



საქართველოს სტრატეგიისა და საერთაშორისო ურთიერთობათა კვლევის ფონდი  
GEORGIAN FOUNDATION FOR STRATEGIC AND INTERNATIONAL STUDIES

7

**ON THE VECTOR OF ECONOMIC DEVELOPMENT  
OF POST-COMMUNIST GEORGIA**

*VLADIMER PAPAVA*



**EXPERT OPINION**

**2013**



საქართველოს სტრატეგიისა და საერთაშორისო ურთიერთობათა კვლევის ფონდი  
GEORGIAN FOUNDATION FOR STRATEGIC AND INTERNATIONAL STUDIES

## **EXPERT OPINION**

**VLADIMER PAPAVA**

### **THE VECTOR OF ECONOMIC DEVELOPMENT OF POST-COMMUNIST GEORGIA**

**7**

**2013**



The publication is made possible with the support of the US Embassy in Georgia.

Editor: Jeffrey Morski  
Technical Editor: Artem Melik-Nubarov

All rights reserved and belong to Georgian Foundation for Strategic and International Studies. No part of this publication may be reproduced in any form, including electronic and mechanical, without the prior written permission of the publisher.

Copyright © 2013 Georgian Foundation for Strategic and International Studies

ISSN 1512-4835  
ISBN 978-9941-0-5762-5

## Introduction

A common vision about the issues concerning the direction of development of Georgia's economy after the restoration of the country's independence and the model upon which it should be based has not, unfortunately, been established so far. The period after the Rose Revolution was promising in some ways and it was then that research on this problem was activated with a number of interesting publications having emerged as a result.<sup>1</sup>

The victory of the Georgian Dream coalition in the Parliamentary elections of 1 October 2012 made the issue of choice topical again in Georgia as high priority was given to the subject of which vector of development needed to become determining after the nine-year governance of the United National Movement (UNM). Initial ideas and opinions have already been expressed on this subject.<sup>2</sup>

I refer to the period after the nine-year governance of the UNM as 'Post-Rosy'<sup>3</sup> which can be explained by the fact that the authoritarian style of governance reinforced by elements of despotism turned Saakashvili's regime Neo-Bolshevik whilst his government was made 'rosy' for two reasons—one, it came to power through the *Rose Revolution* and two, it was reminiscent of the faded Bolshevik '*Red*'.<sup>4</sup>

Aggravation of the problem of choice was even encouraged by the criticism towards the new government expressed by Mikheil Saakashvili and his team which, ostensibly, showed disloyalty to democratic values, the country's European choice and set a course towards Russia.<sup>5</sup>

It should be justly mentioned, however, that this criticism is promoted by the statements made by Bidzina Ivanishvili himself which convey a nuance of his lack of political experience. Following these statements, Ivanishvili had to deny them several times. At first, for example, he cast doubt upon the appropriateness of building the Baku-Kars railway<sup>6</sup> but thereafter discarded those doubts himself.<sup>7</sup>

The obviously unprepared initiative of the government about opening the Trans-Caucasian Railway (which links Russia with Georgia and then with Armenia and which ceased functioning as a consequence of rivalries in Abkhazia in 1992)<sup>8</sup> is worth noting separately in that it was bitterly criticised by Mikheil Saakashvili in the context of a pro-Russian orientation<sup>9</sup> with Bidzina Ivanishvili later partly softening his position on the idea.<sup>10</sup>

The most thought-provoking was the statement made by the Prime Minister during his visit to Armenia according to which “Armenia was ‘an example’ for Georgia of how it is possible to have good relations with both NATO and Russia.” The statement was followed by harsh criticism from the leaders of the UNM.<sup>11</sup>

Despite the fact that the Georgian Parliament, whose majority is made up of the Georgian Dream coalition, adopted a resolution on the main directions of Georgia’s foreign policy confirming once again the European course of development of Georgia,<sup>12</sup> the UNM makes all kinds of efforts to establish the idea that it is the only pro-Western power in Georgia bearing European values.<sup>13</sup>

In order to better identify what kind of choice the ‘Post-Rosy’ Georgia faces, it is necessary to analyse the economic policy implemented by the ‘Rosy’ authority, especially from the point of view of its European orientation.

## **European Way of Economic Development**

Several countries in the post-Communist world have completed the transition to a European-type market economy and have been admitted to the European Union. For others—either partly or totally unsuccessful in transitioning—the question of whether or not this kind of market economy could be built is not a subject for discussion.<sup>14</sup> As to the potential of EU membership, such countries have either never set such a goal for themselves or, at best, are considering it in a long-term perspective.

