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Liberty in Georgia

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TBILISI >> Gamarjoba from Georgia, the small nation in the South Caucasus bordered by Russia to the north and Turkey, Armenia and Azerbaijan.

I've never been to American Georgia, the land of humidity, peaches and the headquarters of that awful propaganda network called CNN, but I think I will prefer this one.

I've been hanging out here for about a week checking out the country, going for hikes, visiting old Soviet-era monuments, eating all of the khachapuri, khinkali and lobio I can get my hands on and drinking all of the wine, all of the wine. They've been making wine here for about 8,000 years and I can confirm they know what they are doing.

But what I've also been doing is meeting of course Georgians, but also people from around the world, from Germany to Saudi Arabia to Ukraine.

Speaking of Ukraine, for obvious reasons, Georgians I've encountered feel particular solidarity with the people of Ukraine. There are Ukrainian flags hanging out of the windows of homes and at businesses across Tbilisi. Throughout Tbilisi, graffiti reading "F——— Russia/Putin" and "Rasha Go Home" can be seen fairly often, the latter being a reference to the tens of thousands of Russians who have moved to Tbilisi since the start of the war.

Since a 2008 war with Georgia, the Russians have occupied two breakaway regions in the country, one on the east along the Black Sea (Abkhazia) and in the north (the Tskhinvali region). Despite this, most people I've encountered are skeptical that the Russians will attack again anytime soon, though the possibility is always there.

Economic freedom in Georgia

I'm going to avoid doing that thing where I pretend to know everything there is to know about Georgia just because I'm visiting it.

But here's what I knew even before coming to Georgia: over the last two decades, Georgia has gained a favorable reputation for having a relatively high degree of economic freedom.

The Heritage Foundation's 2022 Index of Economic Freedom ranks Georgia at 26th in the world, just behind the United States.

The most recent Economic Freedom of the World report co-produced by the Cato Institute, the Fraser Institute and dozens of free market think tanks ranked Georgia No. 5 in the world, with the country's relatively minimal business regulations, lax trade policies and relatively low rate of government spending overcoming weaknesses linked to the soundness of the nation's monetary system, property rights and the courts.

To this latter point, Heritage likewise noted: "Property rights are recognized but weakly enforced, and unclear or unregistered titling can hamper investment. Political interference undermines the independence of the judicial system. Many judges lack the ability to adjudicate commercial cases independently or quickly. Transparency International cites 'elite' corruption in Georgia: high-level officials exploiting legal loopholes for personal enrichment, status, or retribution."

More on that in a minute.

But to the positives of Georgia's economic system, the great deregulation of Georgia came after the 2003 Rose Revolution, which ousted President Eduard Shevardnadze, who had served in various leadership positions in Georgia since the Soviet era. The Rose Revolution resulted in American-educated Mikheil Saakashvili becoming president.

Saakashvili, in turn, pursued a vigorous free market approach to government. He appointed Kakha Bendukidze, a libertarian businessman and philanthropist, to reform the Georgian economy. Under Bendukidze's watch and influence, Georgia went from being ranked 100th in the world in 2006 in the World Bank's "Ease of doing business" index to 11th by 2010.

The results were impressive. According to Georgia's FactCheck project, backed by, among others, USAID, Georgia's economy grew 70% from 2003 to 2012 and per capita incomes grew four times.

Now, I should pause here to note two things: One, Saakashvili is now in prison, apparently for abuses that happened on his watch. He claims to be a political prisoner. And, two, the current prime minister, Irakli Garibashvili, has disavowed limited government approaches, saying in 2021 that the "small government idea is a myth impeding the country's development," and called for more government intervention in the economy.

So things are a bit complicated here.

Still, on the economic front, Georgia's free market-oriented policies remain largely in place.

Conversations with libertarians in Georgia

As previously mentioned, free market groups have flagged things under governmental control — protection of property rights, the courts and the monetary system — as lingering areas of weakness for Georgia.

And to that point, two local libertarians I interviewed flagged those issues, and more, as matters in need of libertarian solutions.

"Without fixing [the courts] I don't know how we can transition from a Soviet country to a normal, rich country where you can find happiness and find yourself," Herman Szabo, a member of parliament with the New Political Center–Girchi party, told me.

Szabo, a libertarian influenced by thinkers like Milton Friedman, is calling not only for judicial reform but broad-based decentralization of government in Georgia.

“We want more decentralization and people in local communities making decisions in [things that impact] their lives,” he says, arguing that judges and local police officials should be subject to elections.

Concerns over the judicial and justice system generally are shared by Revaz Topuria, a lecturer at the Free University of Tbilisi and the University of Georgia, who argues that while it’s easy to start a business in Georgia, “The courts are very pro-government,” putting property rights in jeopardy. He continued, “People don’t realize how important a judicial system is to have a normal democratic country.”

In separate interviews, both Szabo and Topuria also zeroed in on education, which is subject to rigid regulation, as an area in need of reform in Georgia. Charter schools aren’t a thing here, while even private schools are subjected to top-down regulations. Both Szabo and Topuria argue the status quo in Georgia is stifling the ability of young people to learn what they ought to learn.

“We have to deregulate the education system. We have to allow schools to teach kids what they think is necessary and as a parent [I should be able to] decide for myself where my kids should study,” said Topuria, who noted that the public education system in Georgia is largely centralized with minimal flexibility.

“They don’t see education as a product and they don’t think the market can provide different varieties of that product for different means,” said Szabo of the resistance to allowing greater freedom in education. “It’s like the modern Georgian education system is treating every ill person with the same pill.”

Topuria is doing his part to try to supplement the ability of young people to learn through an association he co-founded called the Franklin Club (franklin.ge), which offers courses and activities teaching matters of political science and economics. That initiative, sponsored by the University of Georgia and the free market Atlas Network, has already produced 1,000 alumni according to Topuria. That’s a start.

And, yes, it’s named after our very own Ben Franklin.

Szabo has undertaken his own efforts to make free market ideas accessible, including producing translations of libertarian works. He is currently working on translating Walter Block’s classic book, “Defending the Undefendable.”

Prospects for a freer Georgia

But of course, libertarian reforms require taking on a number of difficult challenges.

Szabo is hopeful that the relatively low level of regulations taken together with the fact that modern Georgia is a relatively young country and that Georgians have a general skepticism of government, means there’s opportunity for libertarian ideas to prevail.

Szabo and his party plan to promote broad, sweeping reforms, including a plan to “privatize Georgia,” by selling off publicly owned land in Georgia and guaranteeing all Georgians can take

part in the plan. Szabo's party, which is known for attention-grabbing efforts like opening a brothel and registering a church in order to help members get exempted from mandatory conscription, is certainly radical, but I admire them for unapologetically fighting for liberty.

Topuria, who prefers to identify as a classical liberal rather than a libertarian due to more negative connotations here with the latter term, is well aware of the institutional barriers to liberty. Not only are many people essentially bought off ahead of elections, he says, or lured by false promises, but the government has recently been revealed to engage in surveillance of political dissidents, journalists and diplomats.

Still, Topuria is encouraged by the early success of the Franklin Club and the earnest enthusiasm of young people in the club.

"We are growing very fast," he said. "Hopefully, the next time you are here we will have a different discussion. Probably the situation of the government will be the same, but for Franklin, hopefully it will be a bit better."