

CIVIL SOCIETY

**GEORGE SOROS
IN THE SOUTHERN CAUCASUS**

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**Open Society
in the Caucasus—Illusions vs. Reality**

Recently, so much attention has been focused on George Soros, a prominent international financier and philanthropist with the number of articles written about him—both enthusiastic and critical, sincere and openly biased—growing by geometric progression, that it would be quite appropriate to clarify some of the central concepts of his philosophy in general and his activities in the Southern Caucasus in particular. Interest in this personality particularly increased in connection with the war on Iraq, as well as with the latest presidential elections in Georgia and the United States. Soros the philanthropist is becoming increasingly involved in political life, openly showing his sympathies and antipathies, his likes and dislikes, which of course cannot but evoke a response from both the mass media and the political elite in different countries, which does not take criticism too well.

The present article does not aim to analyze Soros' political activities or to rebuff his critics, which, in the opinion of the present author, he does not need. As a board member of one of the national Soros foundations in the Southern Caucasus, I would like to reflect on the basic principles of Open Society and their importance for regional development, and also to assess the extent to which George Soros' ideas are implemented by these national foundations.

George Soros took an active interest in the concept of Open Society in the 1940s, when he was at the London School of Economics. He survived the Nazi occupation of Budapest and left communist Hungary in 1947 for England, where he graduated from the LSE. While a student at LSE, Soros became familiar with the work of philosopher Karl Popper, who had a profound influence on his thinking and later on his professional and philanthropic activities. Soros saw Popper as his philosophical guru. Karl Popper was a

committed follower of French philosopher Henri Bergson, a founder and most significant exponent of logical positivism. In his works, Bergson posited the reality, not the illusion, of freedom, as embodied, above all, in constructive diversity and based on the rule of law.

In 1945, Karl Popper published his famous book *Open Society and Its Enemies*, which he called his contribution to the war effort. Based on a thorough analysis of works by the great philosophers of the past, he showed that ideal states as described by Plato, Hegel, and Marx were in reality tyrannies, closed societies. He defines an “open society” as one which ensures that political leaders can be overthrown without the need for bloodshed, as opposed to a “closed society,” in which a bloody revolution or coup d’état is needed to change the leaders. Democracies are examples of an “open society,” whereas totalitarian dictatorships and autocratic monarchies are examples of a “closed society.” The author was referring, above all, to the national-socialist and the pseudo-socialist societies created by Hitler and Stalin, respectively. Being a Marxist in his youth, Karl Popper later came to the conclusion that any collectivist society is always closed. Only a society where individuals make independent decisions is an open society.¹ In defining the concept of a free and open society, he held that the principles of open society are a social equivalent of the political and economic concept of the “constitution of freedom.”

In 1956, Soros moved to the United States, where he began to accumulate a large fortune through an international investment fund he founded and managed. After translating his economic plans into reality by creating a financial empire, George Soros, a consistent follower of K. Popper’s ideas, went ahead with the fulfillment of his long cherished dream—organization of the Open Society Institute (OSI). Soros has been active as a philanthropist since 1979, when he provided funds to help black students attend the University of Cape Town in apartheid South Africa. National Soros foundations have been in operation as charity structures since 1984, while the Open Society Institute network was created in 1993. It was designed to support various initiatives during the transformation of the socialist system in Central and East European countries, as well as of the newly independent post-Soviet states. In addition, the OSI network comprises national foundations in some countries of Africa, Latin America, Asia, and the United States. Today this structure operates in more than 50 countries of the world. The task of OSI national foundations is to build and facilitate the development of civil society institutions promoting the openness and accountability of governments to society and assisting the implementation of reform and modernization programs.

Open society is an opportunity for each individual not only to have his own view of political, economic, and social life, but also to express it, counting on an adequate reaction from the ruling authorities without the fear of being persecuted for his views. Diversity of views and persuasions is a fundamental principle of open society, while no one has the right to claim the role of exponent of the ultimate truth, be it an individual representative of the ruling establishment, or the state as a whole.² As a fervent, avowed opponent of totalitarianism in all of its manifestations, on the one hand, and of the chaos of market capitalism, on the other, George Soros emphasizes the need to counter authoritarian trends and strengthen the role of civil society in young, embryonic democracies.