It is no secret that Georgia is not ready to join the EU in the near future. In view of continual official statements regarding Georgia’s striving towards Euro-Atlantic organisations, however, we should know where the country is going. One of the most important aspects of this multi-faceted question

is the vector of Georgia's economic development. If we would like to see Georgia as an inseparable part of Europe someday, the country must transform into a European-type market economy.<sup>15</sup>

It is not easy to describe the EU's economic model as it is still in formation itself. According to M. Albert, the EU has been a battlefield of the two key models of capitalism; i.e., the Anglo-American and the Rhenish (German-Japanese) ones.<sup>16</sup>

In the Anglo-American model, the transfer of shareholding takes place quickly and without any obstacles, stock exchanges play a key role in companies' funding and some 40-60 percent of company shares are owned by institutional investors (such as insurance and pension providers). At the same time, the public sector is relatively small and social policy with respect to poverty and inequality is somewhat liberal; namely, inequality is understood as one of the incentives of competition and the fight against poverty is believed to be not only the government's function but, rather, also within the sphere of private charities as a part of moral practice and philanthropy.

In the Rhenish model, shareholding is somewhat stable and the banking sector plays a key role in funding shareholder companies. Stock markets are relatively constrained and, therefore, less active. The spheres of regulation are somewhat broad and the government's role in the distribution of gross domestic product, ensuring equal competition and addressing social needs, is substantial.

Remarkably, the two models have gradually merged in a number of EU member states under the pressure of the Anglo-American model over the Rhenish.

It should be noted that the EU countries do not share a *unified* economic model. Instead, there is a *common* economic model which is not yet strong enough to ensure full unification.<sup>17</sup> At the same time, it must be emphasised that the integration processes underway in the EU are oriented towards the increase of the importance of unification; a perfect example is the transition from the common market to the unified market which, in turn, has paved the way for economic and currency unions.

One of the most fundamental principles of the EU is the “preservation of what has been accomplished” which is particularly important for any membership candidate to bear in mind. Whatever has been unified and achieved on the way towards the integrated model must be unconditionally copied by all candidates.

Modern Georgia understands the co-existence and confrontation of the elements of both models. In particular, the Rhenish model prevails in shareholding and company funding which has yielded small and passive financial markets. This is a direct consequence of official policy implemented by the government.<sup>18</sup> On the other hand, the spheres of regulation are quite limited which misleadingly suggest that Georgia fits the Anglo-American model. This is most evident in the government’s policy on poverty and inequality which could be described as indifferent (although sometimes inaccurately called “Liberalism”).<sup>19</sup> In Georgia, inequality is not the government’s concern at all whereas the alleviation of poverty has forcibly (under the government’s pressure) become the headache of private charities and entrepreneurs.

Following the Russia-Georgia War of August 2008 the EU expressed its readiness to offer a free trade regime (Deep and Comprehensive Free Trade Agreement—DCFTA) to Georgia.<sup>20</sup> The EU, however, also demanded that a number of conditions be fulfilled in advance including, among those most important, implementing European-type anti-monopoly institutions of market regulation and defending consumers’ interests, in particular, in the sphere of food safety. Unfortunately, the ‘Rosy’ government put a great deal of effort into dragging out the beginning of the negotiation process with the EU through hindering the satisfying of these conditions.<sup>21</sup>

As is widely known, the first stage of European integration is based upon economic integration. Regrettably, however, the ‘Rosy’ government actually gave a cold shoulder to this offer made by Brussels.

Under such circumstances, it is natural to ask: In what direction did the ‘Rosy’ government actually lead the country? If we consider the government’s economic agenda, we see movement in three different directions each of which requires special attention.

## Way of Economic Development Leading to Russia

In post-Revolution Georgia, the so-called “Russian Vector,” or Georgia’s integration into Russia’s economic domain, has become prominent.

In order to identify the essence of the problem it is necessary to mention that *Nezavisimaya Gazeta*, one of Russia’s leading newspapers, published a letter on 1 October 2003, entitled “Russia’s Mission in the 21<sup>st</sup> Century,” written by Anatoliy Chubais, the President of the Management Board of RAO EES (Unified Energy Systems) Russia and a prominent Russian statesman and political figure. The letter conveys the idea that Russia should establish a “Liberal Empire” in the post-Soviet world.<sup>22</sup> The word “liberal” is used in the sense that the new empire should be based upon economics rather than political coercion wherein Russian companies (public and private) should take over the ownership of strategic companies in the former Soviet republics which, in the long run, would lead to the re-establishment of Moscow’s political influence over those countries.

