

NEW CONSERVATIVE PARTY

We, the citizens of Georgia, establish the New Conservative Party to protect our country's independence, restore its territorial integrity, build the economy, create new jobs for its people, care for the disadvantaged citizens, and secure the rule of law, sanctity of private property and individual liberty.

**WE ARE UNITED TO ACHIEVE OUR COMMON GOAL –
TO BRING ABOUT A BETTER LIFE TO EACH OF OUR CITIZENS.**

TABLE OF CONTENTS

PREFACE	Error! Bookmark not defined.
PART ONE.....	9
Strategic Plan for Georgia.....	9
I. Economic Policy and Employment Growth.....	9
A. Development of a Free Market Economy.....	10
B. Introducing and Implementing Development Programs for Each Region in Accordance with Regional Problems.....	15
C. Development of Agriculture.....	15
D. Development of Information and High Technologies.....	16
E. Science – Basis for Country’s Development.....	17
E. Promotion of the Tourism Industry.....	20
G. Environment Protection.....	21
II. Social Policy.....	22
A. A Strong Family – a Strong State.....	23
B. Education.....	23
C. Public Healthcare.....	25
D. Sport.....	26
E. Reforming Social Security System.....	26
F. Preservation of National Mores and Cultural Heritage.....	27
PART TWO	30
THE NATIONAL SECURITY STRATEGY OF GEORGIA.....	30
I. National Security Strategy.....	30
A. Transforming Institutions of National Security.....	31
B. Joining the Atlantic Alliance.....	33
C. Georgia’s Relations with Neighbors.....	34
D. Georgia’s Relations with the United States.....	35
E. Georgia’s Role in the World.....	35
II. Reform of the Law Enforcement System.....	35
A. Reforming Legal Education.....	36
B. Transforming Investigation System.....	36
C. Prosecutor’s Office.....	37
D. Judicial System.....	37

Note to reader: this platform of the New Conservative Party of Georgia was approved at the Party Congress in June 27, 2003. It serves as the Party’s main programmatic and philosophic document, until superseded by a newer platform, to be approved by Party Congress at a future date.

PARTY PLATFORM

Improving the political, economic, social and cultural life of Georgia;
Overcoming the crisis of employment and poverty;
Caring for the disadvantaged;
Restoring territorial integrity and securing Georgian independence;
Defeating corruption and fundamentally reforming the Georgian government

With a unified national effort and unwavering commitment

PREFACE

As a result of a decade of irresponsible, poor, and incompetent policies of the present government, Georgia stands in front of a dangerous abyss. The future of Georgia as an independent state is dependent on whether we overcome our present predicament. The nation's territorial integrity is violated; a severe economic and financial crisis grips the country; the society's standard of living has fallen dramatically; hundreds of thousands of citizens are unemployed; corruption is rampant; honor and dignity of the people is disgraced; Georgia is facing a real possibility of losing its national heritage.

Our nation must make a fundamental choice:

- To elect a force which will implement new policies that can preserve Georgia's independence, restore its economy and solve the problem of unemployment, bring back decency to government and dignity to the people, provide for the national security, implement reforms in areas of education, healthcare, and social policy,

or

- to follow those who strive to only strengthen their grip on power and protect their petty private interests.

The New Conservative Party has the solutions to Georgia's challenges—we present them in this platform. We believe that our platform reflects the views of countless Georgians all across our great land, who believe that building an independent, free, strong nation is not an impossible task for a 3,000 year old people, and that by working together toward clear goals we can make life better for all Georgian citizens.

This platform makes clear that we are the only party in Georgia with clear ideology, right solutions to our nation's problems, and a team with knowledge to bring our ideas about. Yet we offer more

than bold words; we present a vision for how to achieve our objectives. We offer not only new policies, but a new approach as well – a vision of a government that serves the people.

To all Georgians we send a clear message:

New Conservative Party is a party of freedom, change, and rebuilding.

We believe that the past decade did not yield the necessary improvements because the government was missing three elementary, yet absolutely necessary, components required for political success:

First, individuals in government have not trusted freedom – we believe that only free individuals have the capacity rule the country well.

Second, the government has lacked a strategic plan for solving Georgian’s problems. As a result, the government’s economic, social, and foreign policies have been haphazard and inconsistent, and have not meaningfully improved the lives of Georgian citizens. We only saw half-reforms, which are insufficient for overcoming crises. We believe that only through real change is it possible to overcome the present crisis and bring jobs to the people.

Third, the present government’s policies failed not only because the government has lacked a clear plan, but because the political system under which it operates – a system that was pushed, without advice or consent, on the Georgian people in 1995 – Is designed to guarantee irresponsibility and failure. A political system can succeed only by securing full responsiveness to the will of the people; by promoting responsibility on part of the elected officials; by serving the people; by protecting individual rights and promoting equality before the law. The current Georgian political system, meanwhile, is designed in such a manner as to promote corruption, incompetence, absolute control of the political process by the executive, dramatic separation of the people from the elected bodies, and constant violation of citizens’ fundamental rights.

Georgia has never been run by a political party with clear ideology dedicated to the common good. Instead, each ruling party has been created by the state power, using government funds, resources,

and structure, around an individual that served the interests of its leading personality rather than the cause and Georgian people.

To solve Georgia's problems, the country needs an independent political party with a clear and strategic vision of truly national public policy, which will renew the political system and promote good governance. Only one political party – the New Conservative Party – has the capacity to bring this about.

To this end, our platform first articulates our strategic vision and priorities in economic and social policies, as well as in protecting our national heritage, and afterwards highlights the strategy for national security as a key prerequisite to the country's economic revival and democratic development. As far as the constitutional and legal revisions to reform Georgia's political system are concerned, we will develop them through an active dialogue with Georgian public in the coming months. The Constitution must clearly define government's responsibility toward voters and ensure transparency of its activities.

Our economic policies will help create hundred of thousand of new jobs, through liberalization, development of a real market economy and promotion of equal opportunity for all citizens. Our goal is to provide each citizen with opportunities to realize his full potential through active participation in the free market for maximum benefit for himself and his family.

Our first steps will include:

- Assistance to the business community, especially small and medium size business;
- Liberalization of the tax system;
- Protection of private property;
- Elimination of government pressure on all business (including reduction to the full extent possible of powers vested by all controlling agencies);
- Promotion of market capitalization by making bank credits more widely accessible.