Civil Society as We Understand It

The term “civil society” was given its original definition in works by the philosophers of the 18th century French Enlightenment, emerging as one of the key notions of anti-absolutist social thought. Yet from the outset, it had two meanings: John Locke formulated the idea of the primacy of Society over the State, holding that government existed as an “agency empowered to evoke the public good.” This idea

¹ See: K. Popper, *Otkrytoye obshchestvo i ego vragi* (Open Society and Its Enemies), Vol. 1, Moscow, 1992, p. 7.

² See: G. Soros, *The Bubble of American Supremacy*, Public Affairs, New York, 2004, p. 2.

was embraced by modern liberalism, positing that only a “society of individuals” has a right to create and dismantle government, depending on whether or not it serves its interests.³

Unlike John Locke, however, Montesquieu did not separate the State from Society, believing that it was necessary to limit the power of the State (prevent the transformation of the monarchy into despotism), but limit it from within, not from the outside. In his view, central authority is counterbalanced by various intermediate organisms—that is to say, by civil society. He was the first to put forward the idea of the separation of powers, which could limit the tyranny of the executive branch. Tocqueville and Hegel viewed civil society as a sphere parallel to, not separate from, the State, as an association of citizens based on their interests and needs. After a long hiatus, caused by the Industrial Revolution in Europe, the term “civil society” acquired a new meaning. This came shortly before the outbreak of World War II, in works by Antonio Gramsci, a leading proponent of socialism who saw civil society as the nucleus of independent political activity in the fight against tyranny.⁴

Civil society got a new lease on life in the 1990s—not only in the United States and Europe, but also in the vast FSU area. The IT Revolution facilitated the development of contacts between countries, and the trendy expression “civil society” became a key element of the “spirit of the times.”⁵

Amid an unprecedented invigoration of the national movement in post-Soviet countries and the inability by the State apparatus to meet the new challenges, the enlightened part of the population was convinced that precisely a community of citizens free from totalitarian shackles could lift these states out of their economic collapse and ethnic conflicts. The historical background of this belief in the South Caucasian countries was provided by the numerous publications based on hitherto off-limits archival documents and other materials pointing to strong traditions of parliamentarianism, democratic elections, and independent political and public organizations in all three republics of the region (Azerbaijan, Armenia, and Georgia), during the brief period of independence in 1918-1920s. It seemed to our new-wave politicians, who greatly idealized the historical situation of those years, that the moment the Soviet shackles were cast off, the sun of freedom and democracy would begin to shine, while civil society would emerge as a decisive factor in political life.

These expectations, however, turned out to be rather illusory, ending up in the utter defeat of Zviad Gamsakhurdia’s followers in Georgia and the People’s Front in Azerbaijan, while several months later, the AOD (Armenian Pannational Movement) government was voted out of office in Armenia.⁶ Former Soviet era leaders came to power in Georgia and Azerbaijan with a former Komsomol functionary taking over in Armenia. The role of the State structures once again expanded immeasurably. Even so, along with the numerous political parties, nongovernmental organizations, which comprised the most active part of “non-partisan” society, emerged as a viable force. In Georgia and Armenia, this process began somewhat earlier than in Azerbaijan, where it was hindered by the instability of the mid-1990s and the threat of coups d’état and uprisings, scaring off foreign sponsors. Yet the second half of the 1990s can be described as a period of active formation of NGOs in our republic. It is widely believed that their activity laid the foundation of civil society. Meanwhile, a normally developing civil society presupposes the involvement and participation of all nongovernmental organizations—professional and intellectual associations, business associations, labor unions, political parties, sports clubs, student unions, religious and other structures. Furthermore, they should not only exist on paper, but also play a key role in the life of society as a whole, which, however, is not the case today. NGOs (the so-called third sector) tend to transform into a kind of a corporate community with its own laws, inner circles, and political and financial intrigues. It is the view of the present author that herein lies the basic contradiction with the tasks that George Soros set himself in translating the idea of Open Society into reality—the ultimate model of Civil Society. Recently, some

³ See: Ph. De Lara, “Des pouvoirs locaux relevent-ils de l’Etat ou de la société civile,” *Novelle alternative* (Paris), No. 27, 1992, p. 10.

