>41</sup> Bertelsmann Stiftung. 2014. *Bertelsmann Transformation Index (BTI) Georgia Country Report*.

<sup>42</sup> Freedom House. 2013. *Nations in Transit, Georgia*. [Link](#).

<sup>43</sup> In Freedom House's Freedom of the Press Index, countries are scored 0-100, with 0 implying press freedom being completely free and 100 reflecting the worse press freedom, being completely closed. Read more on its methodology here – [Link](#).

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

15

Between 2004-2012, the judiciary remained largely under the control of Mr. Saakashvili and his party. Initially, attempts were made to improve the independence of the judiciary by preventing bribes through salary increases. However, a fair process was rarely realised: basic rights were neglected, and people were sent to prison for minor crimes.<sup>44</sup> The judiciary was used as a tool to confiscate property, prosecute and put political opponents in prison, including high-level opposition members, such as a former defence minister and a former close aide of the President, both of which were political opponents of Saakashvili.<sup>45</sup> These practices continued throughout Mr. Saakashvili's presidencies.

The problem with the judiciary brings us to human rights. Immediately after coming to power, Mr. Saakashvili declared a "zero-tolerance" policy towards crime, justified by the need to tackle local mafia and organised crime. However, it was done at the cost of serious human right breaches.<sup>46</sup> This policy quadrupled the amount of people in prisons, which went from 6,119 in 2003 to 24,114 in 2011, making Georgia the top 4th incarcerator per capita in the world.<sup>47</sup> Furthermore, the average sentence handed down

<sup>44</sup> Freedom House. 2006. *Nations in Transit, Georgia*. [Link](#).

<sup>45</sup> Bertelsmann Stiftung. 2010. *Bertelsmann Transformation Index (BTI) Georgia Country Report*.

<sup>46</sup> Kupatadze, Alexander. 2013. *Police Reform in Georgia*. *Caucasus Social Science Review* (1):1

<sup>47</sup> *Ibidem*.

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

16

in criminal courts soared from one year in prison in 2005 to five years by 2008.<sup>48</sup> In addition, the securitisation of the political regime led to excessive use of force by the police, which violently dispersed the demonstrations in 2007, 2011 and cracked down on political opponents, including journalists.

Civil society was traditionally strong in Georgia and played an important role in the Rose Revolution. Initially, it was given more freedom by Mr. Saakashvili. This included deregulation, easier tax codes and establishing platforms for NGOs.<sup>49</sup> At the same time, many civil society actors moved to the government, which weakened it.<sup>50</sup> There was also a serious issue of partisanship, as the government opted to merely cooperate with pro-government civil society actors.<sup>51</sup> During Mr. Saakashvili's second presidency, civil society actors also lost coverage in the media and were less involved by the government.<sup>52</sup>

<sup>48</sup> Slade, G. & Kapatadze, A. 2014. *The failed "mental revolution": Georgia, crime and criminal justice*. Open Democracy. [Link](#).

<sup>49</sup> Jones, Stephen. 2013. *Georgia, a political history since independence*. New York: I.B. Tauris & Co. Ltd. P. 138.

<sup>50</sup> Broers, Laurence. 2005. *After the 'revolution': civil society and the challenges of consolidating democracy in Georgia*. *Central Asian Survey*, 24(3). P. 345.

<sup>51</sup> Bertelsmann Stiftung. 2008. *Bertelsmann Transformation Index (BTI) Georgia Country Report*. [Link](#).

<sup>52</sup> Jones, Stephen. 2013. *Georgia, a political history since independence*. New York: I.B. Tauris & Co. Ltd. P. 138.



### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

17

Overall, Mr. Saakashvili was ambiguous on whether democracy was his favoured model, sometimes preferring Georgia to become like Estonia, while also admiring Singapore's authoritarian model.<sup>53</sup> He seemed to favour the latter mostly, as Mr. Saakashvili established a one-party state and turned his political party UNM into his personal vehicle, with little room for opposition.<sup>54</sup> Furthermore, he seriously and structurally undermined the opposition. His increasing authoritarian regime turned people against him, with the final nail in the coffin being the disclosure of widespread violations of human rights in Georgian prisons.<sup>55</sup> The latter has been considered as a key reason his party lost the elections in 2012.<sup>56</sup>

The defeat of Mr. Saakashvili's UNM party by Mr. Ivanishvili's Georgian Dream coalition during the 2012 Parliamentary Elections put an end to his almost decade rule in Georgia. Arguably, his loss was also part of the legacy he left, as the elections were Georgia's first peaceful transfer of power and he made no serious attempt to stay in power.<sup>57</sup> Little influence

<sup>53</sup> Civil Georgia. 2011. *Saakashvili: 'Singapore, Estonia - Examples for Georgia'*. [Link](#).

