

# Under the Radar: Georgia's October 2016 Elections

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## Executive Summary

- Georgia will hold parliamentary elections on October 8, 2016, which will be key to deciding the country's future development and its strategic trajectory.
- Economic problems, especially unemployment and prices, dominate the minds of the Georgian electorate. A large majority thinks the country is headed the wrong direction.
- The Georgian Dream government has lost the support it had four years ago; yet the electorate appears to lay equal if not more blame for Georgia's problems on the predecessor UNM government.
- Palpable anger and frustration is visible in surveys, where practically all political figures have negative approval ratings.
- This makes the election an opportunity for "third" parties and new political forces, if they are given the space to take advantage. These range from reliably pro-Western forces like the Free Democrats; to populists like the Labor party; unknown quantities like the State for People alliance; and outright anti-Western ones like the Alliance of Patriots.
- The pro-Western political forces are internally troubled and those outside government face growing intimidation, reducing their effectiveness. They remain in considerable need of support to maintain a focus on Georgia's longer term European and Euro-Atlantic integration.
- There is great uncertainty regarding the composition of the next parliament. This uncertainty is likely to continue up until the election, and perhaps beyond October 8, until the runoff in the majoritarian districts.
- The U.S. and Europe are paying scant attention to Georgian politics and its October elections. This stands in great contrast to the past decade, when Western decision-makers observed developments in Georgia



closely. The Georgian population, meanwhile, is increasingly disillusioned about the deliverables of its Western orientation.

- This election could be decisive for Georgia's future path, and for the development of the broader region. Georgia's trajectory matters greatly to U.S. national security interests, and to the viability of the EU's Eastern Partnership. It is time for Western governments to do more to encourage continued reform, pay attention to Georgia's security concerns, and inject momentum for the country's European orientation.

## **Introduction**

Georgia will hold parliamentary elections on October 8, 2016, elections that will be crucial for the future of this strategically important country. On one hand, Georgia's location between Turkey and Russia is key to the Western access to Central Asia, Caspian hydrocarbon resources and the emerging Europe-Asia transport corridor; on the other, it is the former Soviet state that has gone furthest in its transformation to a European polity, and also the one that paid the highest price. While the election will be an important milestone in building Georgia's democratic credentials against the backdrop of a deteriorating international environment and the West's lukewarm attitude to Georgia, it will also be key in determining whether the country can find new energy in its long-standing quest for political and economic reforms and Western orientation. Simply put, this election could determine the future of Georgia's orientation, and with it the broader region's trajectory.

It is clear that Georgia's economic problems, especially unemployment and problems caused by the devaluation of the currency, dominate internal political and economic dynamics. The devaluation led to an increase in prices and sharply declining purchasing power of the population, which is causing major concerns. Continuous economic problems in key markets for Georgian products and key sources for remittances, including Russia, Greece, Ukraine, and Turkey, make short-term prospects for economic development and growth bleak. There are no signs on the horizon that would indicate any significant increase of foreign direct investments, and consequently, no expectations on major improvements of the employment picture.

These economic problems push all other issues, even those important for the national security of Georgia, to the periphery of popular interest. On the external front, Georgia's neighborhood is more convoluted than before, as the country is squeezed between turmoil in Turkey, an aggressive Russia, the conflict in Ukraine, the violence engulfing the Middle East and southeastern Turkey, the Turkish-Russian rollercoaster, and the escalating Armenia-Azerbaijan conflict.

The continued occupation of Abkhazia and South Ossetia by Russian military forces and periodic pressure from Russia – including military exercises and deployment of modern weapons systems on sovereign Georgian territory—remains a key external threat for the country. The assertiveness of Russia in Syria and in its evolving relationship with Turkey, as well as the changing role of Iran, are leading to a transformation of the global and regional security context. The growing global and regional influence of the radical ideas of ISIS are causing concern for the areas populated by Georgian Muslims, with some evidence of infiltration by ISIS influence. All these require conceptualization of the risk factors and elaboration of proper strategies to address them.