Russia started fulfilling its master plan in Armenia, its strategic partner in the region, according to the Russian-Armenian treaty called the “debt-for-equity” swap in which Armenia received 93 million USD in exchange for agreeing to submit assets of equal value to Russia in late 2002 (it is noteworthy that it happened on the eve of the presidential election in Armenia). In early 2006, another step was made when Russia obtained new assets in exchange for not raising Armenia’s price for natural gas.<sup>23</sup>

As Russia and Armenia do not share a border, and in view of the frozen conflict between Armenia and Azerbaijan, the lynchpin in the economic space of Russia and Armenia is Georgia. If Georgia is dragged into the Liberal Empire, the fate of Azerbaijan will be determined as well given the fact that all of its strategic economic projects are linked with Georgia.

The first step towards snaring Georgia into the Liberal Empire’s net was the summer 2003 takeover of the shares of the US-based company AES Silk Road by RAO EES.

The ‘Rosy’ government fully supported the entry of Russian capital into the Georgian economy during the broad-scale privatisation of government-owned enterprises following the Rose Revolution. The best example was



the sale of the control packet of shares of Georgian gold and copper mining and processing companies to Stanton Equities, a subsidiary of the Russian holding group Industrial Investors.<sup>24</sup>

Encouraged by the government's affinity for Russian capital the owners of the United Georgian Bank, which had been privatised long before, sold the control packet to Russia's Vneshtorgbank, 99 percent of which is owned by the Russian Government. The sale actually resulted in the nationalisation of the United Georgian Bank in favour of the Russian, and not the Georgian, Government. This takeover came on the tails of Vneshtorgbank's acquisition of Armenia's Armsberbank.<sup>25</sup>

Gazprom was especially aggressive. It has made several attempts to take over the gas pipeline connecting Armenia with Russia. In late 2005 and early 2006, the Georgian Government started negotiations with Gazprom, ostensibly to sell the gas pipeline. It is not clear, however, why selling the pipeline to the Russian Government-owned gas company should be considered "privatisation."

Only after America's active intervention, the Georgian Government's talks with Gazprom fell through dealing a heavy blow to Russia's plans of snaring Georgia into the Liberal Empire.<sup>26</sup>

It is remarkable that the Russia-Georgia War of August 2008 did not interfere with the 'Rosy' government in continuing the process of snaring Georgia into Russia's Liberal Empire. An obvious example is a new treaty concluded between Georgia's Ministry of Energy and Inter RAO EES on 1 April 2011. According to this treaty, two hydroelectric power stations, Khramhesi-1 and Khramhesi-2, were sold to the Russian company for 104 million USD. Additionally, Inter RAO EES was given the permission to build three additional hydroelectric power stations on the River Khrami whose total investment amounts to 193 million USD.<sup>27</sup>

Although the process of snaring Georgia into Russia's Liberal Empire had started before the Rose Revolution, it was the 'Rosy' government that conducted it with particular intensiveness.

## **The Amateur Performances of the 'Rosy' Government**

It is hard to find any kind of supporting evidence or, moreover, an excuse for certain steps made in Georgia's economy which defy not only economic theory but common sense as well.

Chief among these was the President's generous summer 2006 initiative to add 50,000 people to a national employment programme according to which private entrepreneurs were required in an imperative manner to give three-month jobs to unemployed persons. The salaries for the newly-employed were set at 150 GEL a month which came to 22.5 million GEL from the national budget. It is obvious that no business with the demand to expand needs any direct assistance from the national budget. The government was required only to provide for the development of professional training or retraining programmes and the Georgian Government has rightly assumed this duty.

As a result of the 22.5 million GEL spent out of the national budget, only a few persons were employed. In most cases, a simple deal was made. Businessmen agreed to subscribe to any contract under which they could pretend that they employed some people who did some job. Such a deal made an unemployed person happy, too, because he made 450 GEL in three months for doing nothing. There were, however, rather corrupted situations as well. Some businessmen agreed to subscribe to such contracts on the condition that new "employees" shared half of the sum with them.

In essence, it can be said that 22.5 million GEL allocated from the national budget was nothing but an allowance for the unemployed. Consequently, any measures of this kind, however generous their objectives might be, cannot, in fact, produce any desired results.<sup>28</sup> A similar programme was initiated by the government once again in late 2007 which they then stopped at the beginning of 2008.

Another senseless decision of institutional character was the subordination of the State Department for Statistics of Georgia directly to the executive which now controls publicised official statistical information. Any government has a temptation to make statistics produce politically advantageous

information. Under these circumstances, the information provided by the Department for Statistics was not reliable.<sup>29</sup>

In the context of the fight against corruption, the government abolished some important institutions (for example, the Anti-monopoly Service and the Food Quality Control Service). This left the public unprotected and the state weakened.