New Conservative Party's social policies will help improve the lives of the Georgian people and will support the private sector's and the civil society's involvement in this sphere by using the experience of developed countries. We believe that we can accomplish this by focusing government's social policies on five important areas: family; education; making of social services (pensions, healthcare) more accessible; support for vulnerable citizens; and science, culture and national heritage.

We believe that our national security policies must follow a clear foreign policy agenda. At the same time, Georgia must build a small, mobile army that can meet its needs. We will implement fundamental reforms of the Georgian armed forces and law enforcement system, and bring about the strong guarantees of national security, peace and security to the life of each citizen.

The Georgian citizens are presented with clear alternatives – The New Conservative Party offers a chance to begin anew: to reform our government; to rebuild our economy; and to extend to all citizens the full promise of a dignified life. We are certain that within 900 days of our election, by implementing this program, we will accomplish the results people are asking for – the economy will be growing; number of available jobs will increase; corrupt officials will be punished; the political system will be reformed; teachers, doctors will be paid; vulnerable citizens will be provided with medical treatment; pension and salary debts gathered throughout the past years will be paid.

Within 400 days of our election, we will offer the following proposals in the Georgian Parliament:

- Tax amnesty for all taxes owed before 2003;
- Creation of a tax declaration for all citizens;
- Elimination of the value-added tax, replacing it with a sales-tax;
- Protection of local agricultural industry through introducing seasonal customs tariff on import of similar products;
- Drafting a realistic program for paying off arrears on pensions and salaries and connecting its implementation to budget;
- Support family businesses and preventing government and criminal pressure on them;
- Creation of a simple, flat income tax of 12 percent for all citizens;

- Creation of a 200 Lari income tax credit for each child under the age of 18;
- Reduction of social taxes from 27% to 15%;
- Income tax exemption on funds spent by citizens on medical care and education;
- Creation of regressive profit tax, connected to the size of each business;
- Establishment of tax allowance for re-investments;
- Requirement on energy distribution companies to provide for uninterrupted distribution of electricity and gas to all conscientious payers according to contract provisions;
- Tax exemption for educational, scientific and cultural organizations;
- Support for philanthropy through tax credits in the areas of culture, science, education and sports.
- Adoption of legislation for reforming law enforcement system aimed at restoring the rule of law.

We will not make promises that we will not be able to deliver on!

We will win with your support!

We are certain that the victory of New Conservative Party is your and Georgia's victory!

PART ONE

Strategic Plan for Georgia's Development

I. ECONOMIC POLICY AND JOB CREATION

In a free market, the government cannot create jobs for each individual citizen. However, it can promote policies to support job creation on part of private entrepreneurs. Successful implementation of the various components of our platform will allow for job creation in many different sectors of the Georgian economy.

Ever since Georgia regained its independence, the nation has lived in a state of economic crisis; for the last decade the government has done little to help the people overcome this crisis. Indeed, many of the government's policies—its inability to finance the budget, its misconstrued privatization plans, and its failed tax system—have perpetuated the economic crisis because they prevent, rather than encourage, economic growth. Meanwhile, corruption at the highest levels of government makes it impossible to attract international and domestic investment because entrepreneurs are unwilling and unable to implement their business ideas. Without active entrepreneurship, there cannot and will not be good jobs for the Georgian people. Through its actions, the government has perpetuated and sustained an environment that benefits only the few, while the population at large remains impoverished.

The economic policies of the New Conservative Party, will, in the shortest period possible, improve the living conditions of our people, reduce unemployment, and set the nation on a course toward sustainable economic growth and development. Our policies will put Georgia on the road to economic prosperity. We believe that this can be done through hard work and dedication on the part of all citizens, and especially the government.

The economic policies will result in job creation through promotion of economic liberalization, development of a real market economy and promote equal opportunity for all citizens. Our policies will help ensure that every citizen is able to realize his ambition and secure a dignified future through active participation in the free market. We will return hope and trust of a better future to each citizen.

A. DEVELOPMENT OF A REAL FREE MARKET ECONOMY

Overcoming the current economic crisis requires Georgia to adopt the only economic system that has proven successful in the modern world—the economic system founded on the principles of a free market. For the last decade, the government has claimed to be implementing market economic policies. In reality however, the government has perpetuated an economic oligarchy, rather than a free economy.

What are we building in Georgia—a real market economy or a “socially-oriented” pseudo-market economy, so-called western socialism? This question is rather rhetorical; however, our answer to it will determine whether a new, independent Georgian state will ever truly exist.

Georgia needs to adopt a new concept that will determine new state philosophy and infrastructure. In this area, Georgia should draw on the experience of western countries. The position of the New Conservative Party is very clear: we wish to building a new country of real economic freedom, by sharing positive experience of others while avoiding their mistakes. To develop a market economy, the New Conservative Party will adopt legislation based on the following principles:

1. Sanctity of Private Property

One of the primary purposes of a just and good government is to secure the right of all citizens to own private property, because only through ownership can people pursue happiness and individual freedom. Protection of property requires the adoption of laws and regulations that support, rather than oppose, the fundamental right to private property. Only when the government and the people respect the sanctity of private property will our nation begin the process of economic liberalization and development of a true market economy.

The government propaganda against private industry must cease and the government's representatives must be prohibited from engaging in demagoguery against business. Baseless anti-business rhetoric has no place in a society that supports free enterprise. It is necessary to raise the public awareness about the importance of legal entrepreneurship as a source of public welfare. It should be a constitutional responsibility of the government to foster development of free entrepreneurship.

2. Fair, Reasonable, and Balanced Tax System

It has been said that only two things are certain in life—death and taxes. In a free society, where communities of men come together to form a government to secure their rights and liberties, taxes are necessary to allow the government to preserve civil peace and provide the services that people wish to receive. Because of this, taxes collected by the government should reflect the services that are provided by the government, and should be based on a simple, but fundamental, notion that “government” is a service hired by citizens to conduct their common business. It is not surprising that Georgian citizens today are unwilling to pay taxes—their government does not provide them with required services, and therefore citizens have no interest in funding it.

