

RELEASE IN PART B6

From: Sidney Blumenthal [redacted]
Sent: Monday, September 3, 2012 12:46 PM
To: H
Subject: H: Georgia/US elections flashpoint. Sid
Attachments: hrc_memo_Georgia-US_elections_flashpoint_090212.docx

B6

CONFIDENTIAL

September 3, 2012

For: Hillary
From: Sid
Re: Georgia election/US election flashpoint

I just had a conversation with John Kornblum, who raises an issue that could be a potential hot spot a month before the US election. Kornblum is working with the political party in Georgia opposing Saakashvili, called Georgian Dream. The Georgia election is October 1. Kornblum suggests that a politically beleaguered Saakashvili might ratchet up tensions with Russia before the election, drawing Republican attention and creating a cudgel to beat the Obama administration as soft on Russia.

Without comment, I have enclosed below Kornblum's memo, the letter sent to you from the Georgian Dream leader (which Kornblum sent me), and an article from The Economist.

1. John Kornblum memo

-- By running in the parliamentary elections as a unified democratic coalition, Georgian Dream has energized the opposition in a way which has never happened before in Georgia. The population is extremely angry at Saakashvili, but in the past he could always out maneuver the divided opposition. Now he can't.

-- This time it will be different. There is a real chance Saakashvili could lose. He is doing everything possible to avoid that indignity, including harassing Georgian Dream in ways described in the letters. (Note 150,000 Euros fine.)

-- At the same time, there are continued tensions with Russia and considerable instability in the region. If Saakashvili clearly steals the election, there could be public discontent, violence and maybe a "wag the dog" scenario with Russia.

-- Our point to the US is not that we are the best (even though we are) but that Georgian Dream has begun a new dynamic which has put Saakashvili under pressure and is causing him to react in authoritarian ways, which in themselves are heating up the climate.

-- All this could burst out in the final four weeks of the American election. This is the last thing the President needs. The best and only way to stop it is for the US to tell Saakashvili publicly (he ignores private warnings) to cut it out. Nobody else counts Only the US.

(Privately Saakashvili is expressing great dissatisfaction with the lack of open support from the administration. My private feeling is that he is being stirred up by the US military, who see him as their client in a very difficult region. But to support Saakashvili the way they want would turn Georgia into a Caucasian Cuba and make sure we never had a reasonable security relationship with Russia. This means consequences for policy toward Iran, Afghanistan, Korea etc.)

2. Letter to you from Georgian Dream leader

The Honourable Hillary Rodham Clinton
Secretary of State
U.S. Department of State
Washington, D.C.

Dear Secretary Clinton:

I am grateful that you have recently visited our country to learn personally about the historic political transformation that is now underway. I quote often your statement that Georgia's future depends primarily on the quality of its democracy.

It is out of fear for the future of this democracy that I am writing you today. For the first time in Georgian history, a broad citizen's movement has formed around the Georgian Dream political coalition to build a consensus among democratic forces in Georgia. We are fighting together to achieve the first peaceful transfer of power in Georgian history. Our goal is to lay the foundations for an institutionalized democracy in which the government acts according to the rule of law.

I also want to reassure you that Georgian Dream is fully committed to deepening Georgia's integration with the West and eventually joining NATO and the European Union. The coalition and I strongly support Georgia's troop deployment in Afghanistan and elsewhere, as well as Georgia's role in supporting logistical operations in Afghanistan. However, we must admit that Georgia's NATO and EU aspiration cannot be realized until Georgia becomes a true democracy and rids itself of authoritarianism.

A modern civil society has been a cherished goal of the Georgian people since we regained our independence twenty years ago. Unfortunately, old habits are hard to overcome. Our nation is still controlled by single-party institutions in the hands of a leader who rejects the most basic principle of democracy – that he must someday leave office. He has declared himself personally to be indispensable for the further development of the nation. This belief is unfortunate.