On a more positive note, the Association Agreement with the EU entered into full force on July 1, 2016. While the visa liberalization process has been delayed due to EU internal procedures as well as problems, there is an expectation that it will become active before the end of the year. The free trade agreement with the EU (DCFTA) is also active and could help to increase exports to non-traditional export countries for Georgia in Europe. The DCFTA and visa liberalization could, in the longer term, make Georgia more attractive for citizens in the breakaway regions of Abkhaz and South Ossetia. Similarly, the economic crisis in Russia opens an opportunity for improved dialogue between Tbilisi and the breakaway regions. It is also positive that Georgians feel more free and less afraid than four years ago.

### **The Critical Role of the October Elections**

The upcoming elections constitute a chance to consolidate and advance Georgia's democratic credentials. If conducted properly, these elections will conclude the first electoral cycle following the first peaceful, democratic transfer of power in Georgian history, which took place in 2012. Chances are high that as a result of this election, Georgia will end up with a fragmented multi-party parliament. While that would make governance more difficult, at the same it could strengthen the legitimacy of the government that results from the election, and deepen the democratic process.

The election is, technically, the first without the formal involvement of larger-than-life personalities. Indeed, for the past two decades, Georgia has been dominated by towering personalities – from Zviad Gamsakhurdia and Eduard Shevardnadze to Mikheil Saakashvili and Bidzina Ivanishvili. Saakashvili, now Governor of Odessa in Ukraine, remains a force in Georgian politics, but chooses to operate in the background. After resigning as Prime Minister in late 2013, Ivanishvili long operated from the background as well, but took on a very direct role in Georgian Dream’s electoral campaign – a tacit acknowledgment, perhaps, of the institutional weakness of his party. Saakashvili’s former ruling party, the UNM, has shown surprising resilience, but it is beset by internal divisions and high disapproval rates. Ivanishvili’s Georgian Dream coalition has fallen steeply from the high approval ratings it enjoyed in 2012.

Multiple opinion surveys show that close to a third of Georgian voters appear undecided and up for grabs, providing an opening for new political forces. There are many, and they range from known pro-Western forces like the Irakli Alasania’s Free Democrats, to anti-Western forces like the Alliance of Patriots and Nino Burjanadze’s Democratic Movement, and populist parties like the Shalva Natelashvili’s Labor Party. The vacuum has inspired the birth of new political formations, one of them being that of well-known opera singer Paata Burchuladze, who entered politics earlier this year. Burchuladze then allied with two offshoots from the UNM – the New Political Center-Girchi party led by Zurab Japaridze and the New Georgia party led by Giorgi Vashadze. However, Burchuladze’s alliance fell apart shortly before the elections, undermining his position in politics.

The Central Asia-Caucasus Institute & Silk Road Studies Program Joint Center has long been engaged in monitoring and analysis of Georgian politics and foreign policy.<sup>1</sup> Since Georgia’s future is of key importance to the broader re-

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<sup>1</sup> See Svante E. Cornell, Johanna Popjanevski, and Niklas Nilsson, *Learning from Georgia’s Crisis: Implications for and Recommendations*, Central Asia-Caucasus Institute & Silk Road Studies Program, Policy Paper, December 2007. (<http://www.silkroadstudies.org/publications/silkroad-papers-and-monographs/item/13088>) Svante E. Cornell and Niklas Nilsson, *Georgia’s May 2008 Parliamentary Elections: Setting Sail in a Storm*, Central Asia-Caucasus Institute & Silk Road Studies Program, Policy Paper, May 2008. (<http://silkroadstudies.org/publications/silkroad-papers-and-monographs/item/13087>);

gion and to the Western interests there, the Joint Center was instrumental in commissioning three surveys of public attitudes in Georgia.<sup>2</sup> While there is a fair amount of public polling available on the country's political headwinds, the Joint Center's research takes a deeper look at the forces underpinning growing uncertainties across the country at large. The surveys were taken in November 2015, May 2016, and September 2016.