We, at the New Conservative Party, will establish a new tax structure, based on the following principles:

- A relationship between taxpayers and government must be established based on the principle of partnership and mutual responsibility. The government will promote taxpayers legal activities, as a source of civil welfare.
- Economic policy must be used only as a long-term support on economic pressure and must not be used for achieving short-term aims.
- Income taxes must be lowered to a 12 percent simply flat tax. This will help stimulate growth and promote free enterprise, while decreasing the level of corruption, bribery and shadow economy. Legal business production should not be more expensive than those produced in the shade should. Total taxes paid by the business should not be higher than the total of bribes and other shade costs. The rate of private property tax should be at the level

that can promote legal ownership. This will have a very important political implication: taxpayers will get rid of the tax-evaders mentality and their civil participation will increase.

- Security services must relinquish their inspection function and the only function they should carry will be to fight against crime and criminals.
- Each citizen will be registered at the time of his birth.
- We propose to write off all tax indebtedness owed to the government as of January 2003. At the same time, we will start to introduce a 12 percent personal income taxes and to raise public awareness of this reform. This will mark a starting point of a new tax administration policy. These steps are absolutely essential for achieving appreciable results in legalization of business and decrease in corruption.
- After passing a new fiscal and tax administration legislation, introduction of any new tax, changes in tax base or changes in the tax rates will take effect after the third budget year. This will allow an investor to forecast his business activities more properly.
- As a result of our new tax policy, we will be able to improve tax collection through increasing legal tax base. In addition, our anti-corruption activities, along with reform of government human resources management and a new remuneration policy for civil servants, will decrease the possibility of collusion between state officials and taxpayers.
- Georgia should harmonize our tax legislation with neighbor countries where the flow of smuggled products is highest.
- Proportional and/or regressive direct taxes will stimulate legal business activity.

3. A Budget that Meets Government's Needs

Only the budget that meets government's essential needs can lead the country out from current economic crisis. This budget should be oriented toward development of private sector and creation of new job places. Improper budget policy can be a source of corruption as it discourages entrepreneurship, destroys business climate. As a result, government fails to fulfill its constitutional liabilities. The budget of the current government is in a state of a deep crisis, one that grows deeper on a daily basis. As a result of the failed budgetary policies of the present government, the country's independence is in doubt, and without a new budget plan, the independence may very well be lost. As a result of a flawed budgetary policy and failed tax administration has put the majority of

Georgia's population under severe financial strain. Most vulnerable are pensioners, teachers, veterans, and disabled. This situation should be properly addressed.

The New Conservative Party will follow these steps to overcome the Georgian budget crisis:

- Team responsibility—The government must operate on the principle of team responsibility during budget planning and execution processes;
- Transparency—The government must ensure that the budget drafting and execution process is absolutely transparent. Budget expenditures should be strictly tracked for effectiveness, and citizens must be able to easily access information about them;
- Effectiveness – Budgetary expenses should be strictly evaluated by effectiveness criteria. This information should be available for citizens;
- Program financing – Budget should include not only financial planning, but also activity targets. Auditing and report should reflect both aspects;
- Debt control – Unpaid obligation should be converted into securities. The government should treat its domestic and foreign obligations equally. Above-mentioned securities can be sold on the secondary market. We are positive that this mechanism will help to raise government's level responsibility in terms of fulfilling its obligations. The government must adopt effective mechanisms for foreign debt service;
- Market-based state programs — State programs must follow market-oriented investment principles;
- Collaboration with international financial institutions – Every new credit should be taken according to a detailed business-plan to see a clear possible outcome.

4. Raising the Effectiveness of Laws on Bankruptcy

Georgia requires effective laws governing bankruptcies of financial institutions and other businesses, not only to secure the rights of stakeholders, but also to encourage international investment. We consider it necessary to establish specialized courts for bankruptcy, with judges who receive special instruction in this. The legislative system should provide bankruptcy and protection of creditor's rights. In addition, it is also important to apply the bankruptcy law in tax administration.

5. Raising Effectiveness of State Property Management and Boosting Privatization

During the privatization process decisions should be based not only on the amount of initial investment, but also on entire investment plan. Revenues from the state property privatization should be excluded from the sources of budget deficit financing, thus, eliminating the budgetary pressure on the process of privatization. Revenues from the sale of state property should not be used for financing current expenses and social arrears. Instead, they should be used in long-term projects aimed at improving the investment climate and creating new jobs. Management and reporting in state-owned enterprises should be carried out based on common business practices taking into account state interests.

6. Alleviating Bureaucratic Barriers for Starting New Businesses

Simplification of company registration process, minimizing a number of required licenses, promoting small and medium enterprises, creating centralized computer-based registration system.

7. Promotion of Asset Capitalization

Our policies will aim to improve collateral legislation and establish computer-based collateral register, along with credit-information bureaus. In Georgia, as in other states of former Soviet Union, there is a vast reserve of “dead” capital—property that can be pledged as a collateral for obtaining credit financing from banks, but is not used because of difficulties in obtaining loans. The potential of this type of capital investment far exceeds the total aid financing that Georgia receives from International Financial Institutions or from private foreign investments. To fulfill the potential of domestic capital investment, Georgia needs a reliable property information database and a flexible collateral legislation to increase liquidity and property capitalization. This will support economic growth and creation of new job places.

8. Improving Laws on Securities and Developing a Market for Corporate Bonds

9. Fighting Against Counterfeit Products and Imposing Strict Sanctions on Illegal Utilization of Trademarks

10. Introduction of Legislation Preventing the Government from Depriving Citizens of their Property without Proper, Market Value Compensation

Currently, the Constitution states that “the right of private property is guaranteed...” In order to secure the full right of private property, we aim to amend the Constitution to dictate that the “the right of private property shall not be infringed...”

11. Implementing Real Productive Reforms of Judicial System

A free market economy does not exist without impartial and strong judicial system. We must put an end to corruption in courts and arbitrary interpretation of laws and normative acts by judges.

12. The working plan of the Chamber of Control should be approved by the Parliament

B. INTRODUCTION AND IMPLEMENTATION OF DEVELOPMENT PROGRAMS FOR EACH REGION IN ACCORDANCE WITH REGIONAL PROBLEMS

Georgian government has not yet elaborated an adequate regional policy. There is no economic activity in the regions with the exception of Batumi, Poti, and a select number of others. We, the New Conservative Party, have registered each functioning or non-functioning large and medium enterprise throughout Georgia. We know what it takes to revitalize these enterprises, to make them an integral part of the country’s reformed economy, and return a possibility of living a dignified life to people who worked at these businesses and their families.

