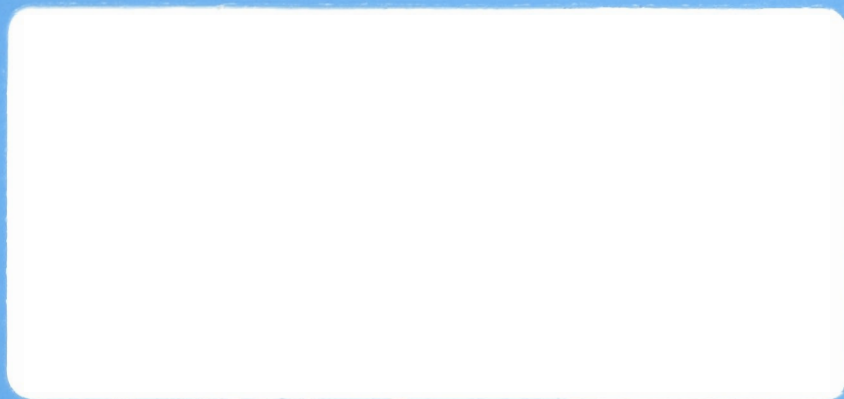




**unicef**

INTERNATIONAL CHILD DEVELOPMENT CENTRE



Innocenti Occasional Papers

**INNOCENTI OCCASIONAL PAPERS**  
**ECONOMIC POLICY SERIES, NUMBER 55**

SPECIAL SUBSERIES  
**ECONOMIES IN TRANSITION**

**THE TRANSITION IN GEORGIA:  
FROM COLLAPSE TO OPTIMISM**

Teimuraz Gogishvili\*, Joseph Gogodze\*\*,  
Amiran Tsakadze\*\*\*

EPS 55

September 1996

---

This paper forms part of the background documentation resulting from the ongoing research project "Public Policies and Social Conditions: Monitoring the Transition to the Market Economy in Central and Eastern Europe" (MONEE), coordinated by Gáspár Fajth.

\* Mr Gogishvili is the Head of the Department of Aggregated Statistics and Information, Tbilisi. \*\* Mr Gogodze is the former First Deputy Chairman of the State Department of Social and Economic Information of Georgia, Tbilisi. \*\*\* Mr Tsakadze is the former Head of the Department of Household Surveys and Special Studies, Tbilisi.

The views expressed in this paper are those of the authors. They do not necessarily represent the views of the UNICEF International Child Development Centre.

The authors wish to thank Gáspár Fajth and Richard Dunbar, both of the UNICEF International Child Development Centre.



## CONTENTS

EXECUTIVE SUMMARY .....	v
I. SOCIAL CONDITIONS IN GEORGIA PRIOR TO THE TRANSITION .....	1
Level of Welfare and General Trends .....	1
II. CHANGES IN HUMAN WELFARE, 1989-1994:	
GENERAL ECONOMIC CONDITIONS AND TENDENCIES .....	6
Household Assets .....	9
Employment .....	10
Wages and Other Incomes .....	13
Prices .....	19
Health Care and Education .....	20
Regional Features of Social Welfare .....	21
III. CHANGES IN HUMAN WELFARE .....	22
Consumption .....	25
Income Distribution and Consumption in Income Groups .....	28
Most Affected Groups of the Population .....	32
Changes in Demographic Indicators .....	32
Housing and Destroyed Property .....	37
Internally Displaced Persons .....	40
IV. ANTICIPATED SHORT-TERM CHANGES IN SOCIAL INDICATORS .....	41
V. AFTERWORD .....	46