### Georgians Seek a New Reality

Georgia began the New Year with a new prime minister, Giorgi Kvirikashvili, who replaced Irakli Garibashvili. Garibashvili had been criticized for his tone-

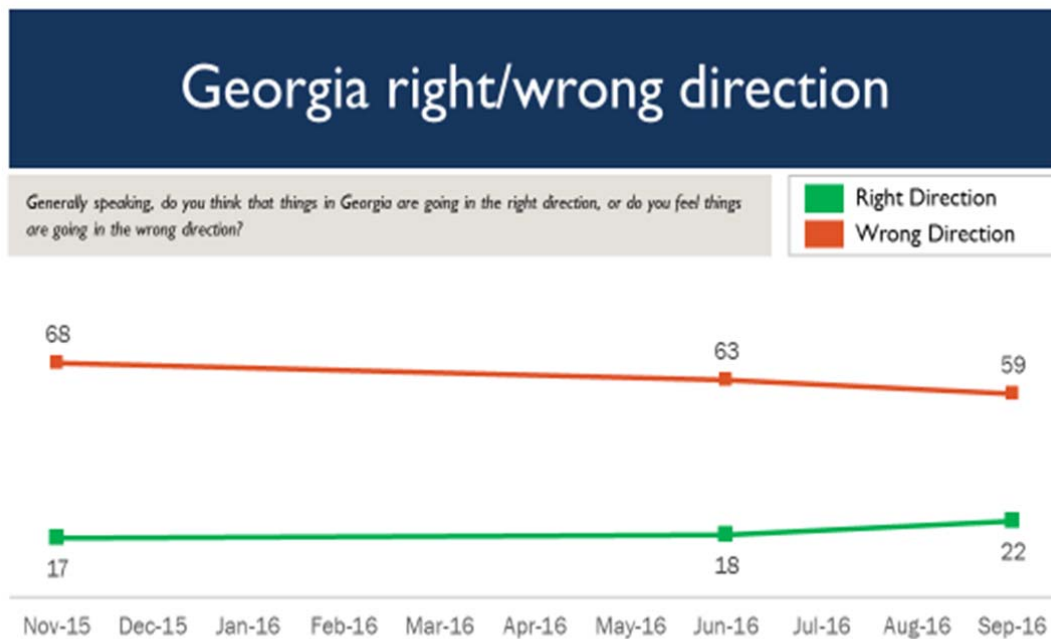


Figure 1

Svante E. Cornell, *Getting Georgia Right*, Brussels: Wilfried Martens Center for European Studies, 2013. (<http://silkroadstudies.org/publications/joint-center-publications/item/13022>).

<sup>2</sup> The Central Asia-Caucasus Institute & Silk Road Studies Program surveys were conducted from 10-23 November 2015 (3001 adults), May 21-30 (1002 adults), and 26 August-6 September (1995 adults) using multi-stage stratified sampling. The November and May surveys included oversamples to allow for analysis at regional and majoritarian district. The total weighted sample representative of the Georgian population at the national level in November is 1034 adults, and in September is 1000 adults. The margins of sampling error (MoE) for those weighted populations are approximately +/- 3.0%. The weighted likely voter samples for the various surveys are 597 respondents (November, approximating a 57% turnout), 549 respondents (May, approximating 55% turnout), and 566 respondents (September, approximating 57% turnout). Those likely voter samples of MoEs of +/-4.0%, +/-4.2%, and +/-4.1%, respectively.

deafness as the country’s economic situation worsened, and for his combative and intolerant approach to the opposition. Many were waiting to see whether Kvirikashvili, a former banker and economy minister, could steady Georgia’s slide and restore confidence in the government less than a year before new elections.

While Kvirikashvili has been an improvement, so far Georgians remain overwhelmingly unhappy with the current direction of the country. In September, only 22% of Georgians said the country is heading in the right direction, with 59% saying it is heading the wrong track. Although this is a slight improvement (net +14) compared to November 2015, the pessimism appears firmly entrenched. This is sharply higher than attitudes registered in polls sponsored by the the National Democratic Institute (NDI) and the International Republican Institute (IRI) shortly after the Georgian Dream coalition won parliamentary elections in 2012 (12%), and significantly higher than results from February 2015 (55%).