⁴ See: A. Gramsci, *Tyuremnye tetradi*, Moscow, 1971; G.A. Antonos, “Vozniknovenie grazhdanskogo obshchestva v Tsentral’noy Evrope i na Balkanakh,” *Gosudarstvo i pravo*, Series 4, No. 2, 1993, pp. 11-15.

⁵ See: Th. Carothers, *Civil Society. Think Again*, Carnegie Endowment, New York, 2004, p. 2.

⁶ The Zviad Gamsakhurdia government was in power in Georgia in 1989-1990; the People’s Front in Azerbaijan: 1992-1993; the Armenian Pannational Movement: 1991-1998.

shifts have occurred in South Caucasian countries as more and more individuals and organizations are becoming involved in the activities of civil society institutions, much of the credit for which belongs to the Soros Foundation.

The OSI Regional Network: Common and Distinctive Features

The national Soros foundation in Georgia was established in 1994; the OSI-Azerbaijan and the OSI-Armenia foundations were created in 1997. Initially, the activity of these structures followed basically the same pattern, common to the entire Soros Foundations Network: support for the nascent civilian sector and financial assistance to intellectual resources which, following the breakup of the Soviet Union, were in a deplorable state. It is noteworthy that support of researchers and funding of research projects in both the public and the nongovernmental sector in Georgia and Armenia were more substantial and long term than in Azerbaijan—presumably, due to the country's better economic situation. Of course its scale was incomparable to support of Russian science, worth a total of \$115 million during the period of the Foundation's activity in the Russian Federation (1995-2002), but even so it played a certain role in restraining the "brain drain" from the Southern Caucasus.

OSI programs in the region cover the SFN's traditional areas of activity: Civil Society, Education, Information, Law, Public Health, East-East, Culture and Arts, the Media, and the Women's program.

The activities of the OSI-Azerbaijan Foundation from the outset proceeded along two principal lines: education and information. In 1998-1999, operational projects were set up with budgets formed both in national foundations and SFN programs directed from Budapest and New York. These comprise civil society, including law, art, culture, public health, the mass media, self-government, and also the women's program. In connection with the presidential elections in Azerbaijan and Armenia, as well as the parliamentary elections in Georgia (2003), in the past two years the electoral process has been a priority area for the OSI South Caucasian national foundations. The operation of these national foundations, however, also has some distinguishing features. For example, in Georgia it is an economic reform program and in Azerbaijan, an oil revenue transparency program.

Whereas initially one of the OSI's objectives in the region was development of the "third sector," in recent years its operation in each republic has been marked by the establishment of closer contacts between NGOs and the government, and sometimes also with business structures, in the interest of ensuring greater stability and effectiveness of regional activities. Such partnership often-times proves successful. For example, in Azerbaijan, jointly with the country's Ministry of Education and the World Bank, the OSI participates in a three-year high-school reform program, in particular by providing 6.5 percent of its \$13.5 million budget, organizing expert appraisal of innovative textbooks, holding school grant competitions, and developing the information and communications technology system. Free Internet service centers have been created in a number of universities and rural schools. A new interactive training methodology is available even in kindergartens. The Baku Education and Information Center (BEIC) operates as an independent NGO. Similar centers exist in Armenia and Georgia. In Armenia, the OSIAF worked with higher education institutions and the Ministry of Education to create compatible education standards and disseminate electronic content throughout the school system.⁷

A public-health school project is being implemented jointly with the Education Ministry of Azerbaijan. Furthermore, rehabilitation centers for children with mental disabilities were set up in Armenia and Azerbaijan, while the first inpatient hospice in the Southern Caucasus was opened in Georgia (as of now

⁷ See: "Building Open Society." *Soros Foundations Network. 2003 Report*, New York, 2004, p. 30.

in Azerbaijan there is only a pilot mobile hospice program). Under the Harm Reduction Development Program (HRDP), relating to drugs and other health issues, substitution therapy projects are being implemented, including, e.g. a syringe exchange program.

