



INNOVATIONS FOR SUCCESSFUL SOCIETIES

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Innovations for Successful Societies, Bobst Center for Peace and Justice
Princeton University, 83 Prospect Avenue, Princeton, New Jersey, 08544, USA
www.princeton.edu/successfulsocieties

SCHALKWYK: Today is the 28th of April, 2009. I am with Mr. Zurib Nogaideli, the former Prime Minister of the Republic of Georgia, and to start off the interview, I wonder if you could tell me about the positions you've held in the government of Georgia and give me very briefly a history of the civil service reform that Georgia has been attempting over the last six years.

NOGAIDELI: *In the last six years I have been finance minister and then the prime minister following the death of my predecessor, Zurab Zhvania. Then I left my position after the November 7th events, so those are the positions I have held. As far as the civil service reform is concerned, what we have tried to do here in those years has been not so much the reform of the civil service as such, because such reform in governmental institutions is two totally different ways. Probably it would be the right way to say it—[...] we cannot say that was just simply civil service reform as people may understand it. I am not sure that this is the right term for Georgia to approach it, that it was civil service reform in the way that people understand civil service reform. This is one thing.*

Another thing is that from today's perspective, when unfortunately in the last two years almost everything that was done in the previous four years has almost deteriorated and been destroyed, Georgia needs to go through the civil service reform again basically from scratch, basically from a different point of view. So I think that we should go one by one, whatever you are interested in, sector by sector, rather than just generally talking of civil service reform. We need to select one of those areas, lets say the financial sector or anything, and then go through it for the people to understand what has gone right, what has gone wrong, because unfortunately—they have told you—after four successful years, Georgia has deteriorated in front of our eyes in reality.

I do not really want to mislead anybody abroad with whatever has been done well, but then whatever has been done wrong, because many people's approach to the situation right now is that everything has gone wrong—which is not right. But some of the people are thinking that everything has gone right, which is not right as well. They were four successful years, and I think and I hope that there will be many other countries who will find it interesting and maybe will repeat it, and will be as successful as we have been, and I hope that nobody will do the same mistakes we have done, so they will stay on a positive side of reforms. So again, you choose the sector and then we'll go through it.

SCHALKWYK: Before we get on to a specific sector, if you could just tell me about the first four years of the reform. What were the challenges that the government faced when it came into power at the end of 2003?

NOGAIDELI: *The challenges were very simple ones to outline, but difficult ones to address. The government was collecting only 12% of GDP [gross domestic product] as tax revenues, when the tax base basically had been at least 30%, so only one-third of revenues due to the budget was collected. We started reforms of both the tax administration and the tax system itself. From one side we improved revenue collection, and from another side we significantly decreased the tax base. Now I think that—not now, unfortunately, but a year ago—Georgia was already collecting almost 80% of its tax base, which is standard for a central European country, and not for the former Soviet Union. Nobody in the former Soviet Union except the Baltics is collecting 80% of the base. Certainly nobody can collect 100% of the base, of course; none of the well-developed countries do.*

So there was a huge challenge in reforming this system, the tax collection, revenue collection system. We did several major reforms: for instance, we created—we collected all economic law enforcement into one, which was previously the responsibility of the minister of interior, minister of state security—which does not exist anymore—and in other ministries, ministry of Finance: all economic law enforcement was collected in one place, and the financial police was created.

Then we significantly down-sized and improved salaries and the coordination between the revenue service and customs. In the second part of the reform, we united the revenue service into one, which included tax services and the tax and customs authorities. Basically the initial plan was to unite everybody into the revenue service, including the financial police. Formally, it was done but in reality it wasn't, because unfortunately in the later stages—in the last two years, the current government, after I left, decided that they would need to keep the financial police separate, which now basically has become a mechanism in the hands of the government to fight against political opponents, unfortunately.

Now, many people are thinking nothing went right, but some people are thinking that everything went right, which is not a good thing. So what needs to be done: the first four years of reform, or first three years of reform, were critically important, and I would advise any country to go the same way—because we have a simple system—especially countries in transition. The lesson to be learned from us is that any country in the transition needs as simple a system as possible, in order to avoid too much of interaction between mid-level bureaucracy and business managers, because this will definitely lead to corruption. I have no doubt about that.