In the context of the transition to a market economy, de-privatisation was a matter of considerable concern. On the pretext of remedying mistakes committed during privatisation (mistakes which in some instances have not been proven), properties were taken from their owners and returned to the state for repeated privatisation.<sup>30</sup> In other words, the formation of private ownership is to be started anew which only indicates that private property is not protected in this country. The formation and development of market economy is impossible without the guarantees of the inviolability of private ownership.

Regrettably, measures of this type were quite common in Georgia under the 'Rosy' government.<sup>31</sup>

### **The Eastern Way of Economic Development**

Any measure implemented in the country is called a reform without any basis. The examples given above, however, are evidence that some of those measures are nonsense in their essence.

Among those, the most striking are the reforms that were clearly reformative.<sup>32</sup> It, first of all, refers to the sphere of so-called deregulation which resulted in limiting the legal grounds for the government's interference with businesses which was reflected in a substantial reduction of various permits and spheres of checking. Cutting tax rates significantly eased the tax burden for businesses. Leaving the import-tax on a reducing base only for agricultural goods and for construction materials has made Georgia much more competitive.

The Labour Code was revolutionary. By limiting the rights of employees, it has substantially broadened those of employers. Although this may encourage businesses to develop, it also leaves employees unprotected.<sup>33</sup>

If we look over the international experience, these sorts of reforms bring Georgia closer to the economic models of Southeast Asia (Hong Kong, Singapore), Australia and New Zealand. It should also be taken into consideration that the 'Rosy' government even made loud statements about its desire to make Georgia a country similar to Singapore,<sup>34</sup> Dubai and Hong Kong.<sup>35</sup> According to President Saakashvili, Georgia had to follow the Singapore model of development<sup>36</sup> or, at least, could be its 'hybrid' with the European model.<sup>37</sup>

It should come as no surprise, therefore, that these reforms carried out in Georgia could be assessed as the way to the East.

### **'Rosy' Version of Liberalism**

All three ways listed above definitely excluded the Western choice of Georgia. In order to understand what unites these three ways, it is necessary to identify the so-called 'Rosy' understanding of Liberalism.

It should be emphasised once again that Georgia started the fight against corruption<sup>38</sup> following the Rose Revolution in 2003 which enabled the country to overcome the budgetary and energy crises. From 2005, the tax burden for businesses was reduced due to the new Tax Code, procedures for starting business were substantially lessened and the new Labour Code was put into practice which granted employers complete freedom in relations with their employees.<sup>39</sup> This gave Georgia the image of a country passing Neo-Liberal reforms.<sup>40</sup>

At the same time, a number of facts about the violation of private ownership have been recorded.<sup>41</sup> Big business became fully controlled by the government.<sup>42</sup> The abolition of the anti-monopoly legislation and the appropriate service resulted in a strong monopolisation of the economy.<sup>43</sup> The disappearance of mass corruption, however, which had mainly been expressed in bribery, was followed by alarming scales of elite corruption.<sup>44</sup>

By nature these violations are comparable with Neo-Bolshevism and Georgia's economy under Saakashvili's authority was more like a 'Neo-Liberal Fantasy',<sup>45</sup> an 'Authoritarian Liberalism',<sup>46</sup> and a 'Symbiosis of Neo-Liberalism and Neo-Bolshevism'.<sup>47</sup>

The Liberalism of the members of the 'Rosy' government, therefore, is mainly reflected in the following: one group of people gained the label of 'Liberal' by destroying government institutions whilst another (probably the same) simultaneously gained the title of 'Liberal' by dragging the country into the Russian Liberal Empire.

### **In Lieu of Conclusion**

Given the results of the Parliamentary elections of 1 October 2013, the likelihood of continuing the economic policy passed by the 'Rosy' government actually equals zero. During the election campaign the Georgian Dream coalition, criticising the economic policy of Saakashvili's government, put emphasis upon stimulating the development of the real sector of economy in parallel with providing social support for the poor class of the population.<sup>48</sup>

From today's point of view, the scenario of accelerating the process of negotiations with Brussels with the aim of reaching the DCFTA with the EU looks like more realistic.<sup>49</sup> It seems promising considering the statements on implementing the European-type of system of anti-monopoly regulation<sup>50</sup> and consumer rights protection.

