

Research Article

**NEW CORONA VIRUS AND ITS REFLECTION ON GEORGIAN POLITICAL
PROCESSES AND BUSINESS SECTOR**

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Abstract.

The article describes and analyzes the current political processes in Georgia and the business environment existing in the period of new Corona virus. The authors try to predict the impact of COVID-19 on ongoing political and business processes and the post-viral period.

Key words: Coronavirus, Georgia, Political Processes, Business Sector.

Introduction

One of the most important stages of Georgian political process can be considered the parliamentary elections scheduled for 2020. The form and quality of the elections, which were assessed as a "test of democracy", will determine the political future of Georgia, the development of the standard of internal democracy and the foreign course of the country.

2020 turned out to be heterogeneous for the election process. It is difficult to analyze the outcome of the election and it is also difficult to determine which side maintains a winning position - the government or the opposition. These difficulties are not created only by the political conjuncture and the balance of power, but also by a pandemic that ironically and undisturbedly plays a "double game."

The business sector plays an important role in the development of Georgia's sustainable economy, especially small and medium-sized ones. It can be said that in the country many areas are tied to it. First of all, business creates jobs, therefore it provides employment of a large part of the population of Georgia, which in turn significantly contributes to exports, innovations, creation of a modern entrepreneurial culture, and at the same time plays a special role in increasing the country's welfare.

Georgia has made significant changes in this field, the main purpose of which was to do business and create a favorable environment for foreign direct investments. Its goal was economic liberalization, reduction of administrative barriers and tax burden, improvement of public services, fighting against corruption and more. As a result of these reforms, Georgia has achieved relatively high rates of economic growth. The economic reforms implemented in the country have received positive feedback from various rating agencies and international financial institutions.

However, despite this, Georgian business is still facing great problems and its contribution to the country's GDP is quite low.

There may be unethical questions, but for whom does the Corona virus work in Georgia? What reflection does it have on the political process and the economy? What legacy will the new pandemic leave in our country? We think the answers to these questions would be interesting and we will try to present some hypothetical opinions and wait until presented hypotheses are justified.

The new Corona virus - "Shield" for the Government and/or "Sword" for the Opposition

In general, the political process in Georgia is difficult to assess, as the evaluation criteria and indicators defined by the international democratic standard are often incompatible with the political reality of Georgia because the indicators and criteria do not accurately reflect the content of the process. for example:

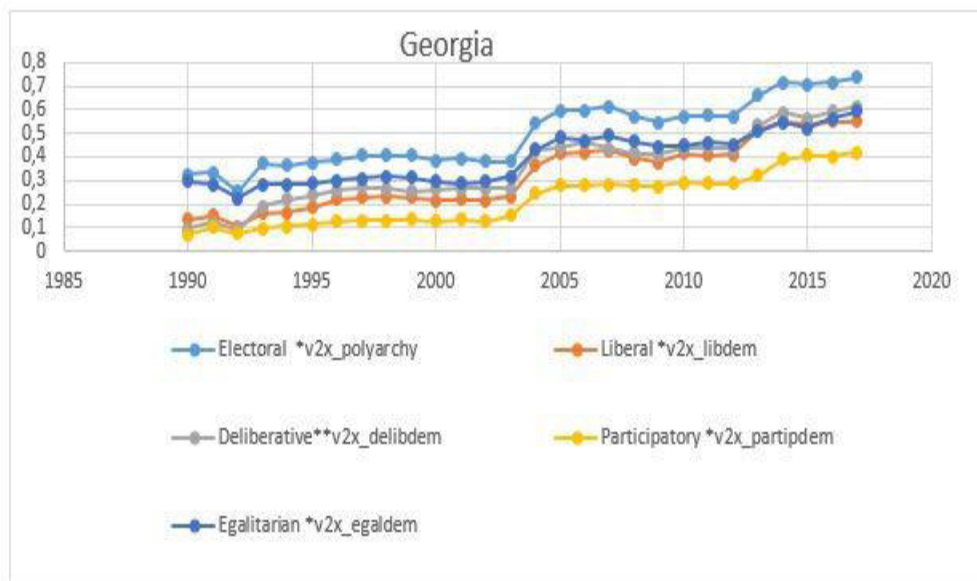
1.The degree of democracy - There is political pluralism in the country 253 political parties are registered in the register of political parties (Register of Citizens' Political Associations (Parties) (1997-2020)). On the one hand, many political parties are registered in the country, on the other hand, there is almost no balance of political forces, and the ruling parties always dominate with an absolute majority.

