



Poverty, as an Additional Challenge on the Country's Path to EU Integration?

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According to general normative knowledge, the poverty of citizens is particularly problematic for transitional democracies. While in this type of countries public pressure may be considered to be vital for better functioning of the government and the protection of democratic values, economic hardship forces citizens to choose rapid and short-term benefits over, and give less priority to the values beyond material needs (Inglehart and Welzel 2005, 2008; Lapuente and Charron 2010). In Georgia, where economic hardship is among the top three national challenges, poverty has been an inhibiting factor to democratic development multiple times. 2021 local elections - when at the expense of the promises of social benefits and salary increases multiple cases of voter buying were observed - is a clear illustration of the statement above, which gave an advantage to the ruling party (OSCE/ODHIR 2022) and possibly had an impact on the final result of the elections (ISFED 2021).

Considering the fact that in March 2022 the Government of Georgia applied for the EU membership and the country is awaiting the EU's decision on the candidate status, considering the political polarization and the weakness of the opposition, the below policy memorandum aims at discussing the reasons why poverty may turn into a challenge to the European integration from being a problem of internal democratic development.

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Poverty VS democratic values - what are the citizens more concerned about?

According to the opinion polls, the majority of those surveyed thinks that the country is not developing in the right direction (IRI 2022, NDI 2022) and that the Government and the Parliament do not work on the issues important for the population (NDI 2022). These attitudes should point to the mismatch between the achievements of the political regime and the needs and expectations of the citizens (Rohrschneider and Schmitt-Beck 2002, Kim 2005). In these regards, there is an entire set of problems evident in the country - from the citizens' viewpoint, the indicators of human rights, democracy, fight against crime, national security, or education have worsened during the past several years (IRI 2022, NDI 2021).

However, the citizens name economic development as the main challenge to democratic development (IRI 2022), various indicators of which have remained among the top three national-level problems of recent years (NDI 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022). The fact that citizens' concerns about economic development have a rational basis is evidenced by simple economic analysis, according to which, the economic condition of the population has worsened during the last years. Despite the fact that the distribution of an average monthly income of a household has increased (Appendix 1), Georgia has a negative trade balance, and the country's reliance on export, and therefore, on foreign currency is significantly high (Khokrishvili 2022). Therefore, if in 2011 the income of each household was 417 USD, in 2020 it amounted to 343 USD (Appendix 2). Decreased income does not correspond to increased consumer prices, which increased to 110.1 GEL in 2021 from 99.1 GEL in 2011 (Appendix 3).

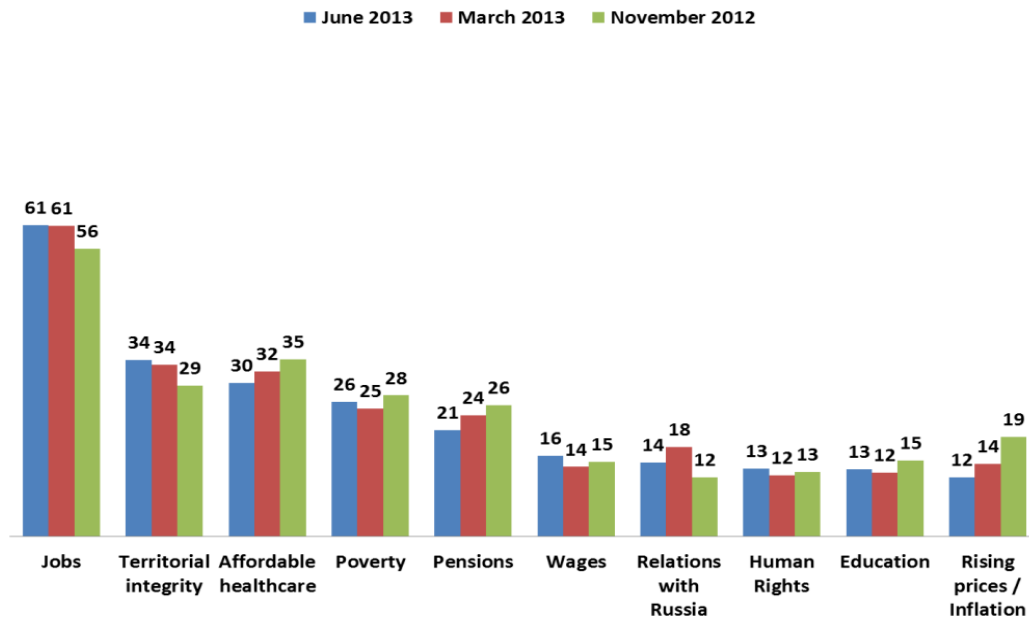
The poverty of citizens is problematic in the way that social hardship prioritizes the values of survival over the higher values ensuring long-term economic or social benefits (Englehart and Welzel 2005). Just to illustrate, against the backdrop of worsened economic conditions caused by increasing inflation of the currency and consequently increasing costs, citizens' perception of problems of national importance has changed - compared to 2013, the issue of territorial integrity did not make a list of top three concerns in 2022 (Diagram 2). While naming the national-level concerns, respondents paid less attention to the topics of human rights, the justice system, and Euro-Atlantic integration, while fair elections were not even named as an issue of national importance (Diagram 3, Diagram 4).

