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Georgia: Singapore of the Caucasus?

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Synopsis

Ever since the Rose Revolution of 2003, the Georgian government has sought to create a "Georgian Singapore", i.e. to transform a nearly failed state into a well-functioning, global, prosperous political entity. While, the country's situation has improved in many areas, there are many obstacles to it becoming a "Singapore of the Caucasus."

Commentary

THE REPUBLIC of Georgia has announced plans to open an embassy in Singapore in 2011. Despite Georgia lying 7000 kilometres from Singapore and has no obvious links to it, the Georgian officials are convinced that the new diplomatic post is necessary, especially for attracting investments. But in Georgian political discourse, Singapore has been much more than just a potential investor – it has become an economic model for Georgia to study and follow.

Why the Singapore model

On the surface it seems that the two countries have similar geopolitical challenges and opportunities. Georgia is relatively small and is situated at the crossroads of the big regional and world players namely Russia, Turkey and Iran. Just like Singapore, Georgia has no significant natural resources and lies in the middle of a transit route for oil and gas.

This geopolitical situation has both advantages and disadvantages. On the one hand, it creates a feeling of insecurity. On the other, it offers opportunities to become a regional hub and trading centre. According to Georgia's president, Mikhail Saakashvili, Singapore has wisely used its opportunities by adopting the right model of development. This model emphasises economic liberalisation, a global economy, rule of law and security, combined with a highly skilled, educated, disciplined and harmonious society. Hence, ever since taking power in the 2003 Rose Revolution, the Georgian government has strived to create a "Georgian Singapore". It goal is to reform Georgia to follow the Singapore model.

In a short period -- perhaps "too short" according to the government's critics -- Georgia has managed to almost completely eradicate corruption and crime (at least at the lower level); it has also created one of the most business-friendly legislations in the world. Furthermore, the government has undertaken the task of reforming all of its institutions. It has also sought to attract foreign visitors, professionals and investors by easing

immigration procedures, developing tourism and leisure infrastructure and even inviting hundreds of foreign teachers to teach at Georgian schools.

Limits to becoming a Georgian Singapore

There are, however, limits to the extent to which Georgia can become a new Singapore.

First of all: geography. It is true that Georgia has the potential to become a transit country for energy resources and other goods. But unlike Singapore, it can be done only on a very small scale. Azerbaijan is not the Persian Gulf and Turkey is not China. Europe would welcome a diversification of energy supplies, but in any case the vast majority of these resources will continue to be transported from Russia via the Central European pipelines. True, Georgia can become the trade centre of the South Caucasus (if only because the two other countries in the region are at war), but the economic potential of the Caucasus is incomparably smaller than that of Southeast Asia's. Furthermore, Georgia may be a small country, but it is by no means a city-state and hence it faces entirely different infrastructural, demographic and social challenges than Singapore.

Second of all: security. While, the Georgian government has managed to bring back law in order in most of Georgia, around 20% of the country remains controlled by Abkhaz and South Ossetian separatists (or by Russia, as many observers would claim, especially when referring to Ossetia). The 2008 conflict demonstrated that this situation continues to present a major challenge to Georgia's stability and security. Political stability and security have made Singapore the place of choice for investors and tourists. No matter how safe the streets of Tbilisi are, as long as significant parts of the country fall outside of the control of its government, Georgia will have a hard time to convince the outside world that it is a stable and safe place to make long-term investments.

Society and History

Finally: society and history. Unlike in the case of Singapore, the Georgian national identity has been shaped by hundreds of years of cultural and political developments and hence it is very strong. It manifests itself in a solid attachment to tradition, pride and the sense of belonging to a larger European family of nations. It is rather conservative and suspicious of rapid changes. Furthermore, Georgians have very bitter memories from the seven decades of harsh Soviet rule and thus tend to be naturally skeptical of (or even resistant to) both the government and utopian rhetoric.

Yet, the Georgian leadership under Mikhail Saakashvili bases its legitimacy at home not on transparency, democracy, adherence to legal procedures or rational long-term planning, but on the relentlessly propagandised high-profile heroic projects and the delivery of tangible (and short-term) benefits to ordinary Georgians. At the same time, financially it depends much on the large amounts of international aid (the flow of which is soon to drain) that it receives by portraying itself as democratic, legal and pro-Western. In both cases, the strategy does not seem to be sustainable.

Gradual Progress, better?

Saakashvili's administration has managed to rapidly fix some of the most pressing problems of the post-Soviet Georgia. Few doubt today that the quality of life in Georgia has greatly improved since the 2003 Rose Revolution. At the same time however, there are limits to what can be achieved through a perpetual revolution. In the long-run, Georgian development will require stability, transparency, rule of law, careful planning and active support of the majority of Georgians.

Instead of trying to quickly create a second Singapore in a different setting, the Georgian leadership should recognise its unique strengths and limitations and pursue a policy based on gradual progress that would be in harmony with its people's needs and desires.

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