2.Liberty of speech - There is free media in Georgia but it does not have any rating;

3.Human Rights - There are a number of human rights institutions in Georgia, but in terms of human rights, Georgia is weak.

4.Economic growth rate - The economy of Georgia is constantly developing but a large part of the population lives in poverty.

The diagram below shows the development of high-level indices for Georgia during 1990-2017 (Institution for Development of Freedom of Information, 2018).



5. Simplified processes of business making - although many small and medium-sized businesses are closing down and we can't even name the exact numbers because there are no statistic data; the rest can't cope with the real challenges of modernity, lack of innovation and further development.

Such a paradoxical situation in the country gives rise to the "specifics of the Georgian political process", which is a matter for separate study. In this paper, we will try to share our views on the impact and consequences of the corona virus on the political and business process.

The general picture of the political process in Georgia looks like this:

1. After the events of June 20, 2019, the rating of the ruling party (Georgian Dream) has dropped significantly (ipress.ge, 22.05.2020; kvirispalitra.ge, 18.11.2019; liberali.ge, 30.04.2018)

2. The political opposition did not stand out with great support and trust from the public (mythdetector.ge, 23.01.2020).

Facing this background of public sentiment, it was very important to take such large-scale and innovative measures on both sides (the government and the opposition) that would in any way strengthen the positions of one of the parties or improve the rating.

At the end of 2019, a new corona virus appeared as a "Savior" of both sides. Why a savior? It was an additional chance for the government to prove that they could adequately counter such a large-scale challenge as the new pandemic, that would be able to manage the country with dignity and take into account public will. And for the opposition, it was a chance to offer an alternative political force in society and to prove its superiority.

During the first phase of the virus, both sides found themselves in a confusion and some sort of constructive step was taken toward cooperation. It was revealed during the announcement of the Decree over State of Emergence throughout the country when the parliamentary opposition supported to the ruling party (parliament.ge, 21.02.2020; oc-media.org, 21.02.2020)

However, the opposition later blamed the government for the artificial extension of the curfew and the defects of the anti-crisis plan, and began to promote its own anti-crisis plan (on.ge, 24.04.2020 (1)). The anti-crisis plan presented by the government failed because it could not reflect the interests of all segments, and a large part of the population found themselves behind the plan (on.ge, 24.04.2020 (2)).

Government have clearly raised their rates while fighting against Corona Virus, and a large part of the population has sympathized with them. The actions of the government in these processes were also effectively assessed by international organizations (abkhazia.org.ge, 22.04.2020).

From the earliest stages of the spread of the virus, the government took countermeasures to minimize the spread of infection. This gave the society a sense that the government cared about the population.

However, the opposition's ratings have also risen based on the voters who found themselves behind the anti-crises plan presented by the government. This group is a large part of the society.

The Virus has therefore worked effectively to raise the rating of political parties, but has put the vast majority of the population in great distress.

The 2020 parliamentary elections are close and the electorate will express its position on the ballot boxes, but I have a preliminary assumption that the current government will no longer be in the parliament with a constitutional majority. Furthermore, a single opposition party or any opposition alliance will not be able to win with a constitutional majority. From 35% to 45% of seats will be taken by the ruling party, and other seats will be taken by a group of opposition parties and independent candidates. Georgian political specifics and election "traditions" in the country allow us to predict this.

Virus reflection on business

The new Corona Virus has radically changed the behavior of both business operators and consumers, although it is too early, of course, to speak with great accuracy about the economic consequences that will inevitably arise in the near future and what new reality the whole country will face. In fact, in the new reality, the usual chain of business production was broken (which was quite difficult to assemble), which made most companies to stop actions altogether or to reduce business operations (genglobal.org, 23.02.2020.).

According to the latest analysis proposed by the UN, the growth of the global economy after COVID-19 will be reduced by at least 2.5%, and the damage will reach about a trillion dollars. However, it is noted that this number may double (UNCTAD, 09.03.2020).

According to the OSCE report, the growth of the world economy will decrease to 2.4%, which will be mainly due to the decrease of world trade (OECD Economic Outlook, 02.03.2020).

Georgia has lost millions of GEL. However, it should be noted that the government has quickly made a number of decisions regarding COVID-19, including those related to the national business.