Diagram 2. Which are the important national issues facing you and your family?



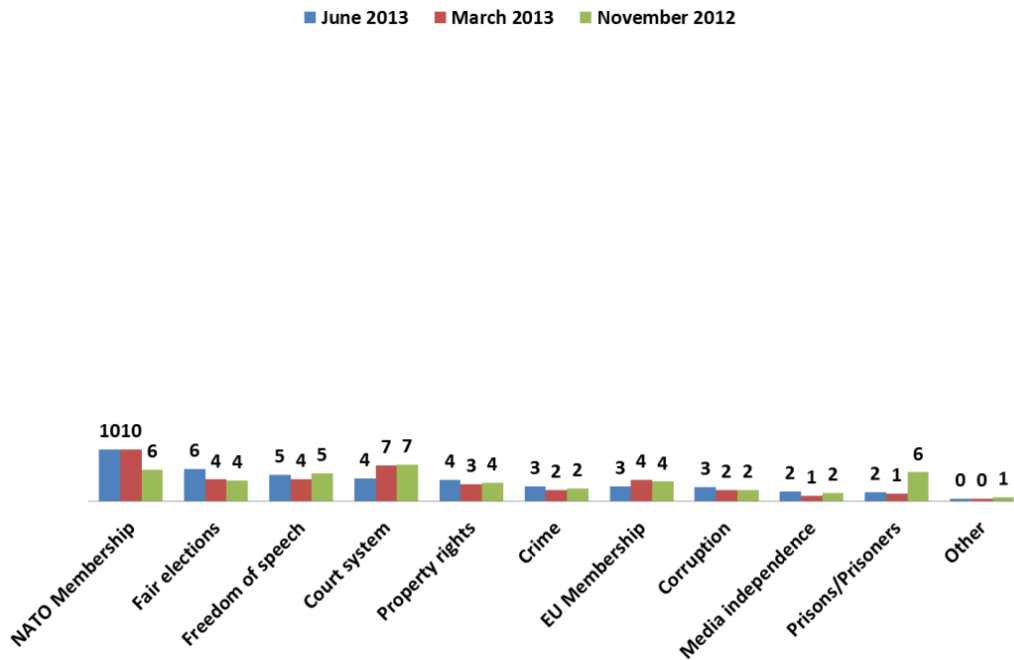
Source: National Democratic Institute (NDI). Available at: https://www.ndi.org/sites/default/files/NDI%20Georgia%20-%20December%202021%20poll_Eng_vf.pdf

Diagram 3. Which are the important national issues facing you and your family? (Part 1)



Source: National Democratic Institute (NDI). Available at: <https://www.ndi.org/sites/default/files/NDI-Georgia-Survey-June-2013-ENG.pdf>

Diagram 4. Which national issues are most important for you and your family?
(Part1)



Source: National Democratic Institute (NDI). Available at:
<https://www.ndi.org/sites/default/files/NDI-Georgia-Survey-June-2013-ENG.pdf>

How does poverty overshadow democratic values in the absence of a reliable alternative?

Poverty and therefore citizens' prioritization of economic issues leads to certain challenges in young democracies. Firstly, due to changed priorities (Englehart & Welzel 2005, 2008) citizens often support the voting strategy based on short-term benefits, instead of democratic values (Lapiente and Charron 2010). This feature is taking particularly intricate forms in countries, where citizens do not have reliable political alternatives (Keefer and Vlaicu 2008). A local demonstration of this theoretical approach is the local elections held in the country in 2021. Three months before the elections, jobs, poverty, and increasing costs topped the national priority issues for the surveyed citizens (NDI 2021). At the same time, 49% of the participants thought that the country was developing in the wrong direction, while 51%

believed that there was no democracy in Georgia (NDI 2021). However, according to the same survey, none of the parties stand close to 51% of the citizens (NDI 2021).

Despite the fact that challenges in the country give sufficient space for the opposition parties for action, in the environment of radical polarization, opposition parties could not identify the real needs of the citizens, could not offer relevant programs or action strategies, and by doing so, restore the public trust towards them (Zurabashvili 2021). Therefore, during elections labeled as a “referendum” by the opposition to protect democratic values, voter buying became widespread (OSCE/ODHIR 2022) and deepened the political crisis that started after the 2020 parliamentary elections.