C. DEVELOPMENT OF AGRICULTURE

1. Privatization of State-owned Land

More than a decade since the collapse of Communism, vast majority of the best agricultural lands remains in state property. Georgians cannot capitalize these lands, attract investors or introduce new technologies without privatizing them. The mentioned grounds are not included in the land market; their liquidity is low and cannot be mortgaged in order to obtain financing from credit institutions.

2. Branding

To make the land liquid and capitalize the agricultural sector, government, besides privatizing, should take care of liquidity of products produced on these lands, i.e. state programs should help

finance creation of Georgia's image on regional and international markets as a country with organic agricultural production.

3. Establishment a Laboratory for Organic Products in Georgia

Georgia has a great export potential for organic agricultural products. We will develop a government program in order to implement international standards of organic agricultural production and promote this prospective sector in Georgia.

4. Establishment an Estate Bank

Developing the banking service for agricultural sector is critical. Agriculture will not develop without professional and specialized banking service. Foundation of such bank will foster development of land market. It will promote the capitalization of agricultural sector, proper utilization of lands and renewal of the fixed assets used in agricultural sector.

5. Supporting Specialized Areas of Agriculture (wine, tea, dried fruit, concentrated products, modern high-tech in agriculture)

6. Farm Model

Current legislation is oriented on individual farming – a self-providing labor. Instead, we should gradually switch to western-style villages where one farmer employs 10-20 people.

D. DEVELOPMENT OF INFORMATION TECHNOLOGIES

Over the last decades, technological revolution accelerated economic development of many countries, with a large number of well-paid jobs have created in the Information Technology (IT) market-space. We believe that with a right strategy and policy, Georgia, with its intellectual potential, can become a regional center for information and high technologies sector.

In order to develop the IT sector, the government, along with the private sector, must carry out detailed analysis to ascertain what areas Georgia should concentrate on. We can share the

experience of other countries which have become leaders in the sector and elaborate strategy to make information and high technologies a critical element of Georgia's economic prosperity.

1. Proclaim Georgia as a Country Supporting Development of IT

Georgia should become a regional center for information technology-based economy. First, the New Conservative Party will exempt from taxes the educational and scientific institutions, as well as investments made into information and high technologies sector. One of the main advantages of this policy is that all companies operating in this field can function together, thus supporting innovations, collaboration and friendly competition.

2. Encouraging Investments in Information and High Technologies

For the next ten years, we should create a preferential tax system, which will be easy to understandable for investors in these sectors.

3. Foreign Donors and IT Sector

We must manage to procure preferential financing from foreign donor organizations to develop the information and high technologies sector.

E. SCIENCE – BASIS FOR COUNTRY'S DEVELOPMENT

Any nation's intellectual and economic development, as well as its self-defense ability, political culture and its education greatly depend on the development of science. Progressive thinking, as well as democracy has no future without science. Prosperity of a country is inseparable from the development of the above – mentioned field.

Georgian science has always been the integral part of the world's science. Modern science is mainly characterized by the development of basic research and concentration on priority directions. Fundamental (abstract) science determines the degree of nation's intellectual and technical development, representing the main tendency of the world's scientific development today.

Georgia possesses great scientific potential, world-known scientific schools, a big variety of advanced higher educational and research institutions. We believe that sharing the world's experience and modern forms of organization will positively effect the development of science in our country.

In Georgia abstract science is mainly elaborated in the Academy of Science (the highest scientific institutions in Georgia) and other university and branch scientific organizations.

As a result of economic poverty and prevented reforms in the system of scientific institutions Georgian science turned to be in a disastrous condition in recent years. Today Georgian science faces the total collapse of research and technical basis, problems of outdated equipment, extremely low salaries, emigration of the best specialists and rapidly decreasing number of young scientists. It is clear, that if not fundamental changes, Georgian science, as well as its institutions and higher education generally will stop existing.

Main Strategy of Science Development in Georgia:

Considering present situation the first rate goal seems to reform science organization and management. The Academy of Science of Georgia has already made some steps towards this direction, but in future the organization and management of science should be conducted based upon latest achievements and approaches. Today economy is subjected to fundamental transformation – a specific new field – “Economy of Knowledge” has been introduced, where knowledge is playing the major role. In this type of economy creation of knowledge, its practical usage is the main source of economical development. “ Economy of knowledge” greatly increases the significance of fundamental (abstract) researches and views them as the unique source of new knowledge of nature, person and society.

Expenditures on science made by the government are not equal to the value of created knowledge. That means, we have to learn how to define the volume of demands on knowledge. Knowledge, like other social aspects is accessible for everyone; it is an informative product and information, like other material products, does not wear off after usage.

“Economy of Knowledge” is a triad of markets – market of knowledge, service and labor. They can not be regarded separately science they are closely related to one another.

Most important in “Economy of Knowledge” management is that knowledge sector is responsible for problem solving and that organization of knowledge sector must be flexible and dynamic; and for this a specific type of specialists - so called - innovative manager is needed.

It should also be considered that knowledge based economy has a different social structure. We are used to divide labor between the producer and the consumer through an intermediary. Nowadays, we have to create a new system, where consumers of knowledge will participate in its creation. Market of products (knowledge) is replaced by service market, which creates different institutional environment – existence of various small innovatory firms around big companies that take orders from “Mother Companies”.

According to the above mentioned, a big science organization, for instance, The Academy of Science of Georgia, which can be regarded as a big company should be surrounded by smaller innovatory firms creating demands. Introduction of new types of management in research institutions is also important. Functions of the director of such institutions must be differentiated into the functions of a research director and an executive director, like it is in most western countries. The government will be responsible for creation of legal, taxation, and economical basis for “Economy of Knowledge”. The government is responsible to organize demands for knowledge.

The main market resource of a big scientific organization is its reputation. Payment for reputation in “Economy of Knowledge” is already an axiom. Consequently, basic financing of science is payment for the reputation of scientific organization.

For the development of a new economy (Economy of Knowledge) special mechanisms promoting the development of scientific organizations are of great importance. These mechanisms include intellectual property rights; effective usage of standard property rights in non-material actives’ sphere which, often, exist only in informative, digital reality.

The future of science depends on the development of knowledge - based – economy (innovative economy), regarding that a proper development of science is possible only if it represents the organic element of real economy. We should realize that the greatest resource is in a man’s intellect rather than in the entrails of the Earth.

Our first rate goal is to learn basic principles of a new economy – “Economy of Knowledge”, share world experience in this sphere and promote this type of economy up to the range of state politics.