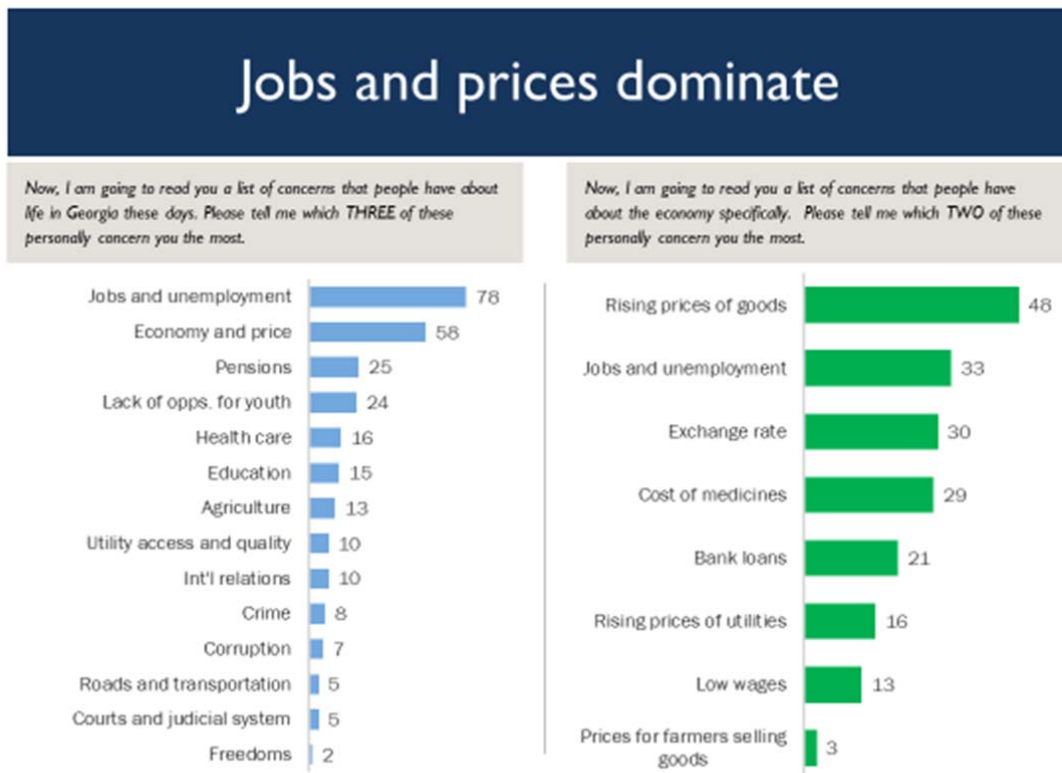


Figure 2

Much of this has to do with the ongoing problem of unemployment, which remains consistently high. The steep devaluation of the Lari and rising prices for basic goods has surpassed even unemployment as the primary economic concern. The majority of the population give the government poor marks for its handling of the situation. As has been the case for years, bread and butter economic issues dominate for the overwhelming majority of Georgians. The survey indicates that economic issues are so important that foreign policy, long a prominent feature of national politics, has fallen as a priority. Only 10 percent consider international relations a top concern.

To be sure, if the economy were to improve, the current government would be credited for that, and the Georgian Dream's numbers would rise. But as it stood in November of 2015, only 15% of Georgians expected their economic situation to improve in 2016. The IMF estimates that the entire region will experience difficult economic times for several years. Given global and regional realities, any expectations of visible economic improvement are unrealistic, and the Georgian public appears poised to take that out on the current government.

