Georgia's Political Shake Up: Enter the Oligarch

Thomas de Waal National Interest, October 27, 2011 Comments

Georgian politics has been dull and predictable recently. The working assumption was that President Mikheil Saakashvili had successfully weathered the storm of the 2008 war, cemented the grip of his National Movement (UNM) party on power and marginalized the opposition. That meant that in the coming parliamentary and presidential elections of 2012-3 there were two main unanswered questions: first, how large a majority the UNM would get; and, secondly, whether Saakashvili would try to exploit the constitution he has specifically re-engineered by seeking to become prime minister when his current presidential term ends.

Enter the oligarch. Bidzina (also known as Boris) Ivanishvili has taken just two weeks to shake up the entire Georgian political scene.

Until this month Ivanishvili was the quiet billionaire. According to the Forbes list, he is the world’s 185th richest man and worth $5.5 billion. Although he used to own one of Russia’s largest banks, Rossiisky Kredit, he kept a low profile—a strong contrast to two other flamboyant Georgian tycoons who made their money in Russia, Kakha Bendukidze and Badri Patarkatsishvili. Nine years ago he moved back to Georgia, settled in his native village of Chorvila and began spending millions on roads, schools, churches and theaters. He had the Japanese architect Shin Takamatsu build him a vast futurist house and business center, 180,000 square feet, complete with helipad. It tops the skyline and looks like it was airlifted in to Tbilisi from Los Angeles.

Ivanishvili also collects art. His mansion is crammed full of modern sculptures. In 2007, one of his employees caused a sensation at Sotheby’s New York by bidding $95 million for a Picasso. He dramatically waved his paddle for each bid as though he were bidding for a piece of antique furniture.

Many Georgians admire a feudal lord and that’s more or less what Ivanishvili became in his homeland in central Georgia. In International Republic Institute polls from 2008 and 2009, he was among the top three most popular figures in the country.

Then on October 7 came his demarche: a declaration that he was entering politics, that Saakashvili’s time was up and that he was founding a party that would win a majority in the next parliament.

This was a bombshell. Some assumed initially that this was a government attempt to split the opposition. But that theory quickly fell away, as progovernment people sounded rattled. Some members of parliament from the governing party, who have what might be called McCarthyite tendencies, duly accused Ivanishvili of being Vladimir Putin’s stooge. That didn’t sound so convincing either. They have played the Russian card too often for it
to scare anyone now. The man has been out of Russia for nine years and has more recently taken French citizenship, while his son Bera is a Los Angeles-based rapper. He has enough money to be his own man, and his choice of pro-Western political allies does not suggest a deal with Moscow. Ivanishvili spoke of the need to restore better relations with Russia, but I suspect that is a message that will go down fine with large segments of the electorate. These Georgians may not want to hand Abkhazia or South Ossetia to Putin, but they also want to trade with Russia and travel there freely.

But the tycoon has stumbled a bit on his way into Georgian politics. He announced that he was renouncing his French and Russian citizenship but not before the Georgian civil registry duly announced it was stripping Ivanishvili of his Georgian citizenship because he was ineligible for dual citizenship—and thereby could not run for political office. It is true that Georgia’s dual-citizenship laws seem incoherent. Ivanishvili had been issued his most recent Georgian passport only in June, and the Georgian foreign minister kept his Russian citizenship for a year after his appointment. It was an obvious legal stick with which to beat down the upstart oligarch, and one he is now challenging the ruling in court. His supporters may yet challenge it in the streets.

And indeed the government’s heavy-handed response has helped make Ivanishvili’s points for him. Rather than welcoming another competitor to the new Georgian democratic space, the authorities have attacked him on pro-government television channels and seized more than three million dollars in cash being delivered to one of his banks on alleged “money laundering” charges.

Georgia has a messiah problem. Its last three presidents have all been elected with majorities of up to 90 percent of the vote, only to promise too much and disappoint the public. As he mounted his bid for power in 2003, Saakashvili hyperbolically called it “the final battle between good and evil.” So it is a little worrying that in his sole interview so far, to Reuters, Ivanishvili also declared, “I will definitely come to power,” and (a phrase that could have been uttered by Saakashvili) “I hope to astonish Europe with the level of democracy that I will create in Georgia.” Georgia does not need another savior.

On the other hand, Ivanishvili clearly has some shrewd political instincts. He said out loud what everyone in Tbilisi says in private: that some of the main so-called opposition parties, such as the Christian Democratic Party, are “pseudo-opposition.” And he identified as his two main allies the two opposition parties that house the best critical thinking in Georgia, the Republicans and Irakli Alasania’s Free Democrats.

It is too early to tell what Ivanishvili’s demarche means. For the moment, though, his arrival on the scene is a healthy shock to the Georgian political system, which had sleepily fallen under the spell of its governing party. That bred apathy in urban centers, while in the countryside people would vote for the UNM out of fear or inertia. Now the political space has opened up, and Georgia may have a real contest on its hands.