Anti-monopoly regulation will encourage the development of competition. Together with the refusal of informal interference with business, which has been repeatedly declared by the leaders of the Georgian Dream,<sup>51</sup> demonopolisation of Georgia's economy must become a serious incentive for the development of business.

The development of Georgia's economy upon the basis of establishing a free trade regime with the EU and increasing export to the EU seems rather realistic.

At the same time, there is one circumstance which may cause problems on the way to establishing a free trade regime between Georgia and the EU: an obscure situation was created with regard to amendments to be made to the Labour Code. The government suggested a draft law of amendments to the Parliament according to which the rights of employees had to broaden. The government, however, later criticised its own decision and oriented itself towards just 'touching up' the Labour Code adopted by the

'Rosy' government.<sup>52</sup>

The future of relations with Russia remains unclear in general<sup>53</sup> as well as in terms of the economy. Although there emerged the possibility of returning Georgian products to the Russian market, it must still be emphasised that the possibility of a full-scale resumption of trade contacts with Russia is hardly predictable<sup>54</sup> as this is more a political rather than an economic issue.<sup>55</sup>

It is obvious that the number-one priority of the Georgian Government is to achieve the free trade regime with the EU and to enact every single potential opportunity which will result in economic integration with the EU. For this, the 'Post-Rosy' authority will need more consistency in politics, in general, and, in particular, in economic policy.

## References

1 Beridze, T. "The National Economic Model and Globalization (the Case of Georgia)," in *Georgia in Transition*, L. King, and G. Khubua, eds. Frankfurt am Main: Peter Lang, 2009; Gegeshidze, A. and Papava V. "Post-War Georgia Pondering New Models of Development," *Central Asia-Caucasus Analyst*, 2009, Vol. 11, No. 1, January 14, [www.cacianalyst.org/?q=node/5012](http://www.cacianalyst.org/?q=node/5012); Gogolashvili, K. "In Search of Georgia's Economic Model," in *South Caucasus – 20 Years of Independence*. Tbilisi: Friedrich-Ebert-Stiftung, 2011, <http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>; Samson, I. "The Search for a Development Path: Challenges for Georgia," *Georgian Economic Trends*, 2006, No. 4, March; Waal, T. De. *Georgia's Choices. Charting a Future in Uncertain Times*. Washington DC: Carnegie Endowment for International Peace, 2011, [www.carnegieendowment.org/files/georgias\\_choices.pdf](http://www.carnegieendowment.org/files/georgias_choices.pdf).

2 Gegeshidze, A. *Georgia's Foreign Policy Challenges in the Medium Term*. Expert Opinion 5. Tbilisi: GFSIS, 2013, [http://gfsis.org/media/download/library/articles/Expert\\_Opinion\\_ENG\\_5.pdf](http://gfsis.org/media/download/library/articles/Expert_Opinion_ENG_5.pdf); Haindrava, I. "Governance and Modernisation: Experience and Challenges," *International Alert*, January, 31, 2013, [www.international-alert.org/content/democratisation-and-governance-english-ik](http://www.international-alert.org/content/democratisation-and-governance-english-ik); Papava, V. *The Main Challenges of 'Post-Rosy' Georgia's Economic Development*. Expert Opinion 4. Tbilisi: GFSIS, 2013, [http://gfsis.org/media/download/library/articles/Expert\\_Opinion\\_ENG\\_4.pdf](http://gfsis.org/media/download/library/articles/Expert_Opinion_ENG_4.pdf); Tarkhan-Mouravi, G. "Prospects of Nation-Building in Georgia: Outlook for the Next Seven Years," *International Alert*, January, 31, 2013, [www.international-alert.org/content/nation-building-english-gtm](http://www.international-alert.org/content/nation-building-english-gtm).