F. PROMOTION OF THE TOURISM INDUSTRY

One of the most critical economic advantages that Georgia holds over other developing countries is its potential to become a tourist attraction for visitors from all over the world. Few nations of Georgia’s size possess such a wide variety of environmental and cultural attractions. For much of the twentieth century, Georgia was one of the world most popular tourist destinations — over one million tourists a year would visit Georgia through much of the 1970s and 1980s. By revitalizing tourism, we could see hundreds and thousands of visitors coming to our country during all four seasons.

Today, as a result of political instability and economic poverty, Georgia’s tourism industry has collapsed. With the right initiatives, the government can help revive this industry and make it the backbone of Georgia’s economic recovery and future prosperity. The New Conservative Party will pursue the following policies to revive the Georgian tourism industry and attract millions of new visitors to Georgia:

- Implement Favorable Tax Breaks — The government must implement tax breaks for individuals and businesses that invest in initiatives that help the tourism industry.
- Develop the Infrastructure — The government must direct sufficient resources to improving Georgia’s roads and other mass transportation systems.
- Create and Protect National Parks — As part of the environmental initiative, the government must create and support national parks all over Georgia that can be visited by tourists who wish to learn about our country’s natural beauties.

- Preserve Cultural Heritage — As part of overall cultural policies, the government must promote Georgia’s ancient culture as a strong selling point for foreign tourists.

G. ENVIRONMENT PROTECTION

Georgia possesses some of the most beautiful natural habitats in the world. For centuries, our tall forests, our high and snow-covered mountains, our warm Black Sea beaches, and our fish-filled rivers have amazed tourists and travelers. For the last century, however, we have been vigorously cutting down the woods, polluting the air, and filling lakes, rivers and the sea with toxic chemicals. This is not the heritage that Georgians today should leave to future generations.

The New Conservative Party believes that the environment must be cultivated in a sustainable way. This will help protect Georgia’s ancient environmental heritage, solve the existing ecological problems, and fulfill the responsibilities that we have to future generations of Georgians. To achieve sustainable development of our natural resources, the New Conservative Party will implement the following measures:

- End the Carnage of Natural Resources — The government must pass legislation to eliminate the wild exploration of natural resources.
- Find a Balance Between Economic Development and Ecological Preservation — The government possesses an inherent responsibility to create a system for rational use of natural resources which can maintain a balance between commercial use of Georgia’s environmental resources and the need to save our beautiful wildlife for future generations.
- Educate Citizens on the Need to Conserve — The government must introduce a full-scale educational campaign in elementary and secondary schools to teach the future generations of Georgians about conservation — that protecting our natural habitat is an integral component of preserving our future.
- Promote Recycling Initiatives—The government must encourage, and at times require, citizens and businesses to reuse and recycle resources. This is particularly important during our trying economic times, when learning how to reuse supplies can help improve the living conditions of all citizens.

II. SOCIAL POLICY

A liberal government, with limited responsibilities, should not be too involved in the social affairs of the people. It must undertake specific tasks which the citizens ask of it, while staying away from the rest of the social sphere to allow the civil society to fulfill its responsibilities.

The difficulty in Georgia's situation lies in this—on the one hand the government is too heavily involved in social affairs, but on the other hand, it does not have resources to fulfill its responsibilities. Furthermore, its method of involvement is built on the Soviet inheritance, when the government did not permit for each individual to pursue a good life through equality of opportunity. Because of this, the government's activities in relation to society are not beneficial and accomplish few ends. As a result, the Georgian family is falling apart, the educational system fails our young, while pensions for current pensioners are not paid and a system to secure pensions for future generations does not exist. Meanwhile, the state-funded medical system has collapsed and has been replaced by a private one which is out of reach for many citizens. While Georgia has several successful insurance companies, the government has done nothing to introduce incentives to promote insurance purchase by citizens.

To overcome the social challenges facing Georgia, the government requires a clear set of policies in the social areas. Its activities should not prevent the activities of private citizens and civil society in these areas. Instead, the government should support private actions. Government should do only those things that are required of it by its contract with the people (the Constitution)—things that citizens on their own cannot do.

Social policies of the New Conservative Party will help improve the lives of the Georgian people and will support, rather than prevent, the private sector's and the civil society's involvement in these spheres. We believe that we can accomplish this by focusing government's social policies on five important areas: families, education, support for vulnerable citizens, pensions and healthcare services, and culture and sports.

A. A STRONG FAMILY – A STRONG STATE

All political communities begin with the formation of a family and because of this, prosperous families are integral to the survival of just government. Throughout Georgia's history, the family unit has been an integral component of the community. Today, although faced with economic hardship and political instability the Georgian family has continued to sustain our nation.

However, the family is facing too many challenges and unless these challenges are addressed and resolved, it will not be able to continue its critical role in the life of our country. Problems facing the family include rising rates of poverty, which has decreased the birth rate considerably; increased crime and drug addiction, which is acute among the teens; the dangerously growing rates of abandonment of child orphans and elders, which points to the fact that families are no longer able to take care of the individuals closest and dearest to them. The government, meanwhile, has forgotten that family represents the foundation of free society, and that it plays a critical role in developing individual responsibility, mutual respect, and love of country.

The government has the responsibility to support the family. By relying on Georgia's strong traditions, the New Conservative Party will restore and strengthen the family institution, and give it back the important social function without which a healthy society cannot exist. To strengthen the family, the government must implement an effective program to support the family. We, at the NRP, declare children's allowances as one of the top priorities. Along with other issues our concrete proposal in this direction is to establish 200 GEL income tax credit for each child and to reduce income tax to fixed 12%. It means that if a family has one child under 18 and its annual income is less than 1.665 GEL, or, in case of two children, less than 3.330 GEL and so forth, it will be exempted from income tax.

B. EDUCATION

One of the main objectives for any progressive community is to provide each citizen with proper primary and secondary education and to offer equal opportunities of higher education. The

successful accomplishment of this goal is a prerequisite of liberty, democracy and strong economy as far as the liberty, democracy and strong economy depend on well-qualified and educated population.

Education system in Georgia needs an urgent reform. Despite the fact that the budgetary financial resources are insufficient, the system of financing, principles and criteria themselves are obsolete.

Extremely low rate of employment (3-4%) among the graduates of the state educational institutions points to a deep crisis in this area.

Admissions to the universities are often effected subjective factors. Teaching methods and curriculum are old-fashioned, and actually there is no quality control over the educational process.