So what we did—our policy, my policy, was that there should be less and less need of interaction between mid-level bureaucracy and business managers, in order to avoid bribery and corruption. We were very successful in the first three to four years in this. But then, certainly, you need to continue to reform farther ahead. For instance, what would be really very good to do to, what we have been planning—and unfortunately the government diverged from the course we chose from the very beginning—it would have been very good for Georgia to create an United Revenue Service. The revenue service would be less of a punishing mechanism instrument and more of a revenue collecting instrument, as we had been thinking from the very beginning.

Of course, it is absolutely impossible for the investment environment to exist when one of the law enforcement [...], financial police, is basically used by the government as a tool, as an instrument against—. It started with political opponents and then continued with those who are more or less—in other countries as well as it has been happening, but that it is not too much of my business—more or less, either close to or willing to fund other political forces, and so on and so forth. Now, almost in every government tender, only companies are participating which are connected to the government. And this route—just to imagine from the point of view of time—in 2003 only companies participated in the tender which has been connected to the government. Then we just destroyed the system, and in 2006 there was total freedom from that point of view. In the middle of 2007, that was the best situation, which also translated into economic development figures: 12.5% growth.

The situation started going back, unfortunately, and in two years from when it started going back, in 2009, now we basically are there again, where we were six years ago. This concerns me very much, but again, when Georgia's story is told,

especially for other countries like—for instance, I have been working as an advisor in Bangladesh myself, and I know what other countries are facing. I don't know why Canada and Italy are here, to tell you the truth, or the United States, but anyway, I know what other countries are facing from other points of view. I studied their examples as well, when we were thinking—. But as far as Georgia is concerned, there should be very clearly good examples and bad examples, and I think it would be a very good case study if you would take into account bad examples as well, but not follow them. This is what I would strongly advise people to do.

SCHALKWYK: So in 2003, what were the goals of the government, and what other countries did you use? You said you used other countries as examples.

NOGAIDELI: *Not the full example, if you will, maybe to a certain extent so that we'd know what would happen there or here. But we didn't use any particular example for any other country. In the fiscal area, again, we collected twelve percent of GDP of tax revenues when the base was over thirty percent; you can imagine—.*

SCHALKWYK: Yes.

NOGAIDELI: *It is absolutely impossible to work in this environment, because somebody was much more equal than anybody else had been. Then last year the country was already collecting 80% of the base, which is the central European standard always, and it is very close to the western European, that always sees the standard from the revenue collection point of view. Now the situation has deteriorated, but what was very important in our example that we are able to deliver: 95% of Georgians surveyed in that period of time said that they had not paid bribes, had seen an unbelievable amount of corruption decline. When almost every Georgian reported before that he or she had to pay bribes—almost 100% reported this. You can imagine the change over the course of only three to four years.*

Let me bring you another good example, almost the same thing, as I see. Then we didn't have any example, there is no example that exists, no example is going to match the Georgian example in those four years. Nobody has been collecting 12% of GDP from one hand and then having to pay the 30%. When we started I was finance minister. At the point when I became finance minister, at the end of 2003, we started collecting 12% of the base in the first month and 25% percent of the base in December 2004. Twelve percent and 25% of the base, month after month. Then at the same time, we started decreasing the tax base from over 30% to 25%, and then less and less and less, and now the tax base is approximately 24% to 23% of GDP, and then almost 20% is collected. So this is the current situation right now, of which I am certainly proud of because I am the principal one who not only introduced the system but who made it work as finance minister and prime minister. So there are a lot of things to be proud of.

But then, it is also very important to understand when you do things wrong, then it applies wrongly, of course. Let me now bring up the policy—there was no example of this kind. Certainly we had been looking for the example of whether or not the system should be united, or things like this, but there are different examples in the world. There are countries which have one internal revenue service, but there are countries who have a revenue service and then a customs service as another agency, who have, for instance, a financial police totally separate from the revenue service, or some of them have it in the ministry of finance, but some still have financial or economic crime as a responsibility of law

enforcement in institutions other than the Ministry of Finance. So there is no one particular mentioned example.

But what is important for the countries mentioned here—not for the United States, of course, but for Bangladesh and Albania, who strongly believe, or Bosnia, Burundi, Côte d'Ivoire, El Salvador, Nepal, other countries—it is very important to have as simple a system as possible. The more difficult your system, the less able you are to control it from every point of view.