- 3 Papava, V. *The Main Challenges of 'Post-Rosy' Georgia's Economic Development.*
- 4 Papava, V. "US Elections: Hopes and Expectations from a 'Post-Rosy' Georgia," *Open Democracy*, October 23, 2012, [www.opendemocracy.net/od-russia/vladimer-papava/us-elections-hopes-and-expectations-from-%E2%80%98post-rosy%E2%80%99-georgia](http://www.opendemocracy.net/od-russia/vladimer-papava/us-elections-hopes-and-expectations-from-%E2%80%98post-rosy%E2%80%99-georgia).
- 5 "NSC Secretary Bokeria Slams PM Ivanishvili," *Civil.Ge*, November 23, 2012, <http://civil.ge/eng/article.php?id=25473>; "Saakashvili Sees Setback in Georgia's NATO Integration," *Civil.Ge*, December 6, 2012, <http://civil.ge/eng/article.php?id=25522>; "Saakashvili: We'll Get Georgia Back on Track," *Civil.Ge*, December 20, 2012, <http://civil.ge/eng/article.php?id=25567>; "Saakashvili Slams Some Remarks in Ivanishvili's PACE Speech," *Civil.Ge*, April 24, 2013, <http://civil.ge/eng/article.php?id=25986>.
- 6 "PM Says Construction of Baku-Kars Railway 'Triggers Questions,'" *Civil.Ge*, December 21, 2012, <http://civil.ge/eng/article.php?id=25575>.
- 7 "PM: 'No Threat to Construction of Baku-Kars Railway,'" *Civil.Ge*, December 24, 2012, <http://civil.ge/eng/article.php?id=25584>; "Georgian PM Hails 'Friendly' Talks in Azerbaijan," *Civil.Ge*, December 27, 2012 <http://civil.ge/eng/article.php?id=25595>.
- 8 "PM Ivanishvili: 'There are No Problems in Ties with Armenia,'" *Civil.Ge*, January 17, 2013, <http://civil.ge/eng/article.php?id=25650>.
- 9 "Saakashvili Against Reopening Railway via Abkhazia," *Civil.Ge*, January 17, 2013, <http://civil.ge/eng/article.php?id=25651>.
- 10 "Ivanishvili: 'We Take Cautious Approach to Abkhaz Railway,'" *Civil.Ge*, March 14, 2013, <http://civil.ge/eng/article.php?id=25846>.
- 11 "UNM Slams Ivanishvili for Naming Armenia as Model for Ties with Russia, NATO," *Civil.Ge*, January 18, 2013, <http://civil.ge/eng/article.php?id=25657>.
- 12 "Parliament Adopts Bipartisan Resolution on Foreign Policy," *Civil.Ge*, March 7, 2013, <http://civil.ge/eng/article.php?id=25828>.
- 13 "UNM Rallies, Claims 'Renewal,'" *Civil.Ge*, April 20, 2013, <http://civil.ge/eng/article.php?id=25972>.
- 14 Papava, V. "Economic Transition to European or Post-Communist Capitalism?," *European Association for Comparative Economic Studies (EACES) Working Papers*, 2006, No. 1, March, [www.eaces.net/news/WP-1-06.pdf](http://www.eaces.net/news/WP-1-06.pdf).
- 15 Papava, V. and Tokmazishvili M. "Becoming European. Georgia's Strategy for Joining the EU," *Problems of Post-Communism*, 2006, Vol. 53, No. 1.

16 Albert, M. *Capitalisme contre capitalisme*. Paris: Editions du Seuil, 1991.

17 *Ibid.*

18 Papava, V. "The Essence of Economic Reforms in Post-Revolution Georgia: What about the European Choice?," *Georgian International Journal of Science and Technology*, 2008, Vol. 1, Issue 1.

19 Meskhia, I. "Living Standards and Poverty in Georgia." *Georgian Economic Trends*, 2008, May; Papava, V. "Poverty Reduction Through Private Sector Development in Georgia: Policy, Practice and Perspectives," *Caucasian Review of International Affairs*, Vol. 3 (3) – Summer, 2009, [www.cria-online.org/Journal/8/Done\\_Poverty%20reduction%20through%20private%20sector%20development%20in%20Georgia\\_Vladimer%20Papava.pdf](http://www.cria-online.org/Journal/8/Done_Poverty%20reduction%20through%20private%20sector%20development%20in%20Georgia_Vladimer%20Papava.pdf).

20 *Extraordinary European Council, Brussels. 1 September, 2008, 12594/08. Presidency Conclusions*. Brussels: Council of the European Union, 2008, [www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/ec/102545.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/102545.pdf).

21 *Georgia: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding*. September 9. Washington, DC: The International Monetary Fund, 2008, [www.imf.org/External/NP/LOI/2008/geo/090908.pdf](http://www.imf.org/External/NP/LOI/2008/geo/090908.pdf).

22 Chubais, A. "Missia Rossii v XXI veke" [Russia's Mission in the 21<sup>st</sup> Century], *Nezavisimaya Gazeta*, October 1, 2003, [www.ng.ru/printed/ideas/2003-10-01/1\\_mission.html](http://www.ng.ru/printed/ideas/2003-10-01/1_mission.html). (In Russian.)

23 Papava, V. and Starr F. "Russia's Economic Imperialism." *Project Syndicate*, January 17, 2006, [www.project-syndicate.org/commentary/russia-s-economic-imperialism](http://www.project-syndicate.org/commentary/russia-s-economic-imperialism).

