

Deep In Depression, Georgia Faces Elections

by Vladimir Kilasonia

Parliamentary elections are scheduled for Autumn 2003 in Georgia, the Caucasus Mountains country that figures prominently in military calculations about western Eurasia, as well as in energy geopolitics. Electioneering has already begun, against a backdrop of economic and social crisis.

At the moment of its independence from the dissolving Soviet Union in 1991, Georgia had a population of 5.5 million, over 1,100 industrial plants, an advanced agriculture, and a developed economic infrastructure, including a well-functioning transport network. In many parts of the world, there was demand for Georgian products: wine, tea, mineral water, manganese, and other commodities. With its unique climatic conditions and geography, Georgia was a land of mountain resorts and picturesque valleys; it was a world leader in hydro-electric potential. Georgian scientific work, in such fields as mathematics, physiology, ethnography, and linguistics, was up to the highest European standards.

IMF Path to Misery

Today, however, the country is in miserable condition. It has lost control over parts of its territory, including the Black Sea coastline of Abkhazia, as well as South Ossetia. Separatist tendencies have also emerged in southern Georgia, in Javakheti, populated mostly by ethnic Armenians. Adjara, an autonomous district adjacent to Turkey, is developing its own policy, more and more independent from the Georgian government in Tbilisi and based primarily on close cooperation with Russia.

To these regional problems must be added the destabilization in Pankisi Gorge in eastern Georgia, which borders Russia in the mountains adjoining Chechnya, scene of the separatist insurgency over the past decade. Pankisi was historically populated by ethnic Chechens known as the Kists. Several years ago, Russian Chechens, fleeing the war, began to seek refuge at the homes of their relatives in Georgia. Soon there were thousands of Chechen refugees in Pankisi, mostly old people and children, but also guerrillas. The staging of raids into Chechnya from Pankisi has occasioned frequent, and ongoing, tension with Russia.

The situation in Georgia has also deteriorated because of the more than 300,000 refugees from earlier fighting in Abkhazia and South Ossetia (Samachablo). These people are living elsewhere in Georgia, deprived of shelter and finances, in an extremely miserable situation. Their tragedy has lasted

for over ten years. They are mostly engaged in small-scale trade in the major cities, while receiving small and irregular stipends from the government.

During the 1990s, the Georgian leadership tied the country's economy to the International Monetary Fund, taking its loans and blindly following its advice. A significant portion of funds disbursed never reached their destination, under conditions of rampant corruption.

Experts estimate the cost of the average monthly consumer market basket for Georgians at 150 lari (about \$68; 2.2 lari are equivalent to \$1). The average monthly pension in Georgia is 14 lari (\$6.43), or enough to purchase 28 loaves of bread. The salaries of state-sector employees range between 30 and 80 lari. Typical prices for other staples are 200 grams of butter, 2 lari; 1 kilogram of sugar, 1 lari; 1 kg of meat, 3-4 lari; 1 kg of cheese, 2-4 lari.

A great portion of the labor force has left the country, and people continue to leave, mostly to Russia, in order to be able to support their families. The size of this wave of emigration is estimated at between 800,000 and 1.5 million people.

Labor Party Takes On Privatization

Privatization, the watchword in Georgian economic policy, has contributed nothing to the national budget. During the first ten years of independence, a great number of facilities of strategic significance were sold at far below their real value. The most typical case is the Tbilisi city energy company. It was privatized as a joint-stock venture called AES Telasi, dominated by the notorious energy sharks of the United States-based company AES, despite the fact that the sale of such strategic facilities is in violation of Georgia's Constitution.

Shalva Natelashvili, chairman of the Labor Party, has been the most persistent of the Georgian politicians, in attempting to block rate-gouging by AES Telasi. At the end of December, Georgia's Constitutional Court ruled in favor of a legal suit filed by Natelashvili, and forbade AES Telasi to charge individual consumers more than 0.01 lari per kilowatt/hour during the Summer or 0.05 lari in the Winter—the current rate being 0.13 lari, when the power is even on. This decision was perceived by the population as a first victory for healthy political forces. Natelashvili and his party have gained popularity, as the 2003 election campaign gears up, and a Presidential election will follow in 2004.