Importantly, that does not necessarily imply a return of the UNM either. Despite the current government's perceived failures, a plurality still holds the

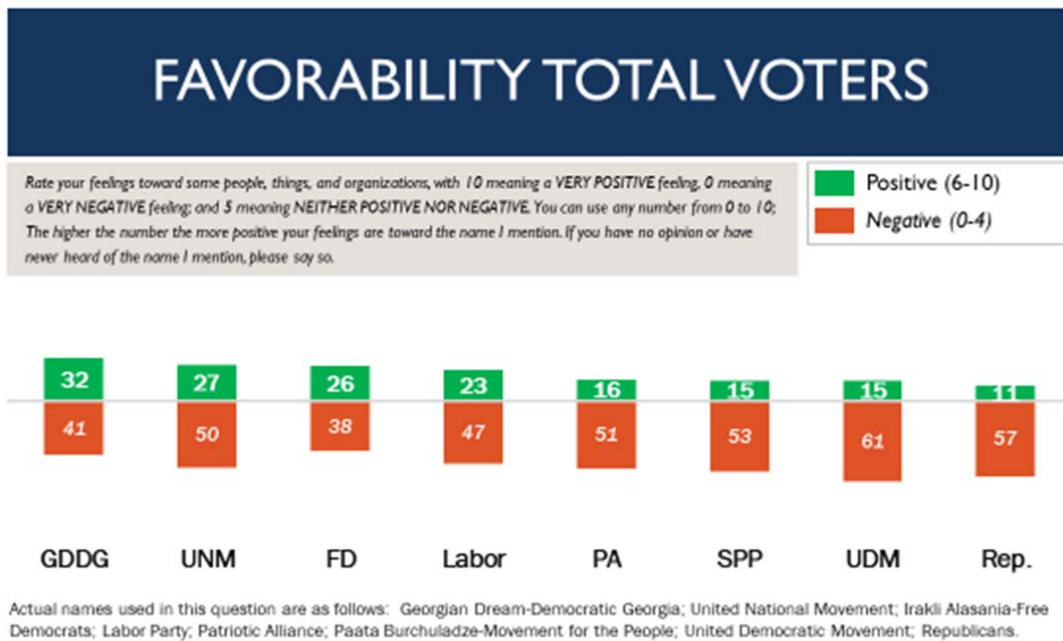


Figure 3

UNM most accountable for the problems facing the country today.

The leading political parties naturally feel the brunt of the public's frustration. Favorability ratings for the governing Georgian Dream-Democratic Georgia (GD) and their opposition rivals in the United National Movement (UNM) are poor with pluralities or, in the case of the UNM, a majority gave them negative ratings. The largest "third" party, the Irakli Alasania-Free Democrats (FD), received a marginally better favorability rating than most of the other "third" party alternatives. Opera singer Paata Burchuladze's State for the People (SP) enjoyed relatively low negative ratings for much of the past year, although these figures have dramatically worsened, as typically happens when well-liked non-political figures enter into politics, to say nothing of the latest with alliance and subsequent divorce from Girchi.

### Large Number of Undecided Creates Uncertainty

Based on September's survey, GD would receive 25% of the vote among likely voters, followed by the UNM at 16%. The FD would come in third at 6%, and Labor would receive 5%. All other parties fall below the threshold, but some, like the Alliance of Patriots, have the potential to clear that threshold. There is also a very large share of undecided voters (30%).