24 *Ibid.*

25 *Ibid.*

26 Papava, V., and Tapladze, T. "'liberaluri imperiis' rusuli modeli da psotrevoluciuri saqartvelos gamocdileba" [Russian Model of the 'Liberal Empire' and the Experience of Post-Revolutionary Georgia], *Ekonomisti*, 2009, No. 1, p. 24. (In Georgian.)

27 "antirusuli ritorika da rusuli investiciebi" [Anti-Russian Rhetoric and Russian Investments], *Liberali*, April 23, 2011, [www.liberali.ge/ge/liberali/articles/106159/](http://www.liberali.ge/ge/liberali/articles/106159/). (In Georgian.)

28 Papava, V. "Anatomical Pathology of Georgia's Rose Revolution." *Current Politics and Economics of the Caucasus Region*, 2009, Vol. 2, Issue 1, pp. 8-9.



- 29 Papava, V. "The "Rosy" Mistakes of the IMF and World Bank in Georgia," *Problems of Economic Transition*, 2009, Vol. 52, No. 7, pp. 48-49.
- 30 Papava, V. "Anatomical Pathology of Georgia's Rose Revolution," pp. 11-12.
- 31 *Ibid.*
- 32 *Ibid.*, pp. 4-5.
- 33 *Ibid.*, p. 9.
- 34 "Government Pushes Economic Package in Parliament," *Civil.Ge*, January 28, 2008, <http://civil.ge/eng/article.php?id=17004>.
- 35 "Saakashvili: Georgia will be Like Dubai in 5-7 Years," *Civil.Ge*, June 22, 2010, <http://civil.ge/eng/article.php?id=22438>.
- 36 "Saakashvili on Ruling Party's Vision," *Civil.Ge*, June 15, 2010, <http://civil.ge/eng/article.php?id=22422>.
- 37 "Saakashvili: 'Georgia Switzerland with Elements of Singapore'," *Civil.Ge*, March 9, 2010, <http://civil.ge/eng/article.php?id=22064>.
- 38 *Fighting Corruption in Public Services. Chronicling Georgia's Reforms*. Washington DC: The World Bank, 2012.
- 39 Papava, V. "Georgia's Macroeconomic Situation Before and After the Rose Revolution," *Problems of Economic Transition*, 2005, Vol. 48, No. 4.
- 40 Gurgendze, L. "Georgia's Search for Economic Liberty: A Blueprint for Reform in Developing Economies," *American Enterprise Institute for Public Policy Research, Development Policy Outlook*, No. 2, June, 2009, [www.aei.org/outlook/foreign-and-defense-policy/regional/europe/georgias-search-for-economic-liberty](http://www.aei.org/outlook/foreign-and-defense-policy/regional/europe/georgias-search-for-economic-liberty);
- Udensiva-Brenner, M. "Kakha Bendukidze Analyzes Georgia's Economic Strategy: How Georgia Handled Its Economy After the War and the Economic Crisis," *At The Harriman Institute*, April 7, 2010, [www.harrimaninstitute.org/MEDIA/01716.pdf](http://www.harrimaninstitute.org/MEDIA/01716.pdf).
- 41 *The Big Eviction. Violations of Property Rights in Georgia*. Tbilisi: Human Rights Information and Documentation Center, 2008, [www.humanrights.ge/admin/editor/uploads/files/Big%20Eviction.pdf](http://www.humanrights.ge/admin/editor/uploads/files/Big%20Eviction.pdf).
- 42 Rimple, P. *Who Owned Georgia*. Tbilisi: Transparency International Georgia, Open Society Georgia Foundation, 2012, [http://transparency.ge/sites/default/files/post\\_attachments/Who%20Owned%20Georgia%20Eng.pdf](http://transparency.ge/sites/default/files/post_attachments/Who%20Owned%20Georgia%20Eng.pdf).
- 43 *Competition Policy in Georgia*. Tbilisi: Transparency International Georgia, 2012, [http://transparency.ge/sites/default/files/post\\_attachments/Report%20-%20Competition%20Policy%20in%20Georgia%20--%20for%20website%20\(fi](http://transparency.ge/sites/default/files/post_attachments/Report%20-%20Competition%20Policy%20in%20Georgia%20--%20for%20website%20(fi)

nal).pdf.