One of the first success stories has been the information and communications technology (ICT) development program. During the OSI's operation in the Southern Caucasus, a large number of university Internet centers have been established and some libraries in the capital, as well as in the provinces, were provided with modern computers. The most ambitious and large scale ICT program in Azerbaijan is AzNET, aimed at setting up an educational and academic network covering the country's entire territory. Designed for three years, it is being implemented in collaboration with the U.N. Development Program (UNDP) and the National Academy of Sciences (AzRENA), with the Soros Foundation due to invest a total of \$600,000.⁸ A similar project, designed to expand coverage and improve the quality of the Internet service, is being implemented by the Georgian Research and Educational Networking Association (GRENA) jointly with IREX (the International Research & Exchanges Board), an international nonprofit organization specializing in education, independent media, Internet development, and civil society programs in the United States, Europe, Eurasia, the Middle East and North Africa, and Asia.⁹

The OSI-Georgia and Armenia Foundations have also achieved success in involving the "third sector" in law-making activity. Thus, in Armenia, the OSI actively supported the adoption of a law on freedom of information and reform of the Criminal Law Code. The Foundation and the OSCE continued the Penitentiary Program, which received a Ministry of Justice endorsement for establishing a public oversight council over the penitentiary system. The Rule of Law Program supported projects to protect human rights, fight corruption, and help implement Georgia's General Administrative Code.¹⁰

Azerbaijan implemented projects to facilitate the dissemination and enforcement of provisions of the European Convention on Human Rights: in particular, practical training sessions, devoted to principles of due process of law were organized for judges and prosecutors. Lately, special focus has been placed on building up capacity for public oversight of law enforcement operations which should proceed in strict compliance with Azerbaijan's international law obligations. In the course of the program's implementation, considerable experience has been gained in cooperating with the Police Academy, including the implementation of democracy oriented personnel training modules. Jointly with the UNDP, the country's Ministry of Justice received funding to create a civil registration record online. In all three republics, national Soros foundations support anti-corruption projects related to human rights. A women's program is in place, comprising a network of crisis centers and projects to prevent violence against women and children.

At the same time, there are some differences in the operation of these national Soros foundations, arising from the economic development specifics of the South Caucasian states. Thus, the national OSI-Georgia Foundation piloted microfinance projects in the Samtskhe-Javakheti region. Small and Micro Enterprise Support Centers in this area initially received assistance from other donor sources, but began operating independently in 2003.¹¹ OSGF spun off its Social Science Support Program into a new Social Science Center and transformed the Karl Popper Debate Center into a new independent NGO.

Azerbaijan differs from the two other South Caucasian states in that it has substantial energy reserves which attract not only multinationals, but also independent oil companies. Yet oil, as is known, can be both a boon and a curse for the people producing it, as has been the case in many countries in Africa and Latin America. The problem of public oversight over oil revenues was first raised by British Prime Minister Tony Blair, who, in September 2002, proclaimed the Extractive Industries Transparency Initiative (EITI). At a London conference, in July 2003, the initiative was

⁸ See: F. Asadov, "Otkrytoe obshchestvo v Azerbajjane," *Zerkalo*, 7 August, 2004.

⁹ See the Foundation's annual report at [www.osi-az.org].

¹⁰ See: *Soros Foundations Network. 2003 Report*, p. 29.

¹¹ *Ibid.*, p. 31.

supported by Ilkham Aliev, first deputy chairman of the Azerbaijan State Oil Company (now the country's president).