SCHALKWYK: In what ways did you make your system simpler? What sorts of things did you cut out or change to make the system simpler?

NOGAIDELI: *What would have made the system simpler—that there was one agency responsible for everything; that was from the Ministry of Finance at first. Then the second wave of reforms was planned, as I have explained to you, that there would be the one only, the revenue service, which would mean that there was one responsible agency for all. Then with fewer people, significantly fewer people, twice as few, with higher pay and much more responsibility, the best—better training, and so on. But this was not only the reform of revenue services, of course; it was everything else. Just the reform of revenue services was not going to deliver to the extent that we did.*

If you simplify the business regulation systems altogether at all—when people are discussing the issue of business regulation, they should not forget that, for instance, if it is that a country like Ireland, with long-term—or the United States, with long-term history of civil service which is not corrupt, then it doesn't really matter whether you have too much regulation or too little regulation. But for the countries like Georgia or Sierra Leone—I don't know, Tanzania or Albania, I have no doubt, Bangladesh, the example I know—for these countries it is very important that you have the simple business regulation in order to avoid interaction between mid-level bureaucracy and business managers. Otherwise you just cannot control private corruption in that way.

So it was not only the revenue service reform; it was that licensing was significantly simplified; business regulation was significantly simplified, and all those were very important elements of Georgia's civil service reform. Basically, the business manager did not have to do too much; he didn't have too much of a need to interact with the mid-level bureaucracy, and again it was rewarded for some time.

SCHALKWYK: So just to go back to the finance police—where are they? Who is in charge of them at the moment? Where are they based in the government? You said that they haven't been put into the Ministry of Finance.

NOGAIDELI: *No, it is in the Ministry of Finance now. The plan was that part of their responsibility was with the Ministry of Interior.*

SCHALKWYK: Right.

NOGAIDELI: *Part of their responsibility was Ministry of State Security. Part of the responsibility was the Ministry of Justice, and so on, and part of the responsibility was with the Ministry of Finance. At this point we collected it into one agency; that was the financial police, and it was under the Ministry of Finance. Then tax revenue service, tax authorities, and customs service were at the Ministry of Finance. Then the plan was to unite all of those things into one revenue service. It happened formally, but the financial police is still kept as a separate agency*

which in reality is working more closely with the Ministry of the Interior and with the Ministry of Justice, where the prosecutor's office is situated right now, not as we were thinking from the very beginning—but this is not the most important institutional problem right now.

The most important institutional problem right now is that, practically, the financial police is used as a mechanism and tool of fighting against political opponents' businesses. So this certainly does not make your economy go forward and your investment environment attractive. That's what really happened, unfortunately. This is why I say we have very good examples, the best examples, I think: four years of Georgia's reform is the best four years of any country's reform anywhere, I have no doubt about that. We have got a lot of rewards for that, that one for instance, from the World Bank. That's the best country in the world in doing business—and the country received for the previous five years—right now. But again, our example also shows that you cannot rest on a previous achievement, you always need to continue to be on the front run if you want to be front-runner. So this is a very important example for people to understand.

SCHALKWYK: I am quite interested in the downsizing and the increasing of the pay. You cut of the size of the Ministry of Finance in half, correct?

NOGAIDELI: *Almost. Over the years, not immediately.*

SCHALKWYK: How many did you remove over the various years, and how did you choose which people and positions to remove from the Ministry of Finance?

NOGAIDELI: *There were clear targets to be met for the people, and who was not able to meet the targets would be dismissed. Certainly I am not talking of those who have been cut for improper behavior. They have been immediately put into the jail, or it was enough evidence for them to be put in jail, but there were other cases as well. What has gone wrong as well when with time—again, as I have said, the financial police have been used as an instrument for the government, for the regime rather, to keep power. It has significantly gone wrong in that direction, and many people were fired from their jobs or put in jail only because they did not subordinate themselves to some of the people who wanted to keep the regime, and who want to keep it right now as well. There were a lot of other mistakes happening at that end of our civil service reform.*

From my point of view, the fact that Princeton University, or you, have chosen Georgia is very good from the point of view of teaching others. This is just the best case study one can think of, from my point of view—from any point of view. What you should do, what you should never do; in six years, the best examples of what you need to do and what you never should do.

SCHALKWYK: All right, so what role did the Public Service Bureau play in—

NOGAIDELI: *No role.*

SCHALKWYK: —in the Finance Ministry?