## TABLES

1. Share of Social Expenditures in the Gross Domestic Product .....	2
2. Distribution of Population by Monthly Income Per Capita, 1989 .....	3
3. Basic Indicators of the Health Care System, 1970-88 .....	4
4. Housing Stock, 1980-89 .....	9
5. Structure of Aggregate Income, 1980-93 .....	13
6. Share of Wages in Money Incomes by Household Income Levels, 1990 .....	14
7. Nominal and Real Minimum Wage in January 1991 Prices, 1991-95 .....	15
8. Purchasing Power of Minimum Monthly Salary at the End of 1994, Tbilisi ....	16
9. Household Distribution by Sources of Income, May 1994 .....	17
10. Survey on Health Care Use, May 1994 .....	21
11. Income Expenditure Structure, 1985-93 .....	25
12. Average Per Capita Consumption of Main Foodstuffs, 1985-95 .....	26
13. Daily Intake of Main Nutritional Components, 1985-93 .....	27
14. Consumer Price Indices of Food Products, End of 1991 .....	27
15. Shares of Population Expenditures on Goods and Services, May 1994 .....	30
16. Population Expenditures on Goods and Services, Tbilisi, July 1994 .....	31
17. New Cases of Illnesses and Total Number of Ill at Year's End, 1991-93 .....	34
18. Cause Specific Mortality, 1990 and 1992 .....	36
19. Distribution of Population by Living Space Per Capita, 1989 .....	38
20. Distribution of Households by Size and Housing Conditions, 1989 .....	39
21. Provision of Municipal Services in Housing, 1989 .....	38
22. Survey of Displaced Persons from Abkhazia, Tbilisi, July 1993 .....	42

## FIGURES

1.	Share of Social Expenditures in the Net Material Product, 1970-89 .....	2
2.	Indices of NMP, Electricity Production and Employment, 1985-93 .....	7
3.	Structure of Employment, 1989 .....	10
4.	Dynamics of Employment by Sector, 1989-93 .....	11
5.	Share of Wages in Aggregate Income in Urban and Rural Areas .....	14
6.	Ratio of Minimum Wage to Subsistence Minimum, 1991-93 .....	16
7.	Income Structure by Sources .....	18
8.	Urban Household Income Distribution per Income Decile .....	18
9.	Price Increase Over the Previous Month, 1994-95 .....	20
10.	Consumption of Animal Proteins, 1985-93 .....	28
11.	Consumption of Animal Fats .....	29
12.	Changes in Crude Birth and Death Rates .....	33

## BOX

1.	The Situation of Statistics in Georgia .....	5
----	--	---



## EXECUTIVE SUMMARY

At the onset of the transition, Georgia might have seemed as prepared as the other republics of the former Soviet Union to face the challenge of sweeping economic and social changes. Until the late 1980s, the standard of living in Georgia was among the highest in the USSR. This was not reflected so much in per capita income, in which the republic lagged behind most of the rest of the Soviet Union. But numerous other social and material welfare indicators — from automobile registration to life expectancy at birth — where the highest or among the highest in the USSR.

Seen in this perspective, the large welfare loss and economic crisis suffered by the Georgian population during the 1990s is particularly grave. Exasperating the steep fall in wages and production and the disintegration of the social infrastructure were the armed conflicts that broke out in two areas of the republic, rampant crime, political instability and natural disasters.

The economic crisis in Georgia was caused in great part by the unnatural and inefficient sectoral structure of the national economy, which had been strongly reliant on other republics of the Soviet Union for imported energy, raw materials and manufactured goods. The acute energy shortage brought on by the removal of energy price subsidies led to a threefold decrease in the volume of industrial production over 1990-93.

By 1994, overall money incomes, including pensions and other social benefits amounted to no more than 15 per cent of gross incomes in urban areas and to virtually nothing for the rural population. Hyperinflation also struck starting in 1991, rendering the interim currency almost worthless. As a consequence, the vast majority of the population had become impoverished, with large families particularly vulnerable.

The last years have also witnessed considerable deteriorations in medical services and education brought on especially by severe budget cuts and the resultant shortages of equipment, and by the acute energy shortage. The former system of social protection collapsed, and most of the population was left to fend for itself. Child allowances were insignificant and the cost of educational material made 'free' compulsory education a severe financial strain for many households.

The population of Georgia has had to adopt survival strategies to pass through the worst of the transition. Private agriculture, subsidiary plots, private sector activities, humanitarian assistance and help from relatives and friends have all played a role in helping the population through the darkest years. Agricultural production, supported by partial land reforms, and the growth of private farm plots have provided many households with both food and extra sources of income, even in urban areas.