<sup>54</sup> Freedom House. 2007. *Nations in Transit, Georgia*. [Link](#).

<sup>55</sup> In September 2012, leaked videos showed sexual humiliation, torture, beatings, and ill-treatment of prisoners by the guards, all of which triggered outrage among the people. See also: Slade, Gavin. 2012. *Georgia's prisons: roots of scandal*. Open Democracy. [Link](#).

<sup>56</sup> Fairbanks Charles. H. & Gugushvili, Alexi. 2013. *A new chance for Georgian Democracy*. *Journal of Democracy*, 24(1): 116-127.

<sup>57</sup> The Guardian. 2012. *Georgia's president Saakashvili concedes election defeat*. [Link](#).

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

18

that he still had after his party lost the elections effectively ended in November 2013, when he finished his second presidential term and was succeeded by the Georgian Dream's Presidential candidate. In his final years in power, his approval rate also dropped from 74% in 2011 to 63% in 2012, before crashing to a mere 22% in 2013.<sup>58</sup>

### Economic development

Mr. Saakashvili made headway implementing US style neo-liberal reforms to attract investments and generate economic growth, including deregulation, tax cuts, trade liberalisation and privatisation.<sup>59</sup> As part of deregulation reforms, the number of various permits and licenses required from businesses and individuals was reduced by 84% – from 909 to 137, the number of procedures for registering properties or businesses was minimised and the access to public services was simplified.<sup>60</sup> Taxes were also heavily lowered: the VAT rate went down from 20% to 18%, person-

<sup>58</sup> Gallup. 2013. *Georgian President Saakashvili Exits With Few Fans*. [Link](#).

<sup>59</sup> Tsikhelashvili Ketevan et al. 2012. *The Economic Transformation of Georgia in its 20 years of Independence*. European Initiative – Liberal Academy Tbilisi. [Link](#).

<sup>60</sup> Ibidem.

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

19

al income and social tax from 45-53%<sup>61</sup> to 20%, corporate income tax from 20% to 15% and dividend and interest income tax from 10% to 5%.<sup>62</sup> In addition to this, the number of taxes was slashed and reduced from 22 to 5.<sup>63</sup>

Privatisation was at the heart of these neo-liberal reforms, as many state-owned properties were sold, with little restriction for the so-called strategic objects.<sup>64</sup> This increased the private sector's share in the country's GDP from 8.7% in 2003 to 37.9% in 2012.<sup>65</sup> Foreign direct investment also increased from nearly 335 million (current USD) in 2003 to 831 million in 2012, with a spike of 1,878 million in 2007 prior to the war and the global financial crisis.<sup>66</sup> An ambitious liberalisation of the economy took place as well: regulations import-export, tariffs were simplified and

<sup>61</sup> Personal income tax and social tax used to be separate taxes, before being merged into one personal income tax.

<sup>62</sup> PwC. 2011. *Georgia Pocket Tax Book 2011*. [Link](#); Bilan, Olena. 2015. *Tax Reform in Georgia: Lessons for Ukraine*. VoxUkraine. [Link](#).

<sup>63</sup> World Bank Data. 2012. *Georgia: Tax payments (number)*. [Link](#).

<sup>64</sup> Tsikhelashvili Ketevan et al. 2012. *The Economic Transformation of Georgia in its 20 years of Independence*. European Initiative – Liberal Academy Tbilisi. [Link](#).

<sup>65</sup> World Bank Data. 2003-2012. *Domestic credit to private sector (% of GDP)*. [Link](#).

<sup>66</sup> World Bank Data. 2003-2012. *Foreign direct investment, net inflows (BoP, current US\$)*. [Link](#).