- ✓ Tourism-related companies were deferred from property and income taxes for 4 months;
- ✓ From 4 to 50 rooms sized (approximately 2,000) hotels must receive a 6% interest co-financing from the bank loan.
- ✓ The National Bank has softened banking regulations.
- ✓ Bank loan service has been postponed for 3 months.
- ✓ Works for attracting funding from international financial institutions (IMF, etc.) have been accelerated.
- ✓ Tbilisi City Hall released open cafes from lease in 2020, small / medium businesses were released from lease for 3 months (on.ge, 13.04.2020).

Despite of a number of benefits from government side, the tourism sector has suffered the most and is fallen in the most difficult situation. According to field experts, about half a million visitors from neighboring countries visited Georgia every month. Considering their average cost,

the losses in the tourism industry will reach 40 million under the conditions of a pandemic. And if we add to this the closed air traffic and borders with Iran, China and Europe, the losses will increase by another 40 million (kvira.ge, 23.03.2020).

100% of small and medium businesses in tourism sector have been closed, all employees and self-employed people have been left jobless, and many of them have not been able to get the financial benefits set by the Georgian government.

The restaurant business was in a similar situation, especially the owners of the restaurants that run the business using the rented space (except for the open-air cafes in Tbilisi, which were funded by Tbilisi City Hall in 2020 for a three-month lease).

Business operations have been suspended by many companies in Georgia, many citizens became jobless, and even more have fallen into economic poverty. What does the Georgian economy expect for the future? The future will show answers for this question, but a number of conclusions may still be drawn:

✓ First of all, it should be noted that the decrease in revenues from the tourism business will have a negative impact on the national currency (some changes are observed almost on a daily basis).

✓ Foreign investment will decrease, the process has been started in recent years and the risks will increase even more in crisis period;

✓ The crisis is also having a negative impact on foreign trade, primarily wine exports. Russian is Georgia's largest export market for wine. It has a relatively difficult picture of the New Corona Virus, which has had a negative impact on the Russian currency;

✓ Cash remittances are one of the most important sources for Georgia. According to Statistic data, the share of financial remittances in GDP in 2019 was more than 13%. The largest amount comes from Italy and Greece, followed by the United States, Russia and Israel.

In this context, it is important what steps the Georgian government will take in future, how well government will understand the negative or positive steps of the world's leading countries, how well they will plan the future of Georgia's economy and develop the right economic program; But the business should not be in the role of spectator, it should be able to mobilize its own resources in a crises situation and rearrange the new rails with new data.

Georgia's political and economic future depends on how thoughtfully and agreeably the business and the state will act.

Conclusion

The fragile democratic institutions in Georgia and the flawed political process make it clear that they will not be able to cope with the legacy left by COVID-19, especially since it is still unknown what kind of continuation of the virus outbreak will have. Existing political chaos and the economic crisis will put an irreparable strain on the Georgian economy and make the prospect of its development even more obscure.

That's why the Georgian society needs to make a meaningful choice in the 2020 parliamentary elections and hand over the administrative mandates to the political forces in a balanced way. The civil society must force political parties to act objectively. Improved electoral system and qualified candidates are necessary for high-quality democratic elections. Georgian society has always been deceived since the restoration of independence, and it is time to end it. For this reason:

1. In Georgia, the demand should be for qualified politicians who are focused on satisfying the interests of the electorate and not on protecting the interests of any narrow elite society.

2. There should be a demand for impartial media in the society. A democratic political process is impossible without impartial media.

3. Business should be free and the government should support business operators as much as possible to develop not only services but also entrepreneurial activities, businesses should become transparent. Today it is very difficult to find public data of the current financial processes of business companies;

4. Businesses (large, medium and small) should, within the limits of their economic capabilities, be socially responsible for society, which today, unfortunately, is fragmented and has lack of systematism and pluralism;

5. Georgia should continue to be attractive for foreign investment, business and government should work together to develop further development direction and strategies.

Otherwise, Georgia, which has the most difficult geopolitical place in the region, will not be able to develop and overcome crises, because in an unstable political situation, economic fluctuations are inevitable and it becomes impossible to develop business.

The charm in which the ruling party found itself today due to the successful management of the virus will soon disappear and the fight against the consequences of the pandemic will be more difficult than the fight against the virus itself. Even the anti-crisis plan fails to protect the interests of the broad masses. Political parties must take into account that real cases cause real rating and in this regard they must avoid populist actions and unfulfilled promises.

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