Despite the deep hardships and poverty suffered by the population in the first half of this decade, and the extremely difficult circumstances in which part of the population continues to live — particularly those displaced by warfare and those whose homes were destroyed by natural disasters — some glimmers of hope appeared on the horizon during 1995. And the Georgian population, it appears, has been quick to respond with some guarded optimism. A stabilization of the political and criminal situation, and the adoption of a new constitution and currency have all helped. At the same time, there was a real rise in GDP in 1995, as well as a rise in production and the real value of wages across the economy. By the end of 1995, public opinion had shifted to show support for the market reforms, and many thought they were moving too slowly. This renewed public confidence and political stability will be two key factors toward the future rebuilding of the Georgian economy and society.



## **I. SOCIAL CONDITIONS IN GEORGIA PRIOR TO THE TRANSITION**

### **Level of Welfare and General Trends**

The welfare deterioration suffered by the Georgian population during the late 1980s and the 1990s is particularly significant when one considers that the standard of living in Georgia used to be among the highest in the former Soviet Union. Although official income per capita in Georgia was lower than in many other Soviet republics — the average wage of workers and employees represented only 82 per cent of the USSR average, and only 60 per cent in agriculture — other welfare indicators were among the highest in the USSR. Georgia, for instance, lagged behind only the Baltic republics in savings, automobile registration and housing, while the average floor space of the dwellings built in the 1980s considerably exceeded that of the Baltics. Other indicators, like life expectancy at birth, also reflected the high standard of living achieved in Georgia. Compared with that of other Soviet republics, life expectancy was traditionally highest in Georgia — 72 years (76 for women and 68 for men) versus 69 years in the USSR in 1989. It is also important to note that Georgia had higher life expectancy than the countries of Central Europe.

Officially, the slowing of economic growth in Georgia during the 1980s was considerably more abrupt than in the other Soviet republics. The Net Material Product (NMP) in 1989 stood at the 1985 level, meaning that with 1 per cent average annual population growth, NMP per capita shrank 5 per cent over those years. Nevertheless, it can be assumed that no real reduction occurred, as in this period the State considerably loosened its control over all spheres, including the economy. A significant portion of the country's economic resources ended up in the informal sector of the economy, which was traditionally larger in Georgia than in the other republics of the Soviet Union. The level of service-sector employment in Georgia was among the highest in all of Central and Eastern Europe, exceeding 30 per cent, and many cooperatives and joint ventures were established in Georgia over that period, enhancing the conditions for future economic reforms.

The social security system in Georgia, as in the rest of the Soviet Union, envisaged the provision of numerous services, among which:

- a) free education, professional training, and medical care;
- b) pensions for the elderly and disabled, and stipends for students (75 per cent of full-time students received stipends);
- c) free or discounted sanatoria and rest homes;
- d) annual paid leave, usually four weeks;
- e) assistance for disabilities, pregnancy, children from single-parent and poor families;



Table 1: SHARE OF SOCIAL EXPENDITURES IN THE NET MATERIAL PRODUCT  
(in percentages, 1980-89)

	1970	1980	1985	1986	1987	1988	1989
State Budget	57	49	50	55	62	63	60
Social expenditures:	39	35	34	36	41	41	41
- Education	18	15	14	14	16	16	16
- Health care	8	7	6	7	8	8	8
- Social protection and social security	13	13	14	15	17	17	17

Source: Committee for Social and Economic Information (CSEI).

f) 90 per cent of expenditures for pre-schools;

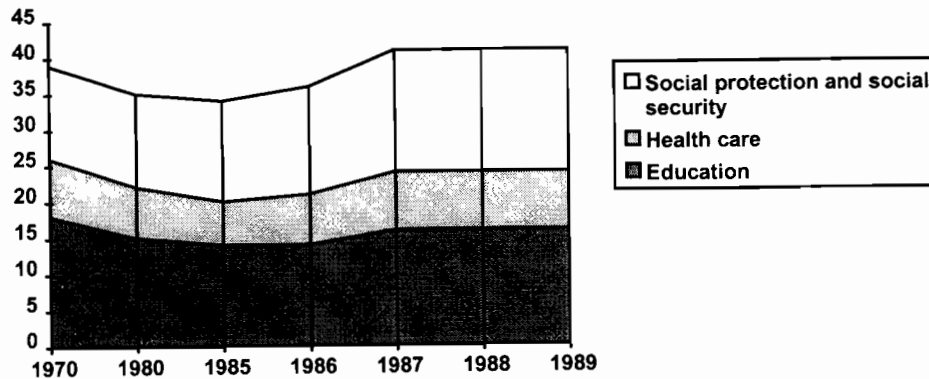
g) free lodging for certain categories of people, favourable credits for house ownership, subsidized rent, and public utility subsidies;

h) unpaid leave for working mothers with children under 3 years of age.

