

The Impact of Russia's Soft Power on Georgia and Economic Relations

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Gochua, Alika, and Gorda Gibradze (2022) The Impact of Russia's Soft Power on Georgia and Economic Relations. *Future Human Image*, Volume 17, 14-19. <https://doi.org/10.29202/fhi/17/3>

The South Caucasus region has always been an area of interest for major states. It all stems from the geopolitical and geostrategic location of this region. In the 21st century, its role is growing. The political stability of the South Caucasus does not depend only on the three states in the region, but also on regional players: Russia, Turkey, the European Union, the United States, Iran, etc.

The main security challenges in the South Caucasus regions are separatist conflicts, which include many unresolved conflicts involving external forces. It should be noted that Russia is the main actor in the conflicts. Turkey also has its own geopolitical interests. It must be said that the growing southern conflicts in the Middle East, which have taken on a permanent character, have a significant impact on the conflicts in the South Caucasus.

It must be said that the Russian factor in the South Caucasus region, especially for Georgia, has a very negative impact. As Georgia announced its pro-Western course and began to work quite actively on joining Euro-Atlantic structures, relations with Russia have since become extremely strained. The same can be said for Ukraine, which aspires to become a member of the Euro-Atlantic family. Russia has pursued an aggressive military policy and has also been a major emperor in terms of ethnic conflicts in Georgia. Russia considers the South Caucasus region as its sphere of influence and is quite aggressive in pursuing the policy of new players. A clear example of all this is the August 2008 Russia-Georgia war. With regard to Ukraine, the annexation of Crimea in 2014 and the Russia-Ukraine war in 2022. It is in Russia's interest to

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expand its influence in the post-Soviet space, especially in the Black Sea region. Russia is trying to increase its influence and control of the South Caucasus region through its military-political and economic actions. The article discusses the role of Russia's "soft power" in Georgia's security and key aspects of economic policy.

Keywords: Soft Power, Military Conflicts, South Caucasus, Regional Security, Russia, Georgia, Ukraine, NATO, Economic security.

Received: 20 April 2022 / Accepted: 16 May 2022 / Published: 29 May 2022

Introduction

It should be noted that Russia has a special relationship with the Caucasus; it is strategically closely linked with the South Caucasus. In fact, Russia cannot even provide sufficient security guarantees for its own federal entities. Nothing to say about good governance. Russia's political interests in Georgia are noteworthy, as is its policy of annexation and occupation of part of Georgia, which violates the sovereignty of the country.

Amid international sanctions and the escalation of hostile relations and economic problems with the West, it can be said that it is unable to carry out open military aggression against Georgia (King, 2017: 35). Russia has shifted to the use of so-called "soft power" to some extent, and it is against this background that it retains its sphere of influence in the South Caucasus. By activating elements of pro-Russian propaganda and Russian "soft power" and constantly demonstrating its military might, Moscow is trying to establish in Georgian society that it is a significant player in the region and seeks to undermine, to some extent, Western interests in the region.

At the behest of Russia, socio-political groups in Georgia are trying to convince Georgian society of the benefits of cooperating with Russia through a disinformation campaign and false arguments (Russian Soft Power in Georgia, 2016: 1). Russia is manipulating the problems of conflict regions. Georgian society seems to be showing the inability of the West toward the occupied territories. It seeks to reinforce skeptics of the pro-Western course (Russia's Soft and Hard Power in Georgia, 2017: 1). Through "soft power," Russia has created a reality in Georgian society where the West is an enemy that threatens traditional Georgian values. Moscow is trying to show America its dominant position in the post-Soviet space, thereby weakening Western influence and capabilities.

The policy pursued by Russia is really part of a strategically established concept, because it limits the scope of involvement of Turkey with the policy produced. Amid deteriorating Turkish-Russian relations, Moscow is no longer motivated to accept Ankara's limited positions in the Caucasus. Also, in light of the current situation, hybrid forms of aggression remain a growing challenge for the country's security. It must be said that Moscow continues to strengthen its military potential in the Caucasus region. Russia is also trying to bring the occupied regions and separate components of the Armenian armed forces under joint control. Russia also controls all major rapprochement routes necessary for military operations against Georgia. At the same time, it is strengthening its capacity to conduct hybrid-type operations in the region (The Limits to Russian Soft Power in Georgia, 2016: 1). Russia wants to change the international system to some extent. For this, it wants to limit the influence of the United States. Moscow's aggressive actions are aimed at cutting off both direct and bilateral cooperation with

the United States. It should be noted that Russia traditionally creates the maneuvering space using the existing disagreements between Washington and its partners.

