

## FPC Briefing: The Resignation of Bidzina Ivanishvili and the Future of Georgian Politics

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Last year Georgia made history when it became the first post-Soviet state outside of the Baltics to see a peaceful and democratic transfer of power. The ruling United National Movement (UNM) of President Mikheil Saakashvili, which had ruled since the Rose Revolution at the end of 2003, was defeated in parliamentary elections by the new Georgian Dream coalition of billionaire tycoon (and political neophyte) Bidzina Ivanishvili.

When he entered politics in late 2011, Ivanishvili declared that he would stay in front-line politics for just two or three years to end the “tyranny” of President Mikheil Saakashvili and restore Georgia’s political and economic stability – after that, he would step out of the limelight. Few believed him, but then most were reserving their judgment generally on Ivanishvili, an unknown political quantity. But after his coalition’s victory in October’s parliamentary elections, his political ambitions came under a closer spotlight.

With a political battle raging between Prime Minister Ivanishvili and President Saakashvili over the last year, talk of retirement seemed fanciful. However the question was brought up in June when Ivanishvili said<sup>1</sup> that he would step down when his arch-rival did so – “just a few days” after this October’s presidential election. He said that the presidential election would create a new situation in the country, one in which his help would no longer be needed. Of his ‘three duties’ – that of the prime minister, the leader of Georgian Dream, and a citizen of Georgia – he would<sup>2</sup> “give up the first two functions and spend all unallocated resources on the third function”. Those resources are his personal billions: equivalent to almost half of Georgia’s state budget.

But there were some very big caveats. Ivanishvili subsequently said<sup>3</sup> that if Georgia was still “in danger”, he would stay; if he was “unable to assure” Georgians about his move, he would stay; and if “I become convinced that it is important for me to stay where I am”, he would stay. “If there is even a slight sense of instability and if it triggers questions that it can cause [negative consequences] then of course I won’t quit”, he emphasised. Ample leeway to stay in the premiership.

And even if he does quit the post, he is not quitting public life, pointing out that “I sacrificed myself when I went into politics, and no-one should expect that I will leave the processes which are getting in order.”

What is evident is that he is planning a role outside of government, claiming that “My next and the most important task is to develop a healthy civil society sector”. Speculation about the need to develop a ‘European’ society in Georgia, in which media, NGOs, academia and the government all work in tandem suggests that he is, characteristically, thinking big about what comes next.

### **A Messiah Complex over ending the Messiah Complex**

Tom de Waal has written<sup>4</sup> that Georgia suffers from a “messiah problem” – a belief that only a single heroic individual, acting in a titanic struggle with evil, can ‘save’ the country<sup>5</sup>. Saakashvili self-consciously put himself into that mould, and so does Ivanishvili.

When he entered politics he claimed that “a force has appeared which can stop the government from moving the country towards catastrophe.” In office he has been equally grandiose. In one of his

<sup>1</sup> Democracy and Freedom Watch, Ivanishvili says he will leave after election, June 2013, <http://dfwatch.net/ivanishvili-says-he-will-leave-after-election-41563>

<sup>2</sup> Nazrin Gadimova, Ivanishvili: Georgian Dream nominee unrivalled at October elections, Azernews, September 2013, <http://www.azernews.az/region/59024.html>

<sup>3</sup> Civil Georgia, Ivanishvili on His Possible Resignation After Presidential Election, June 2013, <http://www.civil.ge/eng/article.php?id=26204>

<sup>4</sup> Thomas DeWaal, Georgia’s Political Shake Up: Enter the Oligarch, The National Interest, October 2011, <http://nationalinterest.org/commentary/georgias-political-shake-enter-the-oligarch-6066>

<sup>5</sup> This may partly reflect the legacy of Soviet political culture – as well as Georgia’s medieval, semi-legendary kings.



open letters<sup>6</sup> explaining his decision to quit, he says that “I would say it without any humble[ness] that I did everything almost without any mistakes”. Few other politicians would be bold enough to make that claim.