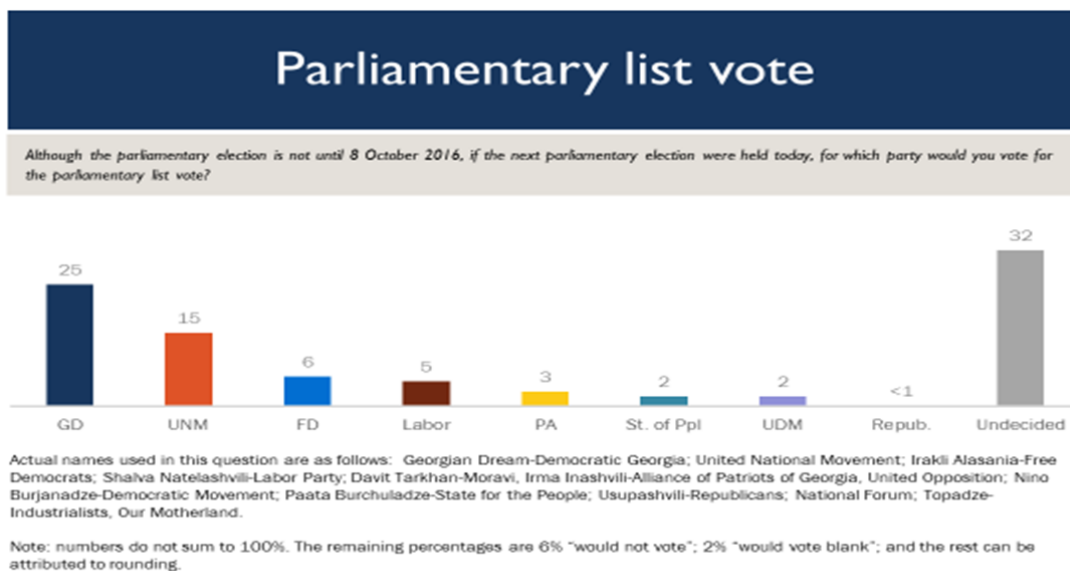
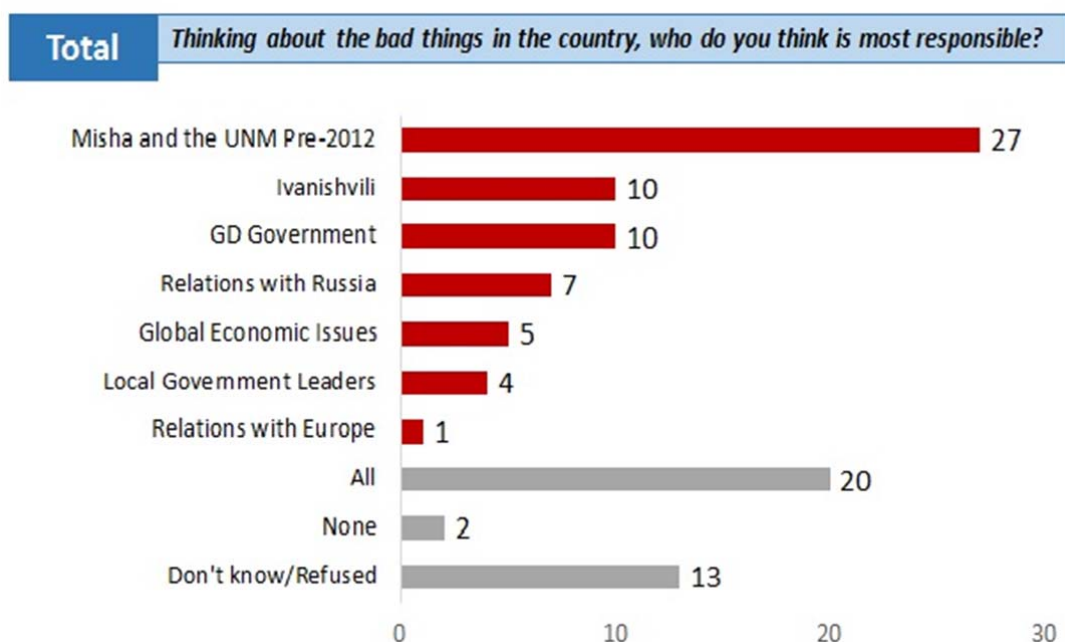


Figure 4



As noted above, the survey shows a sharp move away from the Georgian Dream and the status quo. The survey shows no desire, however, to return to the past, with a plurality of voters to a significant extent blaming *the UNM* for today's problems. Georgian voters appear interested in an alternative to both the GD *and* the UNM.



The large share of undecided voters suggests that the election may take an unexpected turn. The survey also suggests many Georgians will not vote at all: only 57% are likely to turn out, a decrease of three points from 2012.

The voters appear to be considering alternative “third” parties. The largest “third” party based on surveys has continuously been Irakli Alasania’s Free Democrats. Other “third” party alternatives are State for the People Party (SP), as well as the Labor Party and Alliance of Patriots. When asked for their second choices in the May survey, voters flocked to these third party alternatives, in particular the FD, possibly as the more established brand with a respected leader with a higher favorability rate.