George Soros also shows intense interest in this issue. Thus he supported the Caspian Revenue Watch program, which aims to generate and publicize research, information, and advocacy on how revenues are being invested and disbursed and how governments and extraction companies respond to civic demands for accountability in the region. The CRW involves leading experts in the field: oil producers, economists, legal experts, environmentalists, etc. In May 2003, the Open Society Institute released a report calling for accountability, transparency, and public oversight in the oil and natural gas industries of Azerbaijan and Kazakhstan. The report *Caspian Oil Windfalls: Who Will Benefit?* became a notable event in our state's public life. Its presentation was attended by George Soros, who met with the country's president, Heydar Aliev, emphasizing the importance of the project. He revisited the program in 2004, at a meeting of members of OSI boards in the CIS and Eastern Europe in Budapest.

Under this program, an NGO coalition was created in Azerbaijan, which opened negotiations with the State Commission on the Extractive Industries Transparency Initiative and with oil companies on signing a memorandum on requirements and procedures for informing the public about government oil revenues. It is important to note that this was an unprecedented event—in effect, the first such experience in the world. Another broad NGO coalition, supported by OSI-Azerbaijan, has formed five expert groups and—under an agreement between OSI-Azerbaijan and British Petroleum (operator of the Baku-Tbilisi-Ceyhan pipeline), assisted by the international NGO Catholic Relief Services—is going to start monitoring this oil pipeline project. Monitoring will proceed along five principal lines (the environment, human rights, conservation of historical monuments, the use of local resources, and social problems); subject to successful implementation, it could provide a unique case study of cooperation and interaction between civil society, multinationals, and the government.¹²

Elections in the Southern Caucasus and the OSI's Role

All of the aforesaid might create an idyllic picture of complete mutual understanding and constructive cooperation between OSI national foundations and government structures. This, however, is far from the case. The elections which took place in all South Caucasian republics in 2003, highlighting the confrontation between the ruling authorities and civil society, are clear demonstration of this. Georgia ended up with a change of political regime, for which, according to President Eduard Shevardnadze, George Soros was to blame. Yet before judging of the legitimacy of such accusations, it would be appropriate to take a closer look at the problem from the “inside”—that is to say, from the point of view of the tasks that faced the national Soros foundations in the region, and the extent to which they coped with these tasks.

First of all, it should be noted that the budgets of all three national foundations did not provide (and could not possibly have provided) separate line-item funding of election programs or individual candidates' activities, but only of civil sector development as a whole. Given that the latter comprises legal reform, public health, women's and youth programs, as well as support of the mass media and a number of other projects, some rather insignificant financial resources were left for election monitoring. The main task, common to all the three national Soros foundations under the public initiative support program in these elections, was to support NGOs in organizing the monitoring of this process, including the provision of citizens with information about the elections and election procedures, gathering information about violations that occurred in the election process, and promoting public debate in print and electronic media outlets. In Georgia, where the legislative and sociopolitical situation provided more favorable conditions

¹² [www.osi-az.org].

for full-fledged monitoring by NGOs (which was not the case in Azerbaijan, for example), it was quite effective on election day.

In Armenia, where presidential and parliamentary elections were held several months earlier than in Georgia and Azerbaijan, a number of NGOs organized, with OSI assistance, effective monitoring of the election process: In particular, media monitoring was conducted by the Erevan Press Club. Violations that were identified in the election process, suppression of mass demonstrations, pressure exerted on the media, and the government's failure to live up to its pledges concerning the organization of a referendum on amending the country's Constitution to guarantee the independence of the judiciary, forced the Foundation's local division and public structures to give higher priority to strengthening the country's democratic institutions. OSIAF-Armenia initiated the Partnership for Open Society to counter government pressure on the media and suppression of basic civil liberties. The Partnership includes NGOs, donors, members of the Armenian diaspora, and international agencies that support policy research and public debate. As the government pursues changes to meet Council of Europe recommendations, the Partnership will play an increasingly important role in advocacy, research, and public discussion on major reforms.¹³