What risks do severe social-economic conditions create for the country’s EU integration?

Because of the poverty of the population and mistrust of the political parties, the country may face a bigger crisis in the 2024 elections. On March 3, 2022, the Government of Georgia applied for EU membership (Government 2022) and the country is awaiting the EU decision on the candidate status. According to experts, based on the existing practice, the EU will not discuss granting membership status to Georgia prior to the 2024 elections to prevent using it for political ends (GIP 2022a). In the context when there is not an agreement on granting Georgia a candidate status as a result of the democratic backsliding and halted reforms (Chkhikvadze 2022), the country particularly needs to demonstrate pro-European course. However, considering the fact that the Government does not demonstrate a political will to do so and the majority of the population does not trust any of the parties (IRI 2022, NDI 2022), the poverty of the majority of the population and focus on short-term benefits may be a significant inhibiting factor for the pro-European course.

Firstly, the poverty may allow the ruling party to capitalize on the Russian market² and some voters may become vulnerable to it. Despite the fact that 74% of the population fully supports EU membership, while 83% considers Russia to be an economic threat to Georgia (IRI 2022), due to practical challenges, voters tired of poverty may decide in favor of short-term benefits. In terms of economic relations, Georgia relies significantly on Russia (Geostat 2021). Particularly important is the reliance of the agriculture sector on Russia (TI 2020),

² The representatives of Georgian Dream have already set the precedent in these regards. The Prime Minister justified Georgia’s refusal to join sanctions by “people’s interests”.

which the majority of the population considers to be the main area of development and unlike non-ferrous metals or other export products, they relate more with participating in the production of agricultural goods.

Meanwhile, due to historical experience, the Russian market is more familiar and easier to penetrate for Georgians, while the EU market is still inaccessible for the manufacturers or the citizens employed in the agriculture sector. Besides, as the experts suggest, an immediate cut of the economic ties with Russia will cause a significant increase in prices (GIP 2022b). Therefore, if the choice of short-term economic benefits caused by hard social-economic conditions is not met with the firm decision to choose values, the results of the 2024 elections may be seen as a negative signal for the EU, where the questions have already risen on Georgia due to its refusal to join sanctions against Russia.

On the other hand, to demonstrate the commitment to the Western course, the country must meet the minimal political criteria for the 2024 elections. More specifically, free and fair elections must be ensured. Looking at the existing attitudes, the ruling party does not plan to give up elections (Tsulukiani 2022). Therefore, it is likely that voter buying practice will be intensified, which will further be enabled by the Government's resources and disproportionately large financial resources compared to opposition parties. Elections held with the disregard of the democratic standards will be an additional factor for the European leaders already skeptical of Georgia.

Conclusion

In the view of the majority of the citizens, Georgia is developing in the wrong direction and that the country has moved backwards in terms of democratic development. However, hard economic conditions create a challenge, when the citizens focus on the short-term economic benefits instead of ensuring public pressure on the government to protect democratic values. The situation is further complicated by the fact that the citizens do not trust opposition political parties, which could help to accumulate democratic values in the society on the one hand, and offer a realistic solution to the economic problems, on the other. Citizens' focus on short-term economic benefits may become an additional hindering factor for the country's EU integration. In order to ensure that the hard social and economic conditions do not overshadow the democratic agenda, opposition parties must take into consideration the mistakes made during the local elections (Zurabashvili 2021) and to already start working

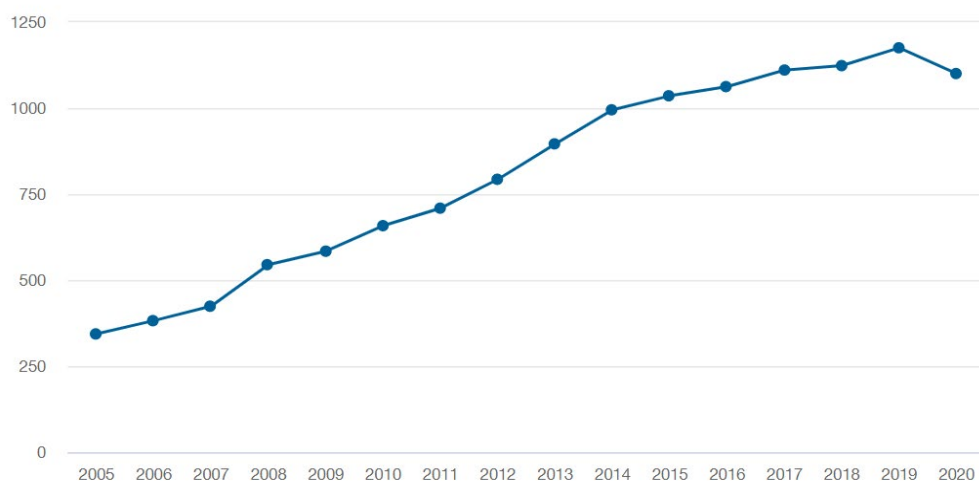
on the 2024 elections. More specifically, support citizens' mobilization around democratic values and at the same time start up issue-based discussions on the country's economic development and the ways to eradicate poverty. This strategy may provide an ideological basis that will enable them to counter the ruling party's election strategy of relying on the Russian market and short-term financial assistance.