It is necessary to note that Russia's growing aggression is mainly manifested in the direction of the South Caucasus and Ukraine (The Ukrainian Crisis, 2014: 1). Russia is also concerned about NATO enlargement to Eastern Europe. It must be said that Moscow is skeptical of the further enlargement of NATO. Russia perceives this fact as a blow to strategic interests. Therefore, Russia is conducting intensive military exercises and increasing its military potential in strategic areas. It also fixes that it will have an advantage in case of escalation of the situation. Russia is trying to use "soft power" in the EU countries to increase its influence in Europe, as it will prevent the formation of a common position between European countries.

Moscow explains the intensification of its efforts toward Europe by saying that this is a response to NATO's intensification in Eastern Europe. The Kremlin reacts with particular aggression to Western activities in the regions where it has its sphere of influence (Statement by NATO Foreign Ministers, 2014: 1). Using its strong military positions, Russia has more or less successfully managed to limit the West's strategic access to its immediate borders. With the current situation in Ukraine, Russia is trying to increase its military advantage over the West. One of the important directions of Russia's policy is to gain and maintain a dominant position on the Black Sea (Charter on a Distinctive Partnership, 2009: 1). Russia is trying to discredit the EU and NATO in European countries and shake the role of the United States. For the same reason, Moscow is trying to shift relations with major European states to a bilateral format. Moscow needs to weaken its perception of Russia as a major threat in Western European countries. Against this background, it intensified the pressure in other directions.

Russia's "soft power" differs from Western examples of "soft power." In the case of Russia, we are dealing with a "soft power" adapted to the Russian reality. It is based on the perception of the West as a camp hostile to Russia as well as portraying this camp as a threat to Russia's national and foreign interests. The resources, narratives, and goals of the Russian "soft power" are set and controlled by the state. This concept was discussed at the state level in 2007 when it was reflected in the documents of strategic importance to the state. The idea of "soft power" is also mentioned in Russia's 2015 state security strategy (Russians Happier With Putin, 2017: 1). The narrative tailored to Russia's immediate neighborhood, despite the different specifics of the countries, carries common features. In many cases, Russian narratives are tailored to the weaknesses of the target country. The agitation of populist communities also manifests this approach. As a result, we have a kind of ideological tool in the form of Russian "soft power," which, on the one hand, carries out anti-Western propaganda, and on the other hand, the so-called is popularizing the "Russian world" (Kyiv Says Russia Attacked Ukrainian Navy Ships, 2018: 1). The latter's narrative is mainly manifested in the popularization of language, culture, history, common heritage, economy, religion, and conservative values. It should be noted that the Russian narrative towards Eastern European countries is not based solely on the "struggle" to preserve traditions and values. The Eurasian Economic Union was formally established in January 2015. It is a kind of alternative to the EU as a regional integration project. In order to expand the Eurasian Economic Union and attract new members, Russia is using "soft power" methods to attract countries in the region. It must be said that the Russian soft power idealizes and popularizes the good of the Russian world. In its main narrative, we find powerful anti-Western propaganda divided into several components.

After the war in August 2008, the problems created in the Georgian economy have repeatedly been the subject of political statements. Russian military aggression has had a

significant impact on Georgian business. Both local and international organizations talked about it (Mchedilze, 2009: 1). Prior to the Russia-Georgia war, Georgia's economy grew by 8-9 percent. After the war, it changed, and the average annual growth rate of the economy was 2 percent. But this decline is not just the result of war. The hostilities were just over when the global financial crisis erupted, and it naturally affected Georgia as well. However, small, medium, and large companies operating in the country until the spring of 2009 attribute their problems mainly to the August war.

The global financial crisis of 2008 and the Russian military aggression against Georgia showed signs of the economic crisis in Georgia and a decline in GDP. This crisis has national roots. But it is also due to the impact of the global financial crisis. This time, it should be noted that there were mistakes made over the years. On October 22, 2008, a decision was made at a donors' conference in Brussels. Georgia could receive \$ 4.55 billion in financial assistance, of which \$ 2 billion in grants and \$ 2.55 billion in loans. Georgia started receiving this assistance in 2008. A significant portion of this assistance went to offset the immediate economic damage caused to Georgia by Russian military aggression. Part of it was spent on the economic rehabilitation of the country. It is noteworthy that \$ 4.55 billion in assistance was provided to both the public and private (especially banking) sectors. As a result of the Russian aggression, the Georgian government was forced to incur additional costs due to the social problems of IDPs from the conflict regions. The government built temporary housing for these people, which, on the one hand, revived the economy (What impact of 2008 war, 2018: 1). It created additional demand for construction materials and employed workers, but the construction costs were ultimately inflationary in the short run. These houses were bought by the government and not by private individuals. Yet the government had no other choice.