NOGAIDELI: *In reality—this is what I have told you from the very beginning—it was not the classic public service reform. To tell you the truth, we were not thinking to establish a civil service system as such; that was not our priority at all. In parallel, this job started, I don't remember with which aid agency, either the European Union—but to tell you truth, as prime minister I didn't pay any attention to that. It was more or less our formal obligation, and then we understood and I understand*

that we would have needed to put some time in placing a public service system, but it was not our immediate priority for those years. Because just to imagine almost everybody working—not everybody, but at least 80% of tax authorities, those working in customs, were corrupt. My immediate priority was not to keep them, but to get them out as soon as possible.

Another point was that you would not be able to do it very quickly, and from that point of view our need was not—our target was not to reform public service from the point of view of giving the people what you in reality need to give the people from the point of view of civil service reform. Stability—we have not been giving them stability; on the contrary. We told them from the very beginning that just we are targeting you, you need to know that we are targeting you, and everything is dependent on you, whether you will be keeping your job or you will be put in jail. Most is dependent, of course, on what you will do from now on, and a lot of people have been rewarded for that, better behavior and better delivery, but certainly those who have been involved in wrongdoing before—significant wrongdoing before—we never thought even to give them amnesty from that point of view.

Our approach was different, and I have no doubt our approach has been right. I have no doubt about that. Another thing was that when the time comes, then certainly you need to start building up the civil service as such. Another priority for us, or another approach of ours, has been that we—with the system which is in place right now still, the presidential system, when basically most of the people in in the government service, like in the United States, most top officials are more or less political appointees—we like the system in the United States, it is the same system we wanted to apply. So there are two different civil service systems in the world; you know it, as you study it, of course. There is the system in Europe, where there is only one politician in the agency and then everybody else is a civil servant, and then basically the top civil servant is formally heading the agency, and then there is only the minister or whoever it is called—I don't know, in Britain it could be called Lord of Exchequer or whatever. So he or she has a political covenant, and this political covenant gives the main directions, but everything else is just up to the top civil servant, into the ministry who does everything lower to him. Then those civil servants are irreplaceable over the years and over the change of the government. This is one system.

Another system is that all decision-makers in the agency down to the sixth or seventh level, like in the United States, are political appointees: the State Department secretary, deputies, undersecretaries, assistant secretaries, seputy undersecretaries, down six levels of political appointees. So basically we wanted to introduce that kind of system rather than this kind of system, because in the presidential system leadership of the ministries are basically politically appointees, and they leave when the change of political regime is taking place.

This reform has—this approach of ours has been significantly undermined by the current behavior of the government, which was unbelievable then. If anybody would ask me—and you have here election system reform system as well—if anybody was to tell me in 2006 or in the beginning of 2007, or even on the day when I left the government, that the time will come when the government will start again manipulating elections, I would say that you were crazy. But it has happened. It has happened. So when you start doing something totally wrong which you were not supposed to do, then you know that the civil service reform as such is being misled.

Of course, there was no doubt for me that best system in this current Georgian system for the election authority would be that this election authority is the civil service. Not comprised of political forces, as people wanted it to be before—but nobody is trusting this anymore, you know? Nobody is trusting this anymore, and trust is not there because the government of Saakashvili has manipulated two elections in a row. The elections on January 5th and the elections in May 21st, and then the third elections in Adjara. And then nobody trusts the election. You need to have a public service system which everybody trusts.

If we can come back to the system, what in Europe and in the United States is the most important feature of the public service is that everybody trusts it. That's the most important element. Either British Conservatives are in the power or British Labour, everybody trusts their own civil service. It is not a system that nobody trusts, and no matter who is the head of the State Department or in other agencies of the United States, the most important element of the civil service is that everybody trusts it. Nobody even considers that people who are civil servants should be fired from the job. Or nobody thinks that those civil servants may be somehow misleading them, or they cannot trust them, or they cannot rely on them, so this is a very important feature.

But when you know that the electoral system is only appointed to serve the interests of keeping power by the current regime, then nobody trusts it. So we will have now to reconsider all of those achievements of previous years. Theoretically speaking, there is no doubt that the electoral authority, election authority should be the civil service authority and not subject to the current political interests. But it is impossible anymore. It is simply impossible anymore, because you need to have the electoral authority in a place which most of the people will trust. We cannot go on long from the point of view that we will have elections and instead of elections, the crisis over is the crisis created—this is not possible.