We believe that implementation of fundamental reforms and introducing proper principles of education is vitally important for our country. These principles are:

- The Ministry of Education should not appoint the principals of secondary schools by centralized rule. Local self-government bodies should appoint them;
- Special attention should be paid to the development of physical education and healthy way of life at schools. The plan for sport commercialization should be elaborated thoroughly and separate attention should be paid to children engaged in sports from early age. Patronage of this field should be encouraged by tax incentives;
- The most part of local budgetary funds should be spent on primary and secondary education;
- Common standardized state exams based on testing methods should be introduced;
- Entrance exams should depend on the summary of test results, interviews and personal histories;
- In the nearest future state and private educational organizations should be accredited in accordance with current international standards;
- The present-day system of financing should be established, namely, the relevant sum for studying or scientific research should be given directly to a student, allowed to go to some university (or to several universities simultaneously), as a grant. It should be the student to make a decision in which educational organization he/she will use this sum. Such

mechanism will create a competitive environment and student will be able to choose the university with the better rating, high employment rate, where graduates have higher starting salaries;

- Special programs should be financed, i.e. students involved in the programs oriented on preserving the fields of state importance, students of outstanding talent or from very poor families;
- New credit system of grades should be introduced not only for separate parts but for the whole teaching process;
- There should be a choice of electives in any curriculum – student should be able to choose desirable lecturer and subject along with obligatory subjects.
- Students should be taught such disciplines as job searching and self-marketing at universities/institutes.

Our first steps will include:

- Tax exemption for educational organizations;
- Income tax exemption on funds spent by citizens on education.

C. HEALTHCARE

Only 1,2% out of GDP is allocated in the state budget to public health. And in fact, due to the budget failure even these funds are not duly transferred. Preventive medical care is completely collapsed. Government fails to provide citizens with emergency medical care service.

We, at the New Conservative Party, declare public health as one of our top priorities. We promise:

- To provide each citizen with free emergency medical care service;
- Income tax exemption on funds spent by citizens on medical care;
- Tax exemption for medical organizations.

D. SPORT

Successful sport activities have always been an integral part of Georgia's social life. Our country has a number of world-class sportsmen, whose successful performances at international competitions are unique for such a small country as Georgia. Today each success in this sphere can return hope and joy to Georgians. It can destroy nihilism and raise population's spirit.

We, at the New Conservative Party, will implement the following policy in support of sport:

- Defining priorities – we should distinguish the sports in which we can achieve maximal success and spend the existing financial resources mostly on them;
- Developing children's sport activities - the plan for sport commercialization should be elaborated thoroughly where separate attention will be paid to children's involvement in sport from early age;
- Supporting philanthropy through tax credits.

E. REFORMING SOCIAL SECURITY SYSTEM

As we have mentioned above, realization of market economy principles means to release the government from social issues and create favorable conditions for citizens aiming at solving social problems through private sector.

In developed western countries we can meet various models of social security: the most spread system "Pay-as-you-go" offers people possibility to pay taxes into personal retirement account of state social security fund and receive pensions adequate to accumulated amount. Although, in countries, where private pension funds are functioning and it is allowed to put even some part of amount in such funds, people have possibility to dispose their sums more efficiently by means of savings corporate/investment accounts of private pension funds and thus, solve their social problems themselves. It's certainly worth mentioning that special supervisory body should control the economic immaculacy and prudence of these funds.

As regards state personal retirement accounts, in case of a poor governmental management (and moreover, when the level of government's credibility is so low) we come to a real risk that the state social security fund may not be able to pay off arrears and meet the deadline, which will finally cause the system's collapse. Even if it doesn't happen so, the countries with properly functioning systems of this kind have to admit that the South American social security model, where the advantage had been given to private pension funds from the beginning, is more effective (and it's quite natural, as private pension fund always manages its own financial resources better than the state one) than the American or most of the European ones. At present these countries think about privatization of social security system that means allotment of great quantity of state resources to private pension funds. As a result, huge amount of financial resources will be allocated to capital markets, which in its turn will be an impulse for economic growth. In the environment of global competition the countries with state social security systems will simply have no choice unless to shift social security functions from the state sector to the private one.

Georgia has a great chance to declare the development of private pension funds as a priority and to establish tax allowance on amount to be paid to such funds as well as to permit to pay some part of the state obligatory fee to private pension funds.

We perfectly understand that the government should finance present social arrears partially by other sources, and the way we have chosen is the investment to be made by the country as an expense today (as an income unpaid to budget), but we do believe we have no other way left and it is an inevitable expense as far as the state's future assumption of social liability, to put it mildly, is dangerous.

F. PRESERVATION OF NATIONAL MORES AND CULTURAL HERITAGE

Georgia entered the 3rd millennium as an independent state. This is undoubtedly one of the most important events in the centuries-old history of Georgia. But so undoubted is the fact that we won't be able to build the democratic country properly without realizing that we have inherited our statehood dating hundreds of years. We should not only remember our inheritance but we must protect it as well. The chief concern of all generations is to preserve their national mores and cultural

heritage. It is the aim of the New Conservative Party to convince the Georgian population of the need for thinking and caring about the national mores in spite of the huge economic problems and poverty it faces.

Unfortunately, it's true that neither the government nor the whole society have worked out the mechanisms for strengthening and preserving the national morale. They could not or did not set the policy regarding national issues, which must serve as a basis for building an independent country. The state and a society as a whole, failed to attach an appropriate importance to national values. The Georgian language is an official state language according to the Constitution but nothing has been done in order to protect its norms. Despite the fact that Georgia is recognized as an independent and sovereign state and is the member of a number of international organizations, its territorial integrity is violated. Our frontiers with the neighboring states (with exception of Turkey) are still disputed. There are institutions responsible for protecting our heritage, however, a lot of historical monuments are being demolished, museums and libraries are ruined and closed down, and environment is intensively destroyed. Nothing is done to turn words into deeds.

What will independent Georgia come to after 20 or 25 years if everything goes the same way? Now it is the time when we have an opportunity to show our rich history and unique culture to the world. We are living in the era of integration, interactions between different cultures and civilizations, exchange of information on science and art...

Today, when we (the Georgians) have somehow nihilistic attitude to our abilities, we should envisage one point – in the nearest future Georgia may take on significantly important function because of its geopolitical location. That's why it is necessary to get each Georgian citizen understand that we are building a new state but we should be very careful in merging the old with the new.

