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A New Georgia? Corruption, Democracy, and Conflict

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On January 16th, 2004, the CSIS Russia and Eurasia program's Caucasus Initiative, along with the Transnational Crime and Corruption Center (TraCCC) at American University, hosted a seminar entitled "A New Georgia? Corruption, Democracy, and Conflict." Chaired by Celeste Wallander, Director and Trustee Fellow, Russia and Eurasia Program, CSIS, the panel was comprised of four distinguished speakers: Kenneth Yalowitz, Former U.S. Ambassador to Georgia and Director of the Dickey Center for International Understanding at Dartmouth College; Louise Shelley, Director of TRACCC; Sarah Mendelson, Senior Fellow at CSIS; and Cory Welt, Visiting Fellow at CSIS.

The seminar focused on prospects for stability and success under the new Georgian government. The seminar opened with an overview of the history of corruption in Georgia and proceeded to discuss new opportunities for reform, the impact of regional conflicts, and the role of civil society and NGOs.

A recurring theme was that corruption is not unique to Georgia and in fact was widespread in Soviet times. As Georgia tackles problems of corruption, so do Russia and other regional neighbors. Georgia's limited experience as a sovereign state prior to 1991 left the nation vulnerable to corruption, and despite progress through the 1990s, it was obvious that reforms in Georgia lacked a needed dynamism. Corruption limited foreign

and domestic investment and diverted funds, causing a shrinking of the economy and a decline in the standard of living. Corruption ran through all levels of government and society, stymieing both domestic and international programs attempting to address it. Enormous human and economic capacity within Georgia has been wasted; corrupt government departments include customs and tax, the transport sector, education, and energy. Programs were developed throughout the 1990s to combat corruption, but lack of high-level political support stymied their success. Current events in Georgia are part of a peaceful anti-corruption revolution tied to a rise in political awareness. The new leadership may be on the path of an anti-corruption revolution, if early indications are a harbinger. Many new ministers are good, decent people and replace some of the most corrupt officials. There have been efforts to stop smuggling, requests to freeze accounts to cease money laundering, and crime bosses have become targets. Still, the new government will face resistance as it attempts to remove the corrupt political and economic elite who profited under Shevardnadze, and still has a long way to go to address the conditions which give rise to the pervasive corruption that plagues Georgian society.

The change in government also affects prospects for the resolution of regional conflicts over Ajara, South Ossetia, and Abkhazia. Ajara is not a separatist or ethnic conflict, and the leadership (headed by Aslan Abashidze) is committed to maintaining ties with the Georgian state. The main points of contention concern the division of power and revenues. In the past, Abashidze had a tacit agreement with Shevardnadze, and an equilibrium prevailed; he could collect revenues as he saw fit. Now, such a relationship with the central government will be difficult to sustain. The new Georgian government was elected on an ideology of democratization, which is incompatible with the old relationship. If the new government is committed to anti-corruption policies, it will also be interested in regularizing the flow of revenue from Ajara. Whether the central Georgian government will be able to command greater influence in the region while Abashidze remains in power is an open question.

Although the conflict in Abkhazia overshadows the conflict with South Ossetia, it is more intractable, so the new Georgian leadership may wish to consider seeking a solution to South Ossetia first. Resolving the conflict over South Ossetia would boost the morale of the Georgian population and could make Abkhazia's position more problematic. It will not necessarily be easy to solve the conflict. The de facto leaders of South Ossetia are satisfied with the status quo, in large part because they financially benefit from it (as do the Georgian recipients of duty-free goods that pass through the region). At the same time, Georgia has considerably greater economic relations with South Ossetia than it does with Abkhazia, the de facto South Ossetian authorities have limited administrative control over their region, and there is a large Ossetian minority within Georgia. The separatist position of the de facto South Ossetian authorities is more difficult to sustain than that of the Abkhazians, and the new government could contrast that difficulty with the advantage of integration into Georgia on an autonomous basis. The new government has significant challenges to deal with in solving regional conflicts, but they also have opportunities.

The panel also addressed why foreign assistance and democracy building appeared to have such a large impact on Serbia in 2000 and on Georgia in 2003, but has had a much more limited role in Belarus, Russia, or Azerbaijan. Six conditions appear to be necessary to success. They included matching local activist demand with the supply on international expertise, good use of parallel vote tabulations, sufficient foreign assistance coupled with consistent U.S. foreign policy, domestic coalitions, a good use of and availability of the media, and the willingness of the security services not to use force. Some of these were particularly relevant to the Georgian experience. Georgia is an important reminder of the good that comes from matching local activists with likeminded international activists. On the demand side, foreign assistance is especially well targeted when it is responsive to local demand determined through public opinion surveys. Georgian activists were effective because they started listening to people and communicating with them. Democracy activists in Georgia were well funded, as were international groups working with them. Identifying the conditions under which democracy assistance has most impact makes it more efficient.

In conjunction with the regime change, the most encouraging development for sustainable democracy in Georgia is the emergence of civil society and youth groups. The new leadership must set a very strong personal example, root out corruption without resorting to political retribution, and begin a public education campaign to mobilize and engage the people. Programs that work are those driven by local demand. The example of Italy illustrates the need for temperance in the new anti-corruption initiatives. Tangible progress must be made, with the worst perpetrators being tried, but the initiatives must not be overly expansive or vengeful, or else they will create a backlash. The new government and civil society mechanisms must work together to put in place controls to prevent the excessive centralization of power. Georgian citizens must continue to hold their government accountable, ensuring that anti-corruption initiatives and other reforms occur fully within the democratic framework established by law. Changes in public consciousness must be supported, and sustained activism is needed to promote changes that are beneficial to the community. International governments and organizations must learn to balance mentoring with financial support. While financing is helpful, Georgia's main economic need is to replace crumbling infrastructure. Administratively, mentoring, knowledge, and technical assistance are more important than funding. International organizations should work on the ground to train people and further develop the kinds of exchange programs that were so vital to educating the new group of politicians. Georgians need the space to address challenges on their own; the cycle of blaming Russians and other external sources for their problems must be broken. Reformed programs that were shelved in the 1990s must be restored. The new Georgian leadership will need to deal with Russia, and it will need to gain full control over the Pankisi Gorge. Success for the new government will be measured in small steps, but that recognizable progress is necessary for continued support. The new government needs to ensure that the lights and heat stay on, that people have opportunities to improve their daily lives, and that small steps toward personal economic improvements are tangible. Georgia's citizens do not need to have all their problems solved overnight, but they do need to see that the new democratic government is creating the conditions for their lives to be better every day.