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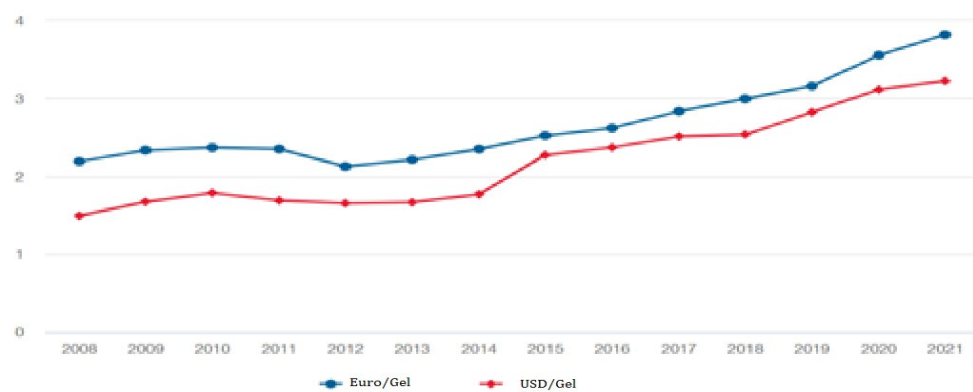
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Appendix 1. Distribution of average monthly income per household according to hears (GEL)



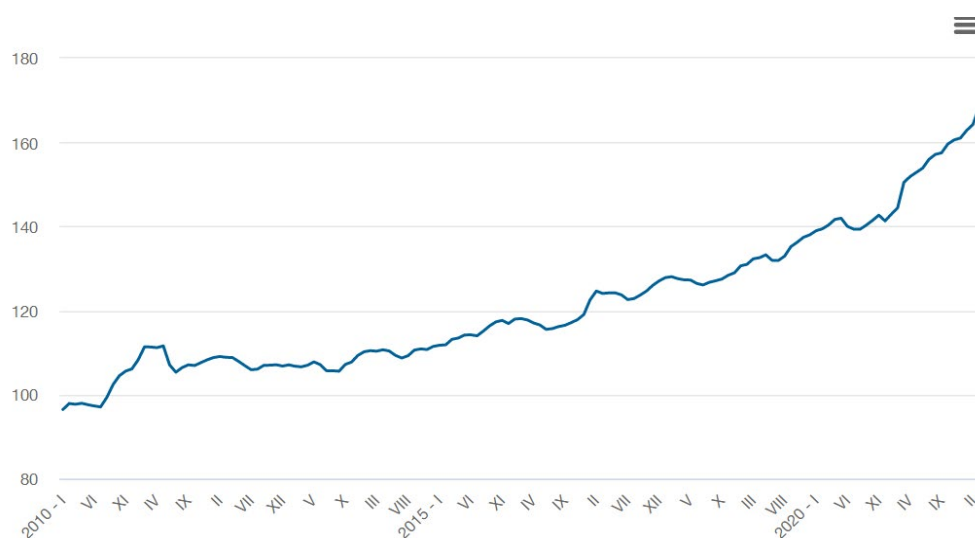
Source: National Statistics Office of Georgia(Geostat). Available at: <https://www.geostat.ge/ka/modules/categories/50/shinameurneobebis-shemosavlebi>

Appendix 2. GEL exchange rate to EUR and USD.



Source: National Statistics Office of Georgia(Geostat). (Geostat). Available at: <https://www.geostat.ge/ka/modules/categories/92/monetaruli-statistika>

Appendix 3. Consumer Price Index (CPI) over the 2010 average



Source: National Statistics Office of Georgia(Geostat). (Geostat). Available at: <https://www.geostat.ge/ka/modules/categories/26/samomkhmareblo-fasebis-indeksi-inflatsia>



საქართველოს პოლიტიკის ინსტიტუტი
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This publication was produced with the support of the Netherlands Fund for Regional Partnerships MATRA for regional cooperation in the Eastern Partnership (EaP). The views and opinions expressed in this article are the author's alone and do not necessarily reflect the views of the Georgian Institute of Politics and the Netherlands Fund for Regional Partnerships MATRA for regional cooperation in the Eastern Partnership (EaP).

How to quote this document:

Teona Zurabashvili, *"Poverty, as an additional challenge on the country's path to EU integration?"*, Policy Memo No. 56, Georgian Institute of Politics, May 2022

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