In the letter he also claims that society “should not be waiting for the messiah” - yet at the same time claims that resigning will be a great “personal example” for how the people should act. Speaking about his role as a citizen, he insists that there “should be no one-man show either in government or outside the government”, yet sees his social role “to establish such a society, which... after the elections permanently keeps efficiency of the elected government under the watchful eye”.

In other words, leaving power now will stop people from vesting all their hopes in a single man, or allowing the government *carte blanche* - and yet the power of his presence will contribute to the “professional growth of civil society actors” and give civil society new motivation. The overall tone is a paradox, part satisfied humility and part grandiose ambition. Clearly Ivanishvili feels that to end Georgia’s messiah complex, only a messiah will do<sup>7</sup>.

But the problem with being a messiah is that people keep pressing you to stay involved. In September polling (see below), 71% of likely voters in the presidential election disapproved of Ivanishvili’s decision to resign after the poll.

So it seems that the October election will not mark the end for Ivanishvili. Certainly, his claim that Georgia’s problems have been resolved within a year seems absurdly optimistic, and has led to criticism from some quarters, including Saakashvili. Some think that quitting now is evidence of failure – what’s more likely is a belief that, having transformed Georgia’s government, his mission is now to transform Georgian society.

### **The Political Landscape**

The months after Georgian Dream came to power were marked by bitter political fighting with the UNM. What the new parliamentary majority claimed was an impartial attempt to restore justice<sup>8</sup> and punish corrupt officials looked to the UNM – and to many outsiders – like a witch-hunt. President Saakashvili’s position and influence has become increasingly weakened<sup>9</sup>, with key allies sacked or jailed and the privileges of his office curtailed by the government.

That state of political warfare (which was, at any rate, an improvement on the actual warfare seen twenty years ago on the streets of Tbilisi) has simmered down for now, partly because all energies are now turning to the October elections. It has undoubtedly left the UNM a much-reduced force, but there are signs that it has also taken some of the lustre off Georgian Dream – and, more importantly, the economy (see below).

The future of this political landscape is likely to have an impact on Ivanishvili’s own plans. It seems clear that he will not retire if he feels that the situation is becoming destabilised or if the UNM wins the presidency and seems set on reversing his programme.

### **The Economy, Europe, and Russia**

The policy issue that gets the most outside attention, and which highlights the tension between Saakashvili and Ivanishvili, is the relationship with Russia and Georgia’s wider geopolitical orientation. The premier has consistently accused the president of blundering into the 2008 war

<sup>6</sup> Civil Georgia, PM on His Intended Pre-Term Resignation, September 2013 [http://www.civil.ge/eng\\_old/article.php?id=26408](http://www.civil.ge/eng_old/article.php?id=26408)

<sup>7</sup> Eastern Approaches, Bidzina is not the messiah, The Economist, September 2013, <http://www.economist.com/blogs/easternapproaches/2013/09/georgian-politics>

<sup>8</sup> Damien McGuinness, Georgia under Bidzina Ivanishvili: Justice or revenge? December 2012 <http://www.bbc.co.uk/news/world-europe-20599038>

<sup>9</sup> Civil Georgia, Ivanishvili Says to Seek Cutting Saakashvili’s Powers, November 2012, <http://www.civil.ge/eng/article.php?id=25471>

with Russia, and by his arrogance ensuring that Euro-Atlantic integration is further away than ever. Saakashvili, for his part, has accused Ivanishvili of being a Russian stooge, and of throwing away Georgia's European aspirations in exchange for rebuilding ties with Moscow.

Much of this is just standard political mudslinging<sup>10</sup>. Ivanishvili has repeatedly insisted that Georgia's drive for Euro-Atlantic integration is on track, and that it is not incompatible with restoring a degree of civility in the relationship with Moscow (which, despite everything, is still Georgia's fifth-largest<sup>11</sup> trade partner). But progress on both fronts is very slow: the EU and NATO remain concerned about Georgia's political climate, and in any case have limited appetite for bringing new partners into the fold.