In limited cases, the Georgian government has reversed its assault on the opposition and democracy when publicly and specifically criticized by the U.S. government or other international actors. However, in general, despite the many demands by yourself and other Western leaders for free elections, President Saakashvili is ignoring you and the established standards for elections; weakening the chances that our election on October 1 will be free, fair, and truly competitive.

The election law is being misinterpreted in a manner that makes it almost impossible for opposition parties to campaign. The OSCE Parliamentary Assembly pre-election observation mission recognized this during their recent visit to Georgia and expressed serious concerns about the government's actions undermining a free, fair, and competitive election, as well as ongoing erosion of Georgia's rule of law.

We launched our campaign optimistically, crisscrossing the country and spreading our vision to reverse Georgia's massive unemployment rate through economic growth, provide healthcare and education to all Georgians, and reduce tensions with Russia while further deepening Georgia's relationship with America and Europe.

Unfortunately, the government of Mikheil Saakashvili is using every method available to it to undermine the election process. The government has launched an aggressive campaign to suppress the democratic opposition, including imposing over \$125 million in illegal fines against Georgian Dream and its supporters; imprisoning, interrogating, and firing from government jobs opposition leaders and supporters; and suppressing the independent media and the opposition's access to voters. And, of course, my own rights as a native-born Georgian citizen were taken from me only days after I agreed to lead the Georgian Dream coalition.

Most recently, the government seized all of the funds in the campaign's bank accounts and has blocked us from receiving new donations, effectively stopping our ability to campaign in the last month of the election. While there are indications the government may suspend seizing new donations, campaign donors are continuously harassed and fined, and their homes have been seized and auctioned.

Madam Secretary, I am sure you are aware that more is at stake in our parliamentary election than the future of Georgia. The Caucasus region is riddled with conflicts and pressures for change are growing. The current government's projection of Georgia as a military bulwark against Russia in the Caucasus region is making the situation worse. President Saakashvili's use of Cold War rhetoric is neither in Georgia's interest nor in that of the West. It makes a healthy Western security relationship with Georgia and thus with the Caucasus almost impossible.

You have much wider interests in our region that require cooperation with Russia, no matter how difficult that may appear to be at the moment. A freeze in relations between Russia and Georgia cannot serve your longer-term goals. Our goal is to help rebuild links with Russia by pursuing a new sort of diplomacy in our region, based on the vision you stated so eloquently during your visit to Georgia.

I set forth my personal convictions in an article that appeared recently in the *Wall Street Journal Europe*. Introduction of a diplomacy that combines strong defence with a program of dialogue and reconciliation would be Georgia's most important contribution to cooperation in our dangerous region. Georgian Dream's program for peace in the Caucasus will build on the experience of the peaceful revolutions that restored democracy in Central Europe and ultimately led to the fall of the Soviet Union itself. Our vision will be the antidote for traditional rivalries which flourish in the authoritarian societies of our region. The tens of thousands of persons who attend our peaceful rallies are the heirs of the democratic movements begun by the Solidarity movement in Poland thirty years ago.

The Georgian people are waiting for a clear signal that America understands and supports their dreams for democracy.

Domestically, the first step back to the path of democracy must be an open and fair election that offers the hope of a peaceful transfer of power. Recent polls suggest that Georgian Dream can make this happen, if the authorities give democracy a chance. You can help by making clear publicly to the current government that you will not tolerate its obvious efforts to undermine the October 1 election.

I hope with this letter that I have been able to open a dialogue with you that will enable us further to explore our mutual goals of building democracy and peace in our strife torn region. Georgian Dream's commitment to a democratic future for Georgia is a permanent one. We are ready to do whatever you believe is useful to make our dream a reality.

Respectfully,

Bidzina Ivanishvili
 Founder, Georgian Dream Political Coalition

3. Article from The Economist

Georgian politics

Blood feud

Jul 13th 2012, 18:39 by G.E. Tbilisi

<http://www.economist.com/blogs/easternapproaches/2012/07/georgian-politics?zid=307&ah=5e80419d1bc9821ebe173f4f0f060a07>

IS Georgian democracy in trouble? The government claims that the “Russian-influenced opposition” could subvert Georgia’s parliamentary elections in October this year. In contrast, Bidzina Ivanishvili, the founder of Georgian Dream, an opposition party, complains of systematic discrimination at the hands of an increasingly authoritarian regime. New polling results show that only 38% of Georgians think that Georgia is now a democracy, compared with 49% in February.