In Azerbaijan, the election situation was complicated by the fact that the republic's parliament earlier adopted a law excluding NGOs funded by international donors from election monitoring. So in the election process, they had to limit themselves to a general public awareness campaign and the registration of voting violations, a task that was taken on by the coalition For Free and Fair Elections, created with support from the national Soros foundation in the republic. It comprised 30 NGOs whose activities were directed and synchronized by a Coordinating Council set up especially for the purpose. After the elections, it released a detailed report on their outcome, analyzing the new Election Law Code, the election campaign, and the election violations that were registered both at the center and at the local level, including the numerous arrests of opposition figures. The Baku Press Club was instrumental not only in monitoring the mass media, but also in publishing a comprehensive report on media coverage of the election campaign. In particular, it highlighted the unequal opportunities provided by the republic's print and electronic media for the presidential candidates. The coalition of nongovernmental organizations, led by the Coordinating Council, continued its work. For example, it organized the monitoring of municipal elections in December 2004.¹⁴

As for the political situation in Georgia, it drastically differed from what was going on in Azerbaijan or Armenia: Specifically, it was characterized by a substantial degree of consolidation of civil society, which had formulated its tasks more clearly. At the same time, the confusion and lack of coordination within the ruling establishment, which turned out to be the "weakest link" among the South Caucasian political elites, were obvious both to the Georgians themselves and to international organizations. Considering the severe economic plight faced by the people, who saw deliverance from all troubles in an immediate change of regime, the assertions about George Soros' decisive role in the events that took place in the country at the time are absurd, to say the least. Bloodless as the "Rose Revolution" was, Georgia had all the makings of a classic revolutionary situation wherein the rulers could not rule, while the ruled did not want to live as they had before.

Now, what was the national Soros foundation's role in those events? As mentioned earlier, its election support program in the country did not essentially differ from similar programs implemented in other states of the region. Whatever differences there were consisted of the specifics of its implementation. Georgian laws do not impose any constraints on NGO election monitoring activity, so election monitoring was comprehensive. In addition to providing citizens with information about the elections and election procedures, it comprised wide-ranging sociological surveys, including exit polls, organization of observer activity at all polling stations, parallel vote tabulation (PVT), posting of PVT results on an open web site, etc., as well as coverage of all violations and protest rallies in the media, including on television (not only on the Rustavi-2 channel). Thus, Georgian NGOs, which conducted their own monitoring, were

¹³ See: *Soros Foundations Network. 2003 Report*, pp. 28-29.

¹⁴ See: *Otchet Koordinatsionnogo soveshchatel'nogo soveta (KSS) po provedeniyu monitoringa prezidentskikh vyborov v Azerbajjane*, Baku, 2003; *Otchet Bakinskogo press-kluba o monitoringe SMI v khode prezidentskikh vyborov v Azerbajjane*, Baku, 2003.

able to cover 75 percent of the electorate on election day—much higher than in previous years.¹⁵ All of these activities precipitated E. Shevardnadze's resignation and the advent of M. Saakashvili.

There is no doubt that George Soros was greatly encouraged by the fact that Georgian society was able to make a free choice, making no secret of his joy, which gave cause to talk about his "special role" in those events. Furthermore, he pledged to help the new government, and he did. At the World Economic Forum in Davos (January 2004), George Soros established, jointly with the UNDP, the Capacity Building Fund for Georgia, providing \$2 million for reform programs in the country.¹⁶ Incidentally, this is rather an insignificant amount of money compared to what was confiscated from corrupt Georgian state and government officials and went into the republic's budget in 2004.

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In 2004, the OSI-Georgia Foundation marked its 10th anniversary; the other two national Soros foundations in the region are seven years old. In all, during this period, George Soros allotted about \$40 million to the OSI/GF, approximately \$20 million to the OSI-Azerbaijan Foundation, and just a little less to the OSI-Armenia Foundation. Of course, George Soros, a pragmatic financier and incorrigible romantic and philosopher, is a controversial figure. Yet one thing is certain: pragmatic considerations are not a prevailing feature of his operation in the post-European area, especially in the Southern Caucasus (with which he was not particularly familiar until recently), bringing, rather, moral dividends. It would seem that the realities of modern life and politics leave no room for pursuing romantic endeavors, but George Soros, by force of example, disproves this dubious truth. Moreover, he encourages others to provide similar examples of selfless activity.

¹⁵ See: *Soros Foundations Network. 2003 Report*, pp. 30-31.

¹⁶ [www.gsft.ge].