44 Gujaraidze, N. *Aggressive State Property Privatization Policy on “Georgian-Style Privatization”* – 2. Tbilisi: Green Alternative, OSI, 2010, [www.greenalt.org/webmill/data/file/publications/privatization\\_report\\_GA\\_2010\(1\).pdf](http://www.greenalt.org/webmill/data/file/publications/privatization_report_GA_2010(1).pdf); Gujaraidze, N., M. Barbakadze, K. Gujaraidze, R. Mchedlishvili, and R. Kakhaveri. *Aggressive State Property Privatization Policy on “Georgian-Style Privatization.”* Tbilisi: Green Alternative, OSI, 2007, [www.greenalt.org/webmill/data/file/publications/Privatizeba-Eng4.pdf](http://www.greenalt.org/webmill/data/file/publications/Privatizeba-Eng4.pdf); Voluntary Gifts or State Robber. *Transparency International Georgia*, April 22, 2013, <http://transparency.ge/en/blog/voluntary-gifts-or-state-racket>; “Declassified President-Related Spending Records Released,” *Civil.Ge*, April 18, 2013, <http://civil.ge/eng/article.php?id=25963>; Anjaparidze, Z. “Georgian Government Questioned about Secret Funds,” *Eurasia Daily Monitor, The Jamestown Foundation*, 2006, Vol. 3, Issue 71, April 12, [www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Bwords%5D=8fd5893941d69d0be3f378576261ae3e&tx\\_ttnews%5Bany\\_of\\_the\\_words%5D=Anjaparidze%2C%20Zaal&tx\\_ttnews%5Bpointer%5D=1&tx\\_ttnews%5Btt\\_news%5D=31572&tx\\_ttnews%5BbackPid%5D=7&cHash=864959a53b](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Bwords%5D=8fd5893941d69d0be3f378576261ae3e&tx_ttnews%5Bany_of_the_words%5D=Anjaparidze%2C%20Zaal&tx_ttnews%5Bpointer%5D=1&tx_ttnews%5Btt_news%5D=31572&tx_ttnews%5BbackPid%5D=7&cHash=864959a53b).

45 Jones, S. F. *Democracy in Georgia: Da Capo?*, Cicero Foundation Great Debate Paper, No. 13/02, April, 2013, p. 4, [www.cicerofoundation.org/lectures/Stephen\\_Jones\\_Georgia.pdf](http://www.cicerofoundation.org/lectures/Stephen_Jones_Georgia.pdf).

46 Jobelius, M. “Georgia’s Authoritarian Liberalism,” *South Caucasus—20 Years of Independence*. Tbilisi: Friedrich-Ebert-Stiftung, 2011, <http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>.

47 Waal, T. De. *Georgia’s Choices. Charting a Future in Uncertain Times*, p. 13; Papava, V. “Anatomical Pathology of Georgia’s Rose Revolution.”

48 Jones, S. F. *Democracy in Georgia: Da Capo?*, pp. 8-10.

49 Kobzova, J. “Georgia’s Bumpy Transition: How the EU Can Help,” *The European Council on Foreign Relations Policy Memo*, April 4, 2013, [http://ecfr.eu/page/-/ECFR75\\_georgia\\_MEMO\\_AW.pdf](http://ecfr.eu/page/-/ECFR75_georgia_MEMO_AW.pdf).

50 *100 Days in Power: Rule of Law and Human Rights Conference*. Tbilisi: Transparency International Georgia, February 18, 2013, pp. 9-10, <http://transparency.ge/en/node/2791>.

51 “Ivanishvili Meets Business Leaders,” *Civil.Ge*, October 6, 2012, <http://civil.ge/eng/article.php?id=25324>.

52 “PM Criticizes Labor Code Amendments,” *Civil.Ge*, May 7, 2013, <http://civil.ge/eng/article.php?id=26031>.

53 Rondeli, A. *Georgia-Russia: From Negative to Positive Uncertainty*. Expert Opinion 3. Tbilisi: GFSIS, 2013, [http://gfsis.org/media/download/library/articles/Expert\\_Opinion\\_ENG\\_3.pdf](http://gfsis.org/media/download/library/articles/Expert_Opinion_ENG_3.pdf).

54 Silaev, N., and A. Sushentsov. *Georgia after the 2012 Elections and Prospects for Russo-Georgian Relations*. Moscow: Moscow State Institute (University) of International Relations. The Russian Ministry of Foreign Affairs, 2012, p. 62, [www.mgimo.ru/georgiareport/i/Silaev-Sushentsov\\_MGIMO-Georgia-Report\\_Eng.pdf](http://www.mgimo.ru/georgiareport/i/Silaev-Sushentsov_MGIMO-Georgia-Report_Eng.pdf).

55 Papava, V. "Economic Component of the Russian-Georgian Conflict." *The Caucasus & Globalization*, 2012, Vol. 6, No. 1, pp. 65-66.