On average, around 60 per cent of the NMP was redistributed through the state budget (Table 1). Despite fluctuations in the share of social and education expenditures in the 1980s, these expenditures represented nearly two thirds of the budget. Thus, about 40 per cent of NMP was indirectly spent for social services (Figure 1). Although the system as a whole was ineffective in many ways, including economically, absolute poverty hardly existed in Georgia. In 1989, 13 per cent of the population had monthly incomes below 75 roubles and 29 per cent below 100 roubles (Table 2). Although 100 roubles per month might be considered the subsistence minimum for 1989 (no such measure existed in Soviet statistics), all groups of the population were nevertheless able to satisfy their essential needs.

Even prior to the transition, the nutritional status of the population was substandard. Although average calorie intake through much of the 1980s exceeded by 25 per cent the levels recommended by the World Health Organization, considerable dietary imbalances existed. Nutritional status — both in calories and in quality — also deteriorated partially during the 1980s among both urban and rural populations, as the consumption of bread and other low-quality products increased. The 1990s brought an intensification of these trends.

Figure 1: SHARE OF SOCIAL EXPENDITURES IN THE NET MATERIAL PRODUCT, 1970-89  
(in percentages)



Source: CSEI.

By the end of the 1980s, a high level of health services had been achieved (Table 3). The proportion of doctors and medical personnel to the general population was quite high (58 doctors, of which 5.3 dentists, and 125 nurses per 10,000 inhabitants). The provision of out-patient clinics, and especially sanatoria and various kinds of rest homes, was also high (one bed per 25 people in 1989, 25 times greater than the USSR average). Similarly high was the level of coverage of preventive health services — 95.5 per cent of the population used them in 1989 — although this figure had declined by 2 per cent since the start of the 1980s.

It is clear from Table 3 that there are vast disproportions in the system of health care, such as redundancy of doctors and beds. For instance, there was one bed for 20 newborns annually, which represents a great waste of resources. These factors — redundant personnel, under-used capacity, as well as mismanagement — tend to make the existing crisis of the health care system more acute.

Table 2: DISTRIBUTION OF POPULATION BY MONTHLY INCOME PER CAPITA, 1989

	Roubles				
	<75	75-100	100-150	150-200	>200
Per cent in income group	13	16	32	20	19

Source: CSEI, Household Survey.

Table 3: BASIC INDICATORS OF THE HEALTH CARE SYSTEM, 1970-88

	1970	1980	1985	1986	1987	1988
Doctors per 10,000 people	36	48	54	55	57	58
Paramedic staff per 10,000 people	92	110	118	119	122	125
Beds per 10,000 people	92	107	106	107	108	111
Beds per 10,000 children	63	63	66	66	67	68
Beds in maternity wards per 10,000 people	9.3	8.6	8.6	8.9	8.9	9.2
Share of female doctors to total	67	67	71	71	68	67

Source: CSEI.

In the late 1980s, cases of infectious diseases rose, though the increase was less than in the rest of the USSR. Reported cases of alcoholism were also less frequent — 16 new cases per 100,000 population in 1989, 10 times less than the Soviet average. Work accidents, most often alcohol-related, were seven times less frequent in Georgia than in the rest of the USSR.

Comparatively worse was addiction to drugs and toxic substances (2.3 new cases per 100,000 people, or two times below than the Soviet average). However, it is probable that these data do not adequately describe the dimension of the problem.

No upsurge in poverty-related diseases occurred in the 1980s, nor was there evidence of increased mortality. The crude death rate underwent moderate oscillations, but it did not change substantially over the decade. The infant mortality rate improved, falling from 25.4 per 1,000 live births in 1980 to 19.6 in 1989.

General secondary education for all children was achieved by the end of the 1980s, and 20 per cent of these students went on to graduate from institutions of higher education.

The official labour force was well-educated, as the average worker had completed 11 years of schooling. The proportion of eligible children attending pre-school was not high — 44 per cent compared to 69 per cent in Russia. However, most households outside this official statistic were able to avail of corresponding services, the most popular of which was private home care.