The New Conservative Party will take practical steps in order to found the state along with its institutions as a guarantee of preserving the national mores and cultural heritage. The national values are not just separate monuments, churches or language. They are our folklore, nature, modern culture and sport, our educational and military training system, our traditional and prioritized fields of agriculture and industry and etc. It is obvious that one single law or organization can't protect all

these values. The whole state and nation should consider themselves obliged to preserve them at any stage of history. And it should be reflected in every area of the country's policy, be it a foreign, internal, economic, or social policy. It should be reflected in the state budget and supported by relevant legislation and, is most importantly, by the Constitution.

PART TWO

The National Security Strategy of Georgia

I. NATIONAL SECURITY STRATEGY

Georgia's long struggle for freedom ended with a great victory for our people—we secured our nation's independence and helped destroy the Soviet tyranny. Alongside us, millions in Eastern Europe and central Eurasia won their independence and secured the opportunity to unleash the great potential of their people. In the twenty-first century, only those who strive toward political freedom and liberal democracy, free enterprise and limited government intrusion into the life of the individual will obtain and sustain prosperity. The government of political and economic liberty is what the New Conservative Party is striving to build in Georgia, and our national security strategy must first and foremost speak to this challenge. Yet we in Georgia, as all freedom-loving people, face common enemies—dictatorial and tyrannical regimes, countries with imperial ambitions, separatist regimes. All of them deny people their natural rights, and often, harbor enemies of freedom and mankind, including fundamentalist terrorist networks willing to unleash terror against peaceful citizens all across the globe.

Georgia must play a role in fighting against such regimes and terrorist networks out of altruistic reasons and for self-interest. As a free people, Georgians have the duty and the responsibility to help spread peace and liberty around the world. At the same time, only by contributing to the establishment of a secure environment, where all nations respect each other and live by common values, will our nation be able to meet its full potential and allow its citizens to live in peace and prosperity. Georgia's economic development is only possible in an environment of political stability, national security and the rule of law. As well, restoration of Georgia's territorial integrity requires that Georgia's just position in peaceful negotiations be bolstered by strong armed forces. Georgia's national security strategy must promote policies which help make our country the focal point of the democratic world in central Eurasia.

The current international strategic and geopolitical environment presents Georgia with a distinct opportunity. Our country is uniquely positioned geographically to exert influence over a vast area of territory which will be the center of the world's attention for many years to come. As well, Georgian people's thirst for freedom presents our country with a remarkable chance to consolidate the values and principles of liberal democracy. Georgia must play a role of region's political, economic, scientific and cultural center.

To achieve this, Georgia must set standards for ensuring its national security, which, given new types of global threats, will meet our country's security concerns. To achieve this, Georgia must:

- Transform its national security institutions to meet the threats and challenges facing its citizens;
- Join the North Atlantic Treaty Organization (NATO) by 2006;
- Promote close ties with its neighbors, advancing the values of political freedom, free markets and free trade across the Caucasus and central Eurasia;
- Strengthen its strategic, bi-lateral relations with the United States and other strategic partners.

A. TRANSFORMING INSTITUTIONS OF NATIONAL SECURITY

Georgia must implement a set of reforms which will provide for the establishment of new and transformed institutions of national security. The most important of these reformed institutions will be Ministry of Defense. Georgia's armed forces should be transformed according to the following principles:

- Georgia requires a small, mobile, highly trained and well-equipped military. Our armed forces must possess ability to restore Georgia's territorial integrity and defend our country. Standing army should become Georgia's rapid reaction force, with a reserve of defense forces;
- Georgia needs specialized military units that will contribute to NATO and to our allies in potential times of conflict;
- A national guard, arranged on a non-regional basis, in which every citizen of Georgia will have an opportunity to serve, should supplement the professional, standing army;

- Our army must be able to play a role in maintaining regional peace, not merely through peacekeeping, but by helping secure peace through strength when necessary;
- To achieve this military transformation, defense spending must become the most important priority for the nation. It must increase dramatically, to no less than 3 percent of the GDP per year;
- Georgia must establish complete civilian control over the armed forces. This means strengthening supervision from the Parliament and civil society. An itemized budget which will outline defense expenditures in detail is a necessary prerequisite for establishing civilian control for fighting corruption in the armed forces;
- A civilian, political appointee must hold the post of the Defense Minister;
- The highest military officer in the Ministry of Defense must be the Chairman of Joint Chiefs of Staff, who will be appointed by the President on the recommendation of the Minister of Defense. After confirmation by the Parliament, Chairman of JCS will hold this position for the term of three years and will serve chief military advisor to the Minister of Defense. The Chairman of JCS, as a head JSC, is subordinate to the Minister of Defense;
- Other members of JCS, including the Chiefs of Staff, are appointed by the President on the recommendation of the Minister of Defense and confirmed by the Parliament for the term of three years. Chiefs of Staff are subordinated to Chairman of the Joint Chiefs and the Minister of Defense;
- Extension of tenure for the Chairman of JCS, JCS members and Chiefs of Staff must be permitted only for a one additional term.

Reforming the institutions of national security must not end with the Ministry of Defense; we must also transform the Soviet-era, so-called “Power Ministries,” to bring them in concord with Georgia’s national security needs and principles of democratic and free government. To this end:

- Armed forces of the Ministry of Interior should come under the jurisdiction of the Ministry of Defense;
- Within the Ministry of Interior, the number of police personnel must be optimized and police administration must be decentralized through delegation of powers to local, municipal level;
- State Protection Service should come under the jurisdiction of the Ministry of Interior;

- Department of Boarder Guard should remain as an independent agency for the time being; however, its leadership must be confirmed by the Parliament and its financing must increase significantly;
- Ministry of Security must be abolished and its functions should be allocated to the Department of Central Intelligence and the Central Department of Investigations. Only the Department of Central Intelligence must be permitted to gather intelligence, while other state agencies may analyze and use this information.

Georgia's national security strategy requires permanent coordination among the newly formed institutions. To this end, a reorganized National Security Council (NSC) under the chairmanship of the President must come into being. Permanent members of NSC will include: the Minister of Foreign Affairs, the Minister of Defense, the Minister of Finance, and the National Security Advisor to the President, who will also serve as the Director of the NSC. Director of the Department of Central Intelligence, as an advisor to NSC on intelligence matters, will attend NSC meetings. Ministers of Justice and Interior, as well as, Directors of the Central Department of Investigation and the Department of the Border Guard, will be invited to those NSC meetings that discuss issues in their competence. Heads of other Ministries, Departments and Bureaus may take part in NSC meetings when invited by the President.