Everybody in the world puts their elections in the place in order to resolve the crisis. Our elections are only triggering crisis. So you need to go ahead according to reality rather than according to theoretical beliefs. Now there is no doubt that, unfortunately, we will have to create the two most important areas—I would also advise are the systems in transition where the political interests for certain things are too high to go the same way, which means that I would do either electoral authority right now.

I would allow—I would create a council the majority of which would be the opposition—opposition members—and the minority would be government appointees. This council would approve the head of the agency, which is submitted by the government, of course. Which means that you anyway will have to submit the figure, which is a compromise figure which is trusted by both sides. So this is the most important element, and both sides needs to understand that it is not manipulated. The same I will do with the theory.

So these two directions now, which especially need to be trusted by the public in the transition, need to be created by the political forces' involvement rather than in the civil service. Theoretically, you know that was the best system, but it does not serve the best interest of Georgia anymore, and then in the counties, in our countries, where the election fraud is still a problem. Let's look. Which one is this? Haiti, for instance, right now is in an election year; Haiti is a never-ending process. So basically probably you need to put something in place we can trust. Let's take the Bangladesh. The country faces a lot of problems. Per capita GDP in 2003 when I was working there was only \$300. Imagine the situation. I don't

know what it is it now, but not too much, I believe. But at the same time there was no mistrust of the election results. It is a very important thing. So when we're trusted, so when we don't mistrust, which is the more important element, when you have the change of the government despite all of the problems—I don't know, have you been working on Bangladesh?

SCHALKWYK: Yes.

NOGAIDELI: *Despite all of the problems, you know, how Awami League or BNP [Bangladesh National Party] that facing each other, still everybody accepts the election results. So this is a very important element, and the most important element of any civil service is trust from across the political classes. So that's a very important element, especially when it is politically sensitive targets—not targets, but sensitive areas like the elections, like the TV, like other things, so that's a very important thing.*

SCHALKWYK: So when Saakashvili and his government came in to power in 2003, did they change the system with regard to political appointees in the civil service? How was—?

NOGAIDELI: *There was no system in existence before.*

SCHALKWYK: OK.

NOGAIDELI: *There was no system in existence before, and the many advisors to us had been advising us to go the European system. But to go to the European system—the parliamentary system was in place then. That is a very important element. If you have the presidential system in place, you rather go to the American system. You should not be in the middle of nowhere. You should either that way or this way. You should always be the right way. Right now, from my point of view, there is no chance for presidential system to survive long. I think that going from the presidential system to parliamentary system in Georgia is matter of time, a matter of one or two years. I have no doubt about that, which means that we will have to start moving from whatever we have trying to build up, to the system which we have for a long time been advised to go for.*

Of course, in that kind of system, when there is a parliamentary system—which means that the parliamentary elections are maybe every other year, or maybe the government changes every other month, even—certainly you need to create a much more stable civil service than you need in the case of the United States. Do you understand what I mean? Now every system has its own logic, inside logic. But what is most important element for the civil service is that you follow the logic.

Let's look at these countries again. Albania, for instance. I don't know how strong the presidential system is in Albania, but if it is a presidential system, then they cannot choose a so-called European model of civil service. It is impossible because it is not internally logical. In Bangladesh, there is certainly a quite stronger civil service approach—the British system—and the most important element in Bangladesh is—despite all the problems, again—that its political transition is trusted, and that is a very important thing. Again, I don't know how strong the presidential system is in Bosnia, Burundi, or anywhere, but there should be an internal logic in civil service. For instance, if I were—I don't know—you do also advisors or you only do the studies?

SCHALKWYK: Research.

NOGAIDELI: *Research. But research means advising to a certain extent, so if I were in your shoes I would strongly advise the people to do that. If they have the parliamentary system, they should choose whatever model continental and non-continental Europe has. The strong civil service with a top civil servant that is basically heading the agency and the politicians only giving—that model as political advisors, if you will. But if it is a presidential system, a strong presidential system, despite the size of the size of the country, then I would definitely advise to the people to go the American way where the top officials in the ministry are political appointees. So that's what I would advise. And again, you know, if Georgia remains—which I doubt—on the presidential system, then we would need to go this way. But if Georgia is changing to the parliamentary system, then suddenly you need as strong and stable a civil service as possible, because everything should have its internal logic. Everything should be serving the country's development rather than civil service interests or anything else. Everything should be serving the country's development: a country going forward, country first.*

SCHALKWYK: So what role did the state minister for reform coordination play in Georgia in those first four years?