### **BOX I - THE SITUATION OF STATISTICS IN GEORGIA**

Georgia is suffering from a deep economic crisis, which has also had a negative impact on the country's statistical services.

State financing of statistical bodies has been dropping over the last five years. To carry out the state programme of statistical activities approved by Parliament for 1995, 179.1 billion coupons (an interim currency) of the National Bank were earmarked. According to the 1995 exchange rate, this sum equalled approximately US\$138,000 (\$0.25 per capita).

Staff in the state statistical offices have been cut considerably over the past five years, and by March 1995 they numbered 700, compared to 1,740 in 1988. The main reason for the staff cuts is the administrative reduction of work places, periodically carried out in accordance with government decrees. At the same time, most salary levels are merely symbolic, leading trained personnel to move to other spheres of activity.

The drain of personnel has considerably deteriorated staff quality, and no funds have been set aside for improving professional skills and additional training. Technical assistance by the International Monetary Fund, the World Bank, the European Union and the Organization for Economic Cooperation and Development for organizing training courses and working meetings, as well as visits by highly qualified experts from these international organizations, have provided some relief.

The quality of basic equipment (e.g. computers, copying machines) is extremely low, which also contributes to morale problems among the staff. Due to the constant lack of materials (paper, cartridges for printers and copiers, etc.) even the existing equipment is often difficult to use.

In addition, continual power-cuts, especially during autumn and winter, and extremely inadequate and unreliable communication services, considerably deteriorate the effectiveness and quality of the collection, processing and dissemination of statistical information.

During the 1980s the Committee on Statistics and its regional bodies published dozens of statistical abstracts every year, describing the social and economic situation in Georgia and its separate regions. They also published monthly reports for legislative and executive bodies, as well as monthly, semi-annual and annual bulletins. Nowadays, due to the high price of printing and materials, publishing activity has fallen sharply. The only regular editions are monthly reports and some bulletins for special consumer groups. A statistical yearbook has not been published for several years.

Practically the only way to disseminate statistical information about Georgia outside of the country is through editions by international organizations (the UN, IMF, World Bank and others). The Committee provides them with corresponding data.

## **II. CHANGES IN HUMAN WELFARE, 1989-1994: GENERAL ECONOMIC CONDITIONS AND TENDENCIES**

The general tendencies of welfare deterioration in Georgia over 1989-94 resemble those of other Central and Eastern European countries, but the magnitude of the fall is essentially different. In fact, deteriorations in production, employment, real income and demographic indicators have been severe, and the political turbulence and economic and social losses have been considerably sharper than initially expected. This deterioration has occurred since 1991, and especially in 1992-93, making the ill-effects of the transition particularly acute.

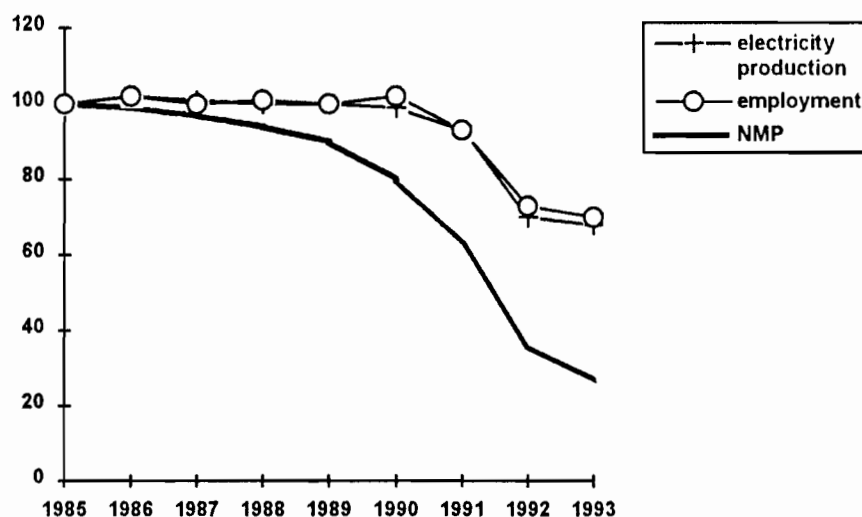
The NMP of Georgia declined by 21 per cent in 1991, and in 1992 it dropped by nearly half again. In 1993 the NMP stood at only 27 per cent of its 1985 level. However, under-accounting of output in private agriculture and the informal economy would suggest that the scale of the slump is somewhat exaggerated. Officially, the share of the private sector in the NMP grew to 17-20 per cent in the 1980s, but ad hoc surveys have found a considerable rise in output in the rural private sector after 1990.