Georgians may have too pessimistic a view of their own country. As a recent pre-electoral assessment from the National Democratic Institute (NDI) points out, Georgia has implemented several key democratic reforms in recent years. New institutions ensure the accuracy of the voters’ list or regulate party financing. Amendments to the electoral code in late 2011 and early 2012 introduced a raft of positive changes although the failure to redraw electoral districts (which range from 6,000 to 158,000 voters) means some votes are worth less than others. Recent “must carry” provisions will improve opposition parties’ access to the media by obliging cable providers to transmit all television channels with news programmes during the sixty-day campaign period. In all, the “2012 electoral process is more formalised and regulated compared to past elections”, the NDI concludes.

Even so, the dark side of Georgian politics, which Thomas de Waal has likened to “a blood feud”, has been all too evident since Mr Ivanishvili entered politics in October last year. Georgia’s richest man remains without Georgian citizenship, an absurd situation of which most of his compatriots disapprove; the sooner that is resolved, the better. The Chamber of Control stands accused of levying disproportionate fines on the Georgian Dream movement, which Mr Ivanishvili has refused to pay. (It has responded by seizing some of his assets). And before Parliament adopted the must carry provisions, Channel 9, a new television station co-owned by Mr Ivanishvili’s wife, and Global TV, the only broadcaster that carried it, suffered from almost continuous harassment.

Both sides continue to vilify each other, complaining of harassment, improper campaign spending, attempted bribery of state officials and abuse of administrative resources. A debate in the European Parliament on 4th July about Georgian politics reached similar extremes. As punch-ups during Georgian Dream campaign meetings in the central Georgian villages of Mereti on 26th June and Kareleti on 12th July suggest, it could get nastier still.

Yet Mr Ivanishvili’s political awakening has also awoken Georgian voters. Huge, peaceful rallies have taken place across the country, far beyond anything seen in recent years. Many more Georgians (75%) now plan to vote in October’s elections than intended to so in September last year (51%), polls show. And the political debate is increasingly focused on issues that matter to ordinary Georgians, not just personalities.

Georgian Dream unveiled some of their plans in May: cutting utility costs, investing in agriculture, free universal health-insurance and increased pensions. Vano Merabishvili, the former interior minister who became prime minister in late June, announced the government’s four-year post-election programme shortly after taking

office. He too wants to boost pensions, provide universal health-insurance, and invest in agriculture. Mr Merabishvili has also set up a new ministry to tackle unemployment (roughly 34% of Georgians say they are unemployed, compared with an official rate unemployment rate of 16%), and promises to provide each family with vouchers worth \$600.

Does Mr Merabishvili's appointment indicate that Mikheil Saakashvili, the president, is unlikely to become prime minister once his term in office expires in early 2013? As one of the few big beasts of Georgian politics, Mr Merabishvili would certainly be hard to shove aside. At any rate, slightly more Georgians would oppose such a job-swap à la Putin than would approve of it.

Reassuringly, 55% of Georgians surveyed think the elections will be well conducted, and only 21% fear falsification. But there is little room for complacency. Mr Ivanishvili has said that if he has any evidence of vote-rigging by the authorities, he will call for street protests. For most foreign observers, and many Georgians, that would be a step backwards. Yet 27% of those polled say he would be justified in doing so. Come October, that sentiment could matter.

While most Georgians are focused on who will win, Georgia's allies say the credibility of the electoral process is key. As the NDI states, "further development of democratic institutions and practices offer the best chance for western integration and for long-term prosperity and stability." With the political temperature likely to rise further in coming months, Georgia's politicians would do well to bear that in mind. Will they?