As with most elections, undecided voters have preferences. Using other questions in the survey (e.g., second choice, favorability, etc.), it is possible to de-

termine toward which parties these undecided voters might lean. All but 4% of voters in this survey can be allocated in this way.

After allocating the undecided voters based on these hidden preferences and looking only at the 57% who are most likely to vote, the likely end result is 40% for the Georgian Dream and 24% for the United National Movement. Compared to 2012, this is a huge blow to both leading parties, a 15-point decrease for the GD and a 16-point decrease for the UNM, as the vote fragments to third parties.

At the same time, it is important to take into consideration that half of the parliamentary seats are allocated to so-called majoritarian deputies, i.e. deputies elected in single mandate electoral districts with total of 73 districts. While pro-government candidates have traditionally dominated single mandate district elections, there are more uncertainties this time, and it is likely that there will be runoff elections in many of those districts two weeks following the main election day, adding additional intrigue to the elections. Still, it appears likely that the GD will win the majority of the single mandate districts, which could help it obtain a majority (or close to majority) of seats in the parliament.



Figure 7

However, some of the likely winners of the majoritarian districts are politicians with considerable local name recognition that have successively sided with the Shevardnadze, Saakashvili, and Ivanishvili administrations. A number were elected on the UNM ticket in 2012, but switched sides to the GD after it emerged as the winner in that election. Their continued loyalty should by no means be taken for granted.

If no party wins a majority in the parliament, that increases the importance of the performance of “third” parties, who may play an important role in forming a majority, as well as government. Alasania’s Free Democrats may play that role in next parliament. The other candidates are the Labor Party, Burchuladze’s State for People bloc, or the Alliance of Patriots. But these parties first have to cross the threshold of 5% in the elections. The composition of “third” parties in the parliament may significantly determine the energy and enthusiasm for deepening of political and economic reforms. That composition may also impact some of the strategic choices that Georgia will have to face going forward.

In 2012, the Georgian Dream swept to victory on the dual promises of both a departure from the UNM’s perceived heavy-handedness and of a marked improvement in the economic situation in the country. But this and other surveys show that whatever optimism prevailed in 2012 for the Georgian Dream has significantly vanished. According to our November survey, a 65% majority of respondents said that the Georgian Dream government “has had long enough to try to bring change,” with an even larger majority of 71% saying that they “have not done enough to improve” the situation during their time in power. In other words, high expectations have been shattered. And while Prime Minister Kvirikashvili has a positive image and enjoys a much higher favorability rating than his predecessor, the government is still seen to be responsible for many problems in the country, thus generating opportunities for different choices during the elections.

## **Conclusions**

Much is at stake in this election—both in its conduct and in its outcome. The conduct of the election will demonstrate whether or not Georgia is a consolidated democracy, which should pave the way for further integration with the EU and NATO.

That said, the high number of undecided voters, and the dismal ratings of the entire political class, entail a number of challenges going forward. First, a decline in electoral turnout will be a negative factor for Georgian democracy—but would not make it materially different from many Western countries. More worrisome is the possibility of violence and intimidation in an unpredictable electoral environment, of which we have already seen instances, including during televised debates. All political forces, but particularly the government, have a responsibility to work to minimize such instances; in this regard the government's leniency toward perpetrators of violence against opposition forces, as in the May 2016 by-elections, is a source of concern. Especially as the composition of the parliament will be determined by the second round in many majoritarian districts, it will be important for the international community to monitor the situation.

The outcome of the election will determine whether Georgia's leadership continues on this path. For the EU and U.S., both are important, and in the event of a hung parliament, it will be crucial for Western leaders not to be passive bystanders. Quite to the contrary, it is strongly in the interest of the West that the government that is formed includes the pro-Western forces in Georgia, which may require working to overcome differences between its fragmented parts. In contrast, Western leaders should work to prevent the inclusion of anti-Western parties in the government, indicating to Ivanishvili the consequences of such a choice for Western economic and political support for Georgia.

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