NOGAIDELI: *The state ministers' positions were created artificially, mostly political decisions. Certainly I do not want to say that they were totally useless, you know; there were important things from time to time to listen to the state ministers, but basically state minister were political appointments in order to keep people at the table rather than having them play a major role. If one of the state ministers are thinking too much of themselves, don't believe them, but believe us.*

SCHALKWYK: What were the other successes of the first four years? Apart from the Ministry of Finance?

NOGAIDELI: *There were many successes. There were many successes. For instance, the police reform was maybe even more successful, to a certain extent, than fiscal reform was—and the same: it went the right way, and then it went wrong way again, unfortunately. Most successful, from the point of view that we did it quicker, was the case of the patrol police. Certainly it has not touched everything. In the fiscal area it touched everyone. It was overwhelming. Everybody across the board. Everybody was touched with this. So while the patrol police—in the police, has mainly touched the patrol police, but still that was very important. First of all, we have united the Ministries of Security and Interior. For the country of Georgia's size to keep the Ministries of Security and Interior separate is just nothing.*

First of all, we have not gone the way that people are often going in countries like ours, keeping different ministries to control each other. Thank God, we have not gone that way. Even with all the problems we are facing right now—for instance, I am facing right now opposition leaders—still, I think we have gone the right way. We don't need the different ministries to keep an eye on each other. That was the right move, and the country has been made much stable with this than otherwise. By the way, maybe we see with all those demonstrations against the government, still everything goes peacefully; everything is under control, and there are no forces fighting between each other like it would happen or has been happening in many countries on the list.

Look at—which ones—Nepal for instance, or I don't know.

SCHALKWYK: So do you know, in the police reform, why the reform efforts didn't touch the organized crime section or the investigative section of the police force, and why it focused just on the patrol police?

NOGAIDELI: *Well, because that was the most obvious one. It was that people would have interaction with patrol police on an everyday basis, but they would have not have this everyday interaction with criminal police or anything else. But, first of all, you would not be able to do the reform of the kind which we have done in the case of patrol police with the criminal police. It is impossible, because for two weeks there was no traffic police at all, nobody. When newcomers arrive, for one month they have had on-job training. They had some before-job training and then on-job training for one month, because new people have come, totally new people. Most of them, I don't know, 90% new people.*

We took this risk, and we could not take the same risk in the criminal police. You cannot have the—certainly, the training of patrol policemen has taken much less time than training of criminal policemen. To train criminal policemen you need 10 to 15 years for the person to be a really good criminal policeman. While just one month of training for the patrol policemen has really brought results. So this is why we have not been able to do the same approach in other areas. Basically, we would not be able to do the same anywhere else. You cannot dismiss all customs official for two weeks. It is impossible. Because you cannot tell the whole world to stop for two weeks—"You are not crossing our borders"—because our borders are not only our border. Goods going to Georgia, most of them, 80% transiting us, even maybe 90% is transiting us. We cannot say all across the people, because Georgia is a transit country for eight countries, at least. Eight principal countries, and then for many others as well. Eight ones to one direction, and there are certainly many others to another direction, so we cannot tell all of the South Caucasus and Central Asia and Turkey to wait for two weeks, that we need to replace our customs officials. This is not possible of course.

SCHALKWYK: So what do you think caused the reforms to backtrack? You describe it, in the middle of the 2007—was the—?

NOGAIDELI: *Politics was the main reason of backtracking. The main reason of backtracking was that, unfortunately, Saakashvili started thinking of staying as long as possible, or forever. It is impossible to stay forever. We cannot be democratic and stay forever at the same time. It is impossible. Even if you did not have constitutional limits. In the country like Georgia, which is a specific country from any point of view, it is very difficult to deliver to the extent that everybody is happy. From my point of view, it is impossible, and for the people, if somebody wants to be European in that sense—which means, Canadian or American or whoever or Japanese, European—lets say the western—in the sense that you need to understand and accept that the changes of government are the most important element for the country's going forward. And for you, the most important element is not the time to come but the time to leave. The time to leave is as important or more important than the time to come. Because while the people in the west are leaving, they are leaving to come back again.*

Why is the time of leaving important? Because the sooner you leave, you are making less mistakes, because when you get into the crisis you better leave now rather than allow the crisis to eat you and then make it impossible for you to come back, because it is clear to everybody then that you can not stay forever anyway. Unfortunately, Saakashvili started thinking of staying almost forever—there is no other way.