At the same time, electrical production fell by only 32 per cent over the period. It is true that the volume of imported electricity energy fell considerably low, but its share in the aggregate consumption was at most only 15 percent. Employment dropped by a similar share (28 per cent), at least according to official statistics (Figure 2).

These processes are of course strongly related to the collapse of the former social and economic system, i.e. the transition from a centrally planned to a market economy. But such deteriorations cannot be explained entirely by the hardships brought about by economic reform. In Georgia, the disintegration of the economic system has been accompanied by armed conflict and promoted by the antagonism of political forces and the separatist movement in the country.

The general economic conditions from which reforms were launched in Georgia were nearly identical to those in the other republics of the former Soviet Union. The crisis of the centralized economic system based on public ownership of means of production became obvious in the 1970s, and it was marked in the 1980s by a fall in productivity and the consequent collapse of the volume of produced goods. (The rural private sector, which accounted for a large share of production in agriculture and the sale of food, helped compensate for the drop in production.) Stability appeared to be preserved in the macroeconomic environment of pre-reform Georgia, as in other Soviet republics, but that stability was artificial. This can be illustrated by the fact that over 1985-88 the free market

Figure 2: INDICES OF NMP, ELECTRICITY PRODUCTION AND EMPLOYMENT, 1985-93  
(1985=100)



Source: CSEI.

price of food rose by 19 per cent, while prices remained stable in public trade.

Against a backdrop of the unstable political situation and growing crime, the deepening economic crisis in Georgia was caused by the unnatural and inefficient sectoral structure of the national economy. The economy of Georgia was strongly linked to that of the USSR, which was a major source of imported energy, raw materials and manufactured goods, as well as the most important export market for Georgian products. Georgia is an energy-poor country, and it relied heavily on the USSR for its energy at a cost far below that of the world market. The energy-intensive industry of the country is today severely squeezed by rising energy prices and the resulting acute energy shortage, as the volume of industrial production over 1990-93 decreased threefold.

Agriculture, with a rather high share of NMP (37 per cent in 1990), has fared relatively better. Moreover, half of the output in agriculture comes from the private sector. It is important to point out that the production structure of both state and private agriculture was also essentially orientated to external markets, and only a small part was produced to satisfy domestic demand.

The structure of agricultural production is changing radically, with an obvious tendency of orienting the country toward self-sufficiency. This process was promoted by the partial land reform carried out at the beginning of 1992 and the further development of the domestic market for agriculture products. Private farm plots have been enlarged, as farmers now own on average one hectare of highly productive land.

Household survey data show that the rural private sector has become much more active. Despite acute shortages of equipment, transport, fuel and fertilizer, this sector plays an important role in providing Georgians with food, feeding at present the rural population entirely and the urban population to a great extent.

In spite of the difficult overall situation, which has been characterized by wasted opportunities and dwindling public confidence, there is nevertheless still a considerable basis for carrying out economic reform, revitalizing production and improving welfare:

- both the Government and the population have realized that there are no alternatives to radical economic reform;
- the political situation has improved and crime has abated;
- most of the population realizes that it must diminish its dependency on the State, and has begun to adapt to the new economic conditions;
- international institutions are becoming active in the country;
- there is an immense reserve of human resources in Georgia.

The present economic situation of the Georgian population shows large contrasts. On the one hand, there is a rather high level of accumulated property (general merchandise and household appliances), which reflects the previously achieved level of ownership of consumer durables. On the other hand, with the severe economic crisis and the complete break-up of the social protection system, there is an extremely low level of basic goods and service provision. The first fact partially relieves the objective welfare effects of the economic collapse, though it intensifies subjective self-appraisals of deterioration. For instance, 73 per cent those questioned in a sample survey in the first quarter of 1993 noted that the economic situation of their families had grown worse in 1992, while only 3 per cent mentioned considerable and 5 per cent slight improvements. But on the other hand, the situation favours a fast-growth outlook for