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

20

trade and investment relations were diversified and improved with free trade agreements.<sup>67</sup>

The above-mentioned reforms led to big jumps in international indexes: between 2004-2013 Georgia jumped from 112<sup>th</sup> place to 16<sup>th</sup> place globally in the Ease of Doing Business Index and the Economic Freedom Index elevated the country from 78<sup>th</sup> place in 2004 to 21<sup>st</sup> position in 2013 out of 177, nearly catching up with the US.<sup>68</sup> Overall, the economy became more competitive as well, moving from 94<sup>th</sup> place (out of 104) in 2004-2005 to 77<sup>th</sup> place (out of 144) in the 2012-2013 Global Competitiveness Index by the World Economic Forum.<sup>69</sup>

Georgia improved its positions on other economic indicators as well. The Human Development Index (HDI) showed Georgia's transition from a medium human development country to a high human development country, with its HDI value increasing from 0.694 in 2003 to 0.755 in 2012 according to UNDP data.<sup>70</sup> Looking at Georgia's Gross Domestic Product (GDP), this increased from a mere 3,911 billion (current USD) in 2003 to

<sup>67</sup> Tsikhelashvili Ketevan et al. 2012. *The Economic Transformation of Georgia in its 20 years of Independence*. European Initiative – Liberal Academy Tbilisi. [Link](#).

<sup>68</sup> Heritage Foundation. *Index of Economic Freedom*. [Link](#).

<sup>69</sup> World Economic Forum. 2012. *The Global Competitiveness Report 2012–2013*. [Link](#).

<sup>70</sup> UNDP. *Human Development Data*. [Link](#).

**GEORGIA’S POST-SOVIET TRANSFORMATION**

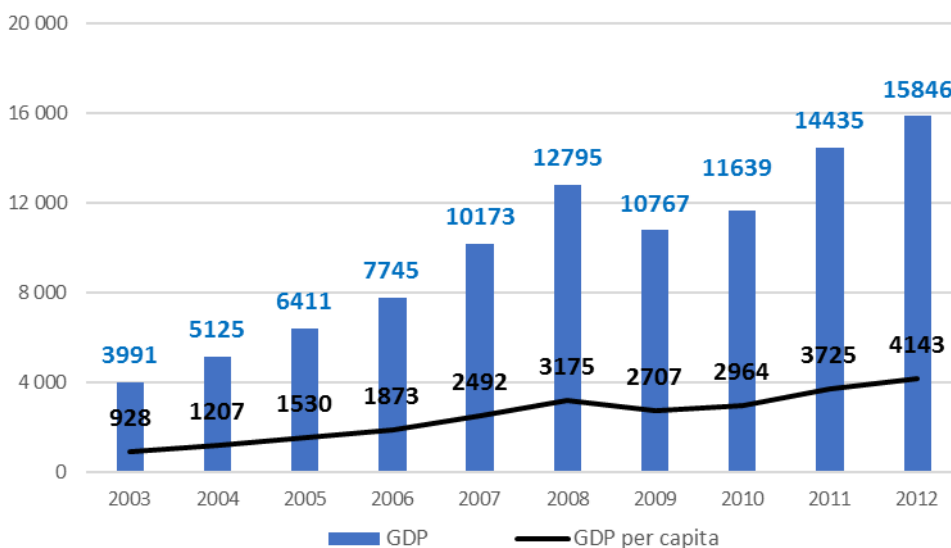
THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

21

15,846 billion in 2012. In addition, Georgia experienced consistent high economic growth rates of 6-12%, apart from 2008-2009. GDP per capita also steadily increased during Saakashvili’s decade in power, quadrupling by 2012 compared to 2003, as can be seen in Figure 3.

**Figure 3: Georgia’s Global Domestic Product growth  
(total in billions of current USD, per capita in current USD)**



Source: World Bank Data

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

22

However, Georgia's economic reforms were criticised for being overly neo-liberal. At one point, Georgia had the most liberal labour code in the world, which made it very easy to fire workers and gave employers significant leverage. Furthermore, inequality rose, poverty remained and unemployment did not decrease.<sup>71</sup> According to World Bank statistics, in 2003, 1.4 million people in Georgia lived below the national poverty line and by 2011, this number decreased only marginally to 1.3 million people. Furthermore, the unemployment rate also remained sky-high throughout Mr. Saakashvili's rule. Despite economic growth, the unemployment rate increased from 11.5% in 2003 to 15% in 2012 according to World Bank Data.<sup>72</sup> In addition, these figures are overoptimistic ones, provided by the Georgian government, as they tweaked unemployment figures favourable of those working in the rural areas of Georgia. Unemployment could otherwise be over 50%,<sup>73</sup> showing an even bleaker pic-

<sup>71</sup> Cheterian, Vicken. 2008. "Georgia's Rose Revolution: Change or Repetition? Tension Between State-Building and Modernization Projects". *Nationalities papers*, 36(4). P. 705.