Barring any significant changes on this front – and there is little indication that Russia has much interest in destabilising things right now – foreign policy will not be the critical issue in the coming months. If Ivanishvili feels that his steady hand is needed to ensure foreign-policy continuity, of course, he may use it as a pretext to stay in office. But he seems confident that his government, and particularly his pragmatic Defence Minister Irakli Alasania, will follow his course regardless of who heads the government.

However the biggest question mark over Ivanishvili's tenure as prime minister is the economy. Georgia's economic growth, which had been propped up after the 2008 war by international aid flows, has slowed dramatically over the past year. GDP growth fell to 1.8% in the first half of 2013 compared to the same period last year; in June the economy contracted by 0.8%, with only 0.2% growth in May. Long gone are the post-war days of 7-8% growth.

Although undoubtedly this has been partly due to the global economic malaise, many observers – including the International Monetary Fund<sup>12</sup> - suggest<sup>13</sup> that the country's political tensions are also causing economic paralysis and damaging<sup>14</sup> investor confidence.

Regardless of whether or not the global downturn or policy uncertainty is mostly to blame, the economic news does not look good for the government. Even Parliament Speaker Davit Usupashvili, head of the Republican Party and a member of the ruling coalition, has attacked<sup>15</sup> the government's "waste of too much energy on the past" for affecting economic growth. And when it comes to the concerns of ordinary people, jobs and the economy are at the top of the list. Although the government has insisted that an upturn is on the way<sup>16</sup>, it remains to be seen if this will placate voters.

Some have argued that Ivanishvili's decision to step down in the middle of economic uncertainty is a "tacit admission of failure<sup>17</sup>" although there are two other plausible reasons: either he genuinely believes the economy is on track to recover, or he is intending to use the slowdown as a justification

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<sup>10</sup> Brian Whitmore, Georgia's Changing Russia Policy, April 2013  
<http://www.rferl.org/content/georgia-russia-foreign-policy-ivanishvili-saakashvili/24971738.html>

<sup>11</sup> Civil Georgia, Georgia's 1H 2013 Foreign Trade, July 2013  
<http://www.civil.ge/eng/article.php?id=26300>

<sup>12</sup> Margarita Antidze, IMF tells Georgia to reassure investors to help flagging economy, Reuters, June 2013,  
<http://www.reuters.com/article/2013/06/11/georgia-economy-imf-idUSL5N0EN2F720130611>

<sup>13</sup> Katya Soldak, Georgia's Politics Shoots Its Economy In The Foot, Forbes, March 2013  
[http://www.forbes.com/sites/katyasoldak/2013/10/03/georgias-politics-shoot-its-economy-in-the-foot/?utm\\_source=customfollowed&utm\\_medium=rss&utm\\_campaign=20131003](http://www.forbes.com/sites/katyasoldak/2013/10/03/georgias-politics-shoot-its-economy-in-the-foot/?utm_source=customfollowed&utm_medium=rss&utm_campaign=20131003)

<sup>14</sup> Eastern Approaches, Georgia's Economy: Too Much Uncertainty, The Economist, April 2013  
<http://www.economist.com/blogs/easternapproaches/2013/08/georgias-economy>

<sup>15</sup> Civil Georgia, Usupashvili Speaks of Govt's Shortcomings, August 2013, <http://www.civil.ge/eng/article.php?id=26325>

<sup>16</sup> Rusiko Machaidze Georgia's economy is on the right track, says economy minister, Democracy and Freedom Watch, September 2013  
<http://dfwatch.net/georgias-economy-is-on-the-right-track-says-economy-minister-87477>

<sup>17</sup> Vladimir Socor, Ivanishvili's Resignation Intent: A Tacit Admission of Failure, September 2013,  
[http://www.jamestown.org/regions/thecaucasus/single/?tx\\_ttnews%5Btt\\_news%5D=41400&tx\\_ttnews%5BbackPid%5D=641&cHash=2ef7a9ef7dbd76b2dc49f634980b802b#\\_Uk6PYIakpfg](http://www.jamestown.org/regions/thecaucasus/single/?tx_ttnews%5Btt_news%5D=41400&tx_ttnews%5BbackPid%5D=641&cHash=2ef7a9ef7dbd76b2dc49f634980b802b#_Uk6PYIakpfg)

for staying at the helm. Certainly he is staying closely involved with the issue: in late September he launched a new \$6 billion private equity fund with \$1 billion of his own private fortune.