Among other tasks, the NSC will:

- Serve as the President's chief advisory body on matters of national security and foreign policy;
- Coordinate national security and foreign policy related activities among different executive agencies.

B. JOINING THE NORTH ATLANTIC ALLIANCE

Georgia's only path to full national security from foreign enemies is to join the North Atlantic Treaty Organization (NATO), where all members promise to protect each other should any one member be attacked. This is why joining NATO is the one of the principle political objectives of our nation.

Georgia's path to NATO is closed so-long as Georgia is a member of the Commonwealth of Independent States (CIS). For that reason, Georgia must withdraw from the CIS. Withdrawal from CIS will automatically mean withdrawal of peacekeepers from Abkhazia. In order to join NATO, Georgia must also free itself from Russian bases, the last vestige of Soviet occupation. Georgia's path to NATO is dependent on full consolidation and development of Georgia's democratic institutions, as well as, free and fair transition of power as part of the forthcoming elections.

Georgia's membership in NATO is largely dependent on reforms in the armed forces and on significant growth of the defense budget.

C. GEORGIA'S RELATIONS WITH NEIGHBORS

Establishment of close ties between Georgia and its neighbors is one of the most important prerequisites for our country's national security. This requires:

- Strengthening military, political and economic ties with NATO member countries of Black sea region, as well as with Ukraine and Israel;
- Building GUUAM into a regional political, economic and military alliance of like-minded governments, which have a common vision for peace, democracy, and regional development;
- Improving relationship with the Russian Federation on the basis of equality and mutual respect;
- Developing bilateral and regional cooperation with the countries of Southern Caucasus, including harmonization of legislation among three countries of the region (most importantly, in the areas of taxation and customs);
- Serving Georgia's role as the center of the Southern Caucasian dialogue, and helping establish better relations between Armenia and Azerbaijan
- Advancing relations with the Central Asian states;
- Promoting Georgia's ties with Europe;
- Supporting democratic reforms in the region.

D. GEORGIA'S RELATIONS WITH THE UNITED STATES

It is critical for Georgia to strengthen its close, friendly, mutually beneficial and strategic relationship with the United States. A vital element of this relation is that Georgia and the United States have shared values and a common vision for peace, prosperity and political and economic freedom. Georgians, as naturally and intrinsically freedom-loving people, with centuries-old traditions of Christianity, are uniquely positioned to be natural US allies. Georgia must develop a relationship with U.S. that parallels the US-British and the US-Israeli special relations.

E. GEORGIA'S ROLE IN THE WORLD

Georgia should acquire a role of:

- political and economic center of the Caucasus, Central Asia and Middle East;
- region's scientific, cultural and high-tech centre;
- focal military-strategic connecting point to central Eurasia;
- leader in establishing transport and trade corridor between Europe and Asia;
- major transit route for export of Caspian energy resources.

Georgia also has a strategic military role in the region and in the world, through its role in NATO, particularly, through contributing to NATO Response Forces (NRF) after Georgia becomes a member of the Alliance.

II. LAW ENFORCEMENT SYSTEM REFORM

The importance of reforming Georgia's law enforcement system is not disputed. However, there is little certainty in how this reform should proceed. It should be a complex reform that will include well-conceived actions.

A. REFORMING LEGAL EDUCATION

Reform of law enforcement system should start with legal education. Without transforming the system of legal education any reform of court system, Prosecutor's Office or the Bar will achieve little. System of legal education that exists in Georgia does not meet the basic international standards. The curriculum and methodology are outdated. Departments of Law in universities do not provide modern legal education. As a result, graduates lack practical skills. They seldom learn about specific legal issues that are normally taught at the Universities in western countries. In addition, Georgia is flooded by institutions that teach law which do not possess proper accreditation.

The fundamental reform of legal education system should proceed in the following way:

First, Georgia must implement a mechanism of accreditation for law education institutions. A specific executive agency should determine a set of common criteria for legal education. A strict control should be imposed on opening of law departments, while those that are already established should go through a strict accreditation procedure. Departments that fail to meet set standards should be closed.

Second, a national program of legal education should be drafted on the basis of the experience of western countries and all law departments throughout the country should be required to follow its basic guidelines. It is essential to transform the current system of instruction. Current system of oral examinations is outdated and should be replaced by written examination system. Students should be equipped with practical skills. We, the New Conservative Party, believe that a two-level system of legal education should be introduced, where the practical skills would be taught at the second level. Degree in law should be granted after only after students complete the second level.

B. TRANSFORMING INVESTIGATION SYSTEM

The major impediments for normal functioning of investigation system include corruption and dispersal of investigation functions within different agencies. Today, investigation functions are

dispersed among Ministry of Interior, Ministry of Security and Prosecutor's Office. This leads to the misuse of powers, dodged responsibilities on part of the various agencies, and failure to conduct proper investigation. Therefore, this model is unacceptable for Georgia.

The only means of solving this problem is by creating a common system of investigation. A united Central Department of Investigation will examine into all types of criminal cases. The Department should be comprised of several subdivisions that will be specialized in investigating specific crimes. However, the head of Department should bare responsibility for the activities of the entire.

C. PROSECUTOR'S OFFICE

Prosecutor's Office is currently a part of the Judiciary branch of government. This is flawed given the functions of this office. Therefore, the Prosecutors Office should become part of the Ministry of Justice, thus becoming part of Executive branch. Prosecutor's Office should be deprived of the authority to investigate criminal cases. The role of Prosecutor's Office should be limited to:

- Legal supervision of the activities of investigative bodies,
- Legal supervision of activities within the penitentiary system;
- Representing of the state in the court of law.

A candidate for the positions of investigator or prosecutor must pass a qualification examination as part of a competition. This must happen an environment of transparency and equal opportunity. A set of requirements for the above-mentioned positions should include practical experience and age.

D. JUDICIARY BRANCH

Today, the vast majority of judges are appointed by the President of Georgia. To ensure checks and balances, it is essential that judges at every level be appointed by the President \with the consent of the Parliament. Parliamentary Judicial Committee must check and issue a conclusion on each candidate, and the Parliament must hold an up or down vote on the President's nominee. This mechanism will increase the level of confidence in the judges.