It doesn't really matter that he cannot constitutionally stay for more than two terms, but there are examples around us of people having constitutional limits but still staying for another form. That has eaten him from my point of view. That approach have basically eaten him. He has backtracked on everything. He has backtracked from the point of view of trying to keep hands on those people, from the point of view of keeping the power. It is impossible.

The Georgians in general are a democratic people. They are not going to allow that kind of thing to happen. It may last for a few months or more, but it is absolutely impossible that it will last forever. Then around us, the countries in our region, the people are not caring too much of democracy. You've visited them and you know it. Georgia is not the case. Georgia will definitely go the democratic way. Georgia will not allow anybody to be an autocratic leader for long.

SCHALKWYK: So what advice would you give to other countries to try and keep their own reforms going forward, rather than backtracking like they have in Georgia?

NOGAIDELI: *The most important element for the people in power is that they should understand that the time to leave is much more important than the time to come. If people are not philosophically ready for leaving, they are not going to be successful reformers. Forget about it. They may be successful reformers in the beginning, but then will definitely backtrack. You need to build up, tutor and grow, if you will. Your position, as well as the father has grown his child when he wants his child to be much more successful than he is, because that is the only way for the country going forward. For the democratic country.*

If you want to establish autocracy, or if you want to establish dictatorship, that's another thing. Then there is another separate thing, a separate example to be discussed. I don't know, is there anybody with that kind on your list? Not much. Not really. To a certain extent, but not really. Not formally. Not formal dictatorships.

So this is the case: you need to understand that is absolutely impossible, especially for the countries—in Eastern Europe, especially—to understand what kind of country is Georgia. Twenty years ago, the per capita GDP, non-formally, not directly I mean, was almost \$20,000 a year. That was not the money forms; that was the free health and so on and so forth, but right around \$20,000. Twenty-five hundred now only. Ten times less. There are a lot of people who still remember what better economic standards mean. You cannot tell these people—unlike many countries which are more or less going forward—there is no country on your list who has been reaching high standards and then dropping too much from the point of view of economic standards.

So then you're going to explain to these people how good life around us is, because they do remember what really good—from a material point of view—living standards were. So you should be very honest. You should be very straightforward, and you need to understand that, and you are given only five or maximum 10 years. One of two terms maximum, and then there is no way people are really electing you, really electing you. Then in order to keep your job, you need to—if you really want to keep it, like Saakashvili wants it—then you need to start manipulating elections. If you start manipulating elections maybe some other people will forgive you, but Georgians will not. So that's the case.

Then, I don't know, certainly Bangladesh is not going to forgive you, as well, for instance. This is why, from my point of view, Bangladeshi political forces have a strong belief in the need for change or strong admittance, if you will. This is not belief, but maybe but they admit the fact that they should not manipulate election results—too much at least—and this is a very important thing of reform. I myself believed we needed to be strong in reforms and we should not pay attention to what will happen later, and then whether or not there will be backtracking by others, because I never believed that we would be backtracking ourselves. But at the same time I strongly believed that Saakashvili was not going to stay longer than two terms. It was just total—total—you know the surprise for me, that what I see now happening, and again—it is not possible in Georgia.

Two things should go at the same time. If you need to be successful, and you look around to the countries who are the successful in the long run: only those who are democratic and reformists at the same time. You will not see any example of the success, the real success I mean, which is measured by the people inside of the country rather than outside...

SCHALKWYK: Why did you leave the government?

NOGAIDELI: *I left the government after the November 7th events. I don't know if you are familiar with the events there?*

SCHALKWYK: Yeah. Partially.

NOGAIDELI: *I just left the government all together. I didn't think of coming back again.*

SCHALKWYK: OK. Thank you very much. At this time we are running out of time. Do you have anything else to add before we finish?

NOGAIDELI: *No, no. I think—I don't know, just in your shoes, I would definitely not only do research but advice.*

SCHALKWYK: Thank you very much.