### The Elections

Ivanishvili's future appears to hinge on the elections. In his own words, he will leave if he is "reassured that presidential election is held successfully" and "I am reassured that no one and nothing will be able to change the course chosen by us". This provides ample opportunities to avoid stepping down (quite aside from its alarming attitude towards the prerogatives of subsequent governments) – and exactly what he means by both of those statements is unclear. If the UNM wins, is that reason enough to stay?

Naturally, Ivanishvili is confident that Georgian Dream's candidate will win in the first round. That candidate is Giorgi Margvelashvili, a philosopher and academic who recently served as Science and Education Minister. Ivanishvili has described<sup>18</sup> Margvelashvili as a confidante and friend, which underlines concerns about his political clout. Saakashvili, rather uncharitably, commented on Margvelashvili's candidacy only by saying<sup>19</sup> that "when the Roman Emperor [Caligula] decided to demonstrate his dominance over the Roman society, he appointed his horse to the senate". There is arguably an element of truth to this charge: it is characteristic of Ivanishvili's governing style to pick a close friend rather than a seasoned politician, although he insists that Margvelashvili has all the necessary attributes.

The UNM is represented by Davit Bakradze, a former Foreign Minister, Minister for Conflict Resolution, and head of the minority bloc in parliament. Something more of a heavyweight than Margvelashvili, he has significant experience in both policy matters and in Georgia's fractious domestic politics.

The other candidate of note is former head of parliament Nino Burjanadze, an erstwhile Saakashvili ally who has opposed him since the war with Russia, and has seen her relations with Ivanishvili worsening<sup>20</sup>. Although she and the remaining three contenders are likely to capture some of the vote, most of it is likely to be split between Bakradze and Margvelashvili.

Current polling<sup>21</sup> puts Margvelashvili significantly ahead of Bakradze, leading him<sup>22</sup> by 39% to 18%, with other candidates trailing in the single figures: however, a 26% chunk of undecided voters means that a lot is still to play for. The ruling coalition may take satisfaction in a finding that 50% of respondents said that Georgian Dream was the party that is closest to them, trouncing the UNM at 12%.

Interestingly, when asked if Ivanishvili's decision to resign would affect their voting preference, 62% said it wouldn't make a difference, 8% said it would make them more likely to vote for a Georgian Dream candidate, and 17% said it would make them less likely to do so. This suggests that Ivanishvili's personal influence, although significant, is not a deal breaker for the election itself.

All the signs therefore suggest that Margvelashvili stands a good chance of winning the election: if so, what would future hold for Ivanishvili and his party?

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<sup>18</sup> Civil Georgia, Margvelashvili Named as GD's Presidential Candidate, May 2013, <http://www.civil.ge/eng/article.php?id=26046>

<sup>19</sup> Civil Georgia, Saakashvili Comments on GD's Presidential Candidate, May 2013, <http://civil.ge/eng/article.php?id=26048>

<sup>20</sup> Civil Georgia, Burjanadze and Ivanishvili's Parties Spar Over Activists, August 2013  
<http://www.civil.ge/eng/article.php?id=26383>

<sup>21</sup> Luis Navarro, Public Attitudes in Georgia, NDI Georgia, September 2013, [http://www.civil.ge/files/files/2013/NDI-Georgia%20September%202013%20Survey%20Political\\_ENG\\_vff.pdf](http://www.civil.ge/files/files/2013/NDI-Georgia%20September%202013%20Survey%20Political_ENG_vff.pdf)

<sup>22</sup> National Democratic Institute, NDI Poll: Georgian Dream, Ivanishvili Remain Most Popular; Margvelashvili and Bakradze Lead Presidential Race, September 2013, <http://www.ndi.org/node/20666>

## The Future of Georgian Dream

Assuming that Margvelashvili wins, either in the first or second round, Georgian Dream will hold the presidency, the premiership and the speakership of parliament.

The constitutional amendments which the Saakashvili government passed to take effect after the 2013 election – curbing the power of the presidency and increasing those of the premiership, apparently pursuant to Saakashvili becoming prime minister - are largely being reversed<sup>23</sup> by Georgian Dream, so the presidency will remain a source of significant power (the parliament will also be strengthened).

With Margvelashvili in the presidential palace, it is as yet unclear<sup>24</sup> who would replace Ivanishvili. He is picking his own successor, who is likely to be either a senior official from one of the coalition parties, like Usupashvili or Alasania<sup>25</sup>, or one of Ivanishvili's own friends and confidants, in the same manner as Margvelashvili.

The latter scenario is probably more likely: these informal allies would be a lot easier to control than someone from another party. Ivanishvili has already been criticised for his style of government, and for allegedly relying on a small group of informal advisers - who are sometimes segued smoothly into formal posts - rather than his ministers, to advise him on decisions which he then takes with little consultation (in fairness, the same accusations were often levelled at Saakashvili).

With allies in both the presidency and the premiership, Ivanishvili would be able to take up a new 'civil society' post, using his fortune to develop new institutions and organisations. But his conception of civil society is not yet clear, and statements suggest he sees it as a force to exert pressure on the government. He has claimed that civil society's mission should be to "define the country's strategy and development", which even diehard NGO advocates would balk at.

While no-one would doubt that holding governments to account is one of the key functions of a healthy civil society, Ivanishvili's continuing ambition, political name-recognition, and immense fortune suggests something rather different. He would be quite capable of setting up networks and institutions which are able to compete with formal political institutions in terms of finance, national reach and human resources. And since he sees it as his mission to guide and instruct Georgian society, a civil society under his influence could easily become a political force without the accountability of the executive or legislature.

The impact on Georgian democracy would be disconcerting. Although day-to-day politics would remain robust, in the background would be a proxy contest between Saakashvili – who will retain influence in the UNM and is determined<sup>26</sup> to remain active in politics, if only to fight a rearguard action against those who want him in jail – and Ivanishvili, heading a well-financed and politically influential network outside of the government.

What would become of Georgian Dream, a coalition largely held together by Ivanishvili's personality and finances? He has claimed that the coalition would actually become stronger, and the need to retain power in future elections may indeed encourage the maintenance of some sort of cohesion. None of the parties represented in the alliance had a realistic chance at power until Ivanishvili arrived, and they will be eager to hold onto it. Indeed there is some apprehension<sup>27</sup> among Georgian Dream leaders, notably Alasania, about the premier's decision to suddenly step down.

<sup>23</sup> Civil Georgia, GD Offers Constitutional Amendments, June 2013, <http://www.civil.ge/eng/article.php?id=26182>

<sup>24</sup> Ivanishvili Says 'Actually' Made Up his Mind on Successor, September 2013, <http://www.civil.ge/eng/article.php?id=26489>

<sup>25</sup> Alasania is a less likely pick: in January he was [demoted](#) from vice-premier after publicly musing about potential presidential candidates. Despite a public dressing-down from Ivanishvili, he seems to have swallowed his pride.

<sup>26</sup> The Messenger Online, Saakashvili's future after the Presidential Elections, July 2013, [http://www.messenger.com.ge/issues/2900\\_july\\_10\\_2013/2900\\_edit.html](http://www.messenger.com.ge/issues/2900_july_10_2013/2900_edit.html)

<sup>27</sup> Civil Georgia, Politicians React on PM's Statement on Intended Pre-Term Resignation, September 2013, <http://civil.ge/eng/article.php?id=26409>



Given existing tensions and rivalries, it is equally plausible that the alliance could unravel. Early elections and a fragmented political scene would provide a clear opportunity for the UNM's return to parliamentary dominance - or, indeed, for Ivanishvili to come back and save the coalition which he created.

All of the above, of course, supposes that Ivanishvili will indeed step down after the election. But he has left himself ample opportunity to remain in power. Few people seem to really know what he is planning: he may not even be certain himself. All we know is that, in government or out of it, Ivanishvili is not going to disappear.

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