<sup>72</sup> World Bank Data. 2003-2012. Unemployment, total (% of total labor force) (modeled ILO estimate). [Link](#).

<sup>73</sup> Jones, Stephen. 2013. *Georgia, a political history since independence*. New York: I.B. Tauris & Co. Ltd. P. 202.

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

23

ture.<sup>74</sup> Inequality has also increased in the country between 2003-2012, with the Gini coefficient increasing from 36.7 in 2003 to 38.8 in 2012.<sup>75</sup>

Therefore, whereas Georgia's economy made significant progress in different areas and the country's positions on international rankings increased, this did not directly lead to a better life for most people, as many were still living in poverty. Nonetheless, the transformation of the economy was significant, despite the double rupture of the 2008 war and the financial crisis.

### Conclusions

Many discussions have been held on Mr. Saakashvili's mixed legacy. He turned out to be more focused on centralising power and building a strong state, rather than creating a stable and pluralist democratic system, whereas his mostly neo-liberal economic reforms did not lead to the type of inclusive economic growth for the benefit for everyone.

<sup>74</sup> This was confirmed in a 2012 poll that showed 45% of the population considered themselves as unemployed and looking for a job, whereas an additional 12% were also unemployed but either not looking (8%) or not interested (4%). An additional 10% stated they were "housewives". Read more here: National Democratic Institute. 2012. Public attitudes in Georgia: Results of a February 2012 survey carried out for NDI by CRRG. [Link](#).

<sup>75</sup> World Bank Data. 2003-2012. Georgia, GINI Index (World Bank Estimate). [Link](#).

### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

24

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Mr. Saakashvili's early actions were praised for strengthening the state, regaining the state's monopoly on violence and tackling the mafia's. He significantly reduced corruption and proved that the state could perform basic tasks again, such as tax collection and providing basic government services. Not less importantly, he strengthened the military and police, which arguably secured the survival of the state. However, by falling into the Russian trap and invading South-Ossetia, the country suffered from Russia's military response and lost most hope of reuniting its separatist regions.

Whereas many people continued to follow and vote for Mr. Saakashvili and UNM party, authoritarian behaviour did undermine his government and made him lose support in 2008. His increasing violation of human rights had an expiration date that finally ended with the prison scandal in 2012, culminating in his ultimate loss of power. Nonetheless, it must be said Mr. Saakashvili was sometimes reactive to the protests or pressure by the West. Furthermore, he left one important gift for Georgia's democracy in 2012, as he allowed the first democratic and peaceful transfer of power to the Georgian Dream coalition that had beaten UNM, and after stepping down in 2013 without violence.

In addition, if one takes into consideration how Georgia looked like when Mr. Saakashvili took over, which at the time was a fragile state, the pro-



### GEORGIA'S POST-SOVIET TRANSFORMATION

THE ROLE AND LEGACY OF MIKHEIL SAAKASHVILI

| Robert Steenland, Givi Gigitashvili

25

gress the country made is stunning, including its economic development, which has put the state in a much better shape. Despite Mr. Saakashvili's serious flaws, he did leave a legacy without which Georgia could have looked completely different. For this reason, Thomas De Waal stated the following about Saakashvili in 2012: "He's been a transformational figure for Georgia, and everyday life there is in many ways a lot better now than when he came to power."<sup>76</sup>

However, whereas he did leave a positive legacy overall, he could and should have done more to strengthen democracy, entrench checks and balances and avoid military conflict. As Marc Behrendt of Freedom House put it: "He could have been the Vaclav Havel of Eurasia if he had been true to the principles."<sup>77</sup>

| Robert Steenland, Givi Gigitashvili

<sup>76</sup> Radio Free Europe. 2012. *Georgia's Peaceful Transition Election A Victory For Saakashvili's Legacy*. [Link](#).

<sup>77</sup> Foreign Policy. 2017. *The Man Without a State*. [Link](#).

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CENTRE FOR INTERNATIONAL RELATIONS ul. Mokotowska 1, 00-640 Warszawa t: +48 22 628 40 02

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