The inflow of foreign investment into Georgia has declined since the 2008 war. During the global financial crisis, investors sought to invest in more secure countries than under Russian aggression (Georgia after the August war, 2018: 1). Remittances sent by Georgians living abroad to their relatives also decreased significantly during the global financial crisis. Given that Georgia has a highly negative foreign trade balance, where imports exceed exports four times, it should be no surprise that the stability of the GEL exchange rate has been threatened.

After the 2008 war, the International Monetary Fund (IMF) provided a \$ 750 million loan under the Reserve Loan Program to maintain Georgia's macroeconomic stability. Two hundred fifty million were already transferred to the reserves of the National Bank in the fall of 2008. On August 6, 2009, under the same program, the Fund allocated an additional \$ 420 million to Georgia. The duration of the program was set until June 14, 2011. Together with those mentioned above, \$4.55 billion, these funds became a guarantee that Georgia would avoid a currency crisis (How the financial crisis led, 2018: 1). The volume of foreign direct investment decreased, remittances from Georgian citizens living abroad decreased, and relatively low-interest loans from European financial markets became less accessible to Georgian banks. This was caused by the global crisis. It is quite important to say that the economic crisis in Georgia also had pure national roots.

If we consider the period before the August war, the Georgian economy reached its historical peak in 2007 and amounted to 12.6% (Ten years after the August war, 2008:1). After the war, in 2008, the figure fell to 2.4%. For the next two years, the economy turned out to be a crisis in all directions. In addition to the war, the world economic crisis aggravated the situation. The volume of investments has almost halved since the third quarter of 2008. Exports and imports

also decreased, causing problems for the banking sector. The situation has also deteriorated in terms of international ratings.

It is necessary to mention the fact that the Russian-Georgian war of 2008 had a significant impact on the Georgian economy. It must be said that the economies of all states are dealt a significant blow by conflicts and wars, both in the short and long term. Georgia has really been able to restore and develop its economic potential despite many difficulties. Also, we are witnessing how a significant blow a global pandemic can have to the economies of states. An example of all this is Covid-19. In the modern period, the Russia-Ukraine war of 2022 is one of the important signals for the direction of a new dimension of threats to Georgia coming from Russia. It should be noted that after Ukraine, the next target of Russian hostilities may become Georgia again. Also, the Western partners have already openly stated that the countries that are under threat from Russia must be supplied with weapons immediately. This is an effective way for Georgia to respond firmly to the aggressor, as Ukraine has done, and to defend its sovereignty and security. It is essential that Georgia make more efforts to address threats from Russia and other countries. These threats are becoming more and more. The classification and scale of threats have increased in modern politics and in the dimension of international relations. Georgia and Ukraine have no right to relax in the face of threats from Russia. On the contrary, they should further strengthen their defense and security.

Conclusions

In parallel with the activation of soft power, Russia is intensively using its armed forces and special services to achieve its own goals. This is clearly seen in the analysis of Russia's foreign policy. Russia often resorts to hybrid wars outside the country to address socio-economic problems within the country. In the post-war period in Georgia, all the signs of the economic crisis were significantly identified. The fact that Georgia still maintained economic stability and the state budget was not reduced was great merit as a result of donor financial assistance. For Georgia, as a victim of Russian aggression, a considerable amount of money was allocated on October 22, 2008, in Brussels. But unfortunately, the steps taken by the government during the crisis and the anti-crisis plan developed were still characterized by severe shortcomings.

Together with its hard power, the Kremlin will use more and more soft power and tangible economic motivation to put pressure on Georgia and pursue an aggressive policy. Given that Georgia has very few resources to contain Russia's rigid power, it will be more important to pursue a more active and methodical containment policy with Russia's soft power in the information field. It should be noted that EU countries have already begun the process of active confrontation with Russian disinformation. Georgia must be able to fully consolidate all its resources – the security sector, political figures, the executive, the media, non-governmental organizations, and academia – against Russian propaganda.

Russia wants to create unrest in Georgia. For all this, it uses soft power and hybrid warfare. Russia is not accustomed to Georgia's Euro-Atlantic aspirations and policy development. Its main goal is to maintain its influence in Georgia. For all this, it tries to use the conflict regions. The example of Ukraine also makes clear what interests Russia and how unacceptable the pro-Western policy of Georgia-Ukraine is for it. That is why Russia does not shy away from using soft and hard power. Despite Russian aggression, these states want to develop and maintain their sovereignty, and they must be loyal to the Euro-Atlantic aspirations.

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