There are 235 seats in the Georgian Parliament, some elected from party slates and some through individual district elections. Previous elections have been characterized by massive violations, the Labor Party having a particular bad history of its votes being stolen.

'Industry Will Save Georgia'

The line-up of major political forces may be roughly sketched nine months ahead of the elections. The present majority party in the Parliament is the Union of Citizens of



Georgia's economy has deteriorated so fast under the IMF "free market" of the 1990s, writes economist Kilosonya, that it has been losing sovereignty over parts of its territory—Abkhazia and then Ajaria along the Black Sea.

Georgia (UCG), firmly linked with President Eduard Shevardnadze, who founded it seven years ago. Today, the UCG is headed by State Secretary Avtandil Jorbenadze, a popular intellectual and politician, educated as a medical doctor. UCG is campaigning on promises that implementation of the multi-billion-dollar Baku (Azerbaijan)-Ceyhan (Turkey) oil pipeline project, running through Tbilisi, will generate millions in revenue for the Georgian budget, while providing numerous new jobs. British Petroleum is the lead Western firm on the Baku-Ceyhan project, with Unocal, Delta Hess, Eni, and others also involved.

The UCG also approves the government's invitation to U.S. defense specialists to train and equip the Georgian Armed Forces. Shevardnadze, meanwhile, has officially applied for NATO membership and makes much of cooperation with the United States in the post-Sept. 11 world. He and UCG also speak in favor of a certain degree of cooperation with Russia, attempting to pursue a flexible line toward a northern neighbor that at times seems aggressive.

A new party, called the National Movement, has become quite active. It is headed by ex-UCG activist Mikhail Saakashvili, the former Justice Minister, who was educated in Ukraine and the United States. Today, Saakashvili heads the legislative assembly of Tbilisi city. According to the most recent polls, the National Movement is the next most popular party, after the UCG and the Labor Party. Saakashvili's major campaign theme is the struggle against corruption, up to and including through the seizure of illegally acquired property, which has brought down on him charges of advocating "Bolshevik methods." The National Movement is strongly opposed to any moves made by the party of power, the UCG.

The New Democrats party, considered right of center, is

chaired by ex-Speaker of the Parliament Zurab Zhvania. An influential politician, Zhvania is regarded as a constructive politician: though opposed to the ruling class, he admits compromises, and appeals for dialogue with the authorities. There may also emerge a "rightist bloc" on the eve of the elections.

The left flank is dominated by the Labor Party, which is oriented towards meeting the social needs of the population, rolling back the results of privatization, and creating conditions for Georgia to pursue a foreign policy of "active neutrality."

Georgia's Socialist party, headed by Vakhtang Rcheulishvili, is oriented towards Western democracy in the form of so-called European socialism, and cooperates with the "party of power" on the solution of ethnic conflicts. In particular, Rcheulishvili, at the President's initiative, has been negotiating with leading Russian politicians to smooth Russian-Georgian frictions. At present, he is also involved in efforts to resolve the Georgian-Ossetian conflict.

Among the larger political parties, it is also necessary to mention the party of businessmen called "Industry Will Save Georgia," headed by a prominent business and philanthropic figure, Georgi Topadze. His organization is gaining popularity, speaking on behalf of the domestic producers and criticizing the dictates of the International Monetary Fund.

Lastly, the Revival Party, the leading political force in Adjara, also plays a significant role on the national level. This party, headed by Aslan Abashidze, often runs counter to the ruling majority. Adjara's relative independence from Tbilisi is largely based on its strategic location, the presence of a Russian military base on its territory, and Aslan Abashidze's personal connections in Moscow.

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