

Executive Memorandum

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America's Georgian Challenge

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Georgians enthusiastically elected Mikheil Saakashvili President of Georgia on Sunday, January 4, with over 80 percent of the vote in the most peaceful and transparent elections since Georgian independence. He is the youthful, center-right leader of the Georgian opposition, which overthrew President Eduard Shevardnadze in the “Rose Revolution” last November.

The U.S. should welcome this opportunity to support the new democratic and pro-Western regime in Tbilisi and work to prevent Georgia's territorial disintegration while maintaining a sustainable working relationship with the Kremlin, which still views Georgia as its “backyard” and part of its post-Soviet space. Georgia's relationship with Moscow is particularly sensitive after the nationalists' victory in the December 2003 Duma elections.

Moreover, the Georgian revolution may be a model for dissolving dictatorships in other former Soviet republics, where the surge of freedom that started in 1989 with the collapse of the Berlin wall has not been completed. Democratic leaders in places like Belarus and Turkmenistan may be learning the lessons of Georgia, just as Saakashvili and his friends learned the lessons of the Serbian revolution that toppled Slobodan Milosevic. In Belgrade as well as in Tbilisi, massive protests demonstrated the old regimes' lack of political legitimacy and caused their total collapse and disintegration. With that, democratization must be considered against the context of

broader U.S. policy goals, such as keeping Russia in the coalition against global terrorism and maintaining access to Eurasian energy resources.

As in other post-revolutionary situations, the internal and external threats are many. It is important that the new leadership scale down unrealistic expectations that the former opposition may have created while ousting Shevardnadze and during the elections. Reforms in Georgia—with its entrenched corruption, lack of competitive industries, poor work ethic, worn-out Soviet-era infrastructure, and widespread poverty—will be difficult, especially in the face of a deep economic crisis and security threats, including ones from Russia.

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- The U.S. should:
- Encourage economic reform, institution building, and anti-corruption measures by the Saakashvili government.
 - Foster the Georgian government's contacts with the separatist leaders of Abkhazia and South Ossetia.
 - Maintain a dialogue with Moscow on Georgia's territorial reintegration.
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Russian Presence. The Kremlin holds important cards in the South Caucasus game. Russia views Saakashvili, according to one of its senior foreign policy experts recently interviewed in Moscow, as “too pro-American and too unknown.” Russia commands four military bases in Georgia, including a naval base in the port of Batumi in the sensitive Adjara region and army bases in Armenian-populated Javakheti and separatist Abkhazia. During a December 2003 visit to Georgia, Secretary of

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Defense Donald Rumsfeld called for Moscow to withdraw its troops from Georgia in accordance with agreements signed at the 1999 Organization for Security and Cooperation in Europe summit in Istanbul, but Russia is still balking.

Moscow also controls the vital electric and natural gas grids, acquired in 2003 by the state-controlled Russian companies RAO UES and Gazprom. Similar to the relationship between the U.S. and Latin American economies, close to one million Georgians are repatriating their earnings to their homeland to the tune of up to one-fourth of Georgia's gross domestic product. Russia is also using visa-free travel from Georgia to encourage Abkhaz and Adjara separatism.

Georgia's Challenges. The new Georgian leadership understands the depth of the challenges they are facing, which include:

- Conducting free, fair, and transparent parliamentary elections in spring 2004;
- Fighting corruption and organized crime;
- Revamping government institutions and the civil service, which collapsed or withered under Shevardnadze;
- Attracting honest, competent, and educated people to the government;
- Delivering pensions, salaries, and other social safety payments on time;
- Restarting economic growth and foreign investment amid deep economic crisis;
- Managing a difficult relationship with Russia; and
- Attempting territorial reintegration in the face of Moscow-supported separatist opposition.

U.S. Challenges. The Bush Administration also faces numerous challenges in Georgia, the geostrategic key to the Southern Caucasus. Not only is an independent and pro-Western Georgia, which has good relations with Armenia and Azerbaijan, a stabilizing factor in the Southern Caucasus, but it also provides access to the energy resources of the Caspian Sea. A stronger Georgia will become attractive to its separatist provinces of Abkhazia and South Ossetia and will be more effective in fighting terrorism in the area. Specifically, the U.S. should:

- **Encourage** economic reform, institution building, and anti-corruption measures by the Saakashvili government through ongoing privatization and deregulation by providing technical assistance to Georgian cabinet and regional governments.
- **Offer** expanded security and police assistance to shore up government viability by continuing special forces and counter-terrorism training, providing assistance in police training, and supporting legal and judiciary reform that Saakashvili started in the 1990s.
- **Expand** cooperation with Georgia on security for the Baku–Tbilisi–Ceyhan oil and gas pipeline, possibly through a private security contractor, which could also handle training.
- **Foster**, under the auspices of the U.S. embassy, the Georgian government's contacts with the leaders of Abkhazia and South Ossetia to develop a political model for territorial reintegration, possibly along federal or autonomy models, that guarantees democracy and respect for minority rights.
- **Maintain** a dialogue with Moscow on Georgia's territorial reintegration, withdrawal of Russian troops from the four military bases, ending Moscow's support to South Ossetian and Abkhazian separatists, and expanding cooperation with Russia and Georgia against radical Islamist terrorists and their supporters in Chechnya and the Northern Caucasus. In addition to regular diplomatic channels, such a dialogue should include the two countries' national security councils and possibly the Russian Ministry of Defense and the U.S. Department of Defense.

Conclusion. The Bush Administration has a long-term interest in the success of the new administration in Tbilisi. If it fails, Georgia will likely deteriorate into anarchy and armed conflict, which devastated the republic in the early 1990s. Such a scenario could be catastrophic to the security and prosperity of the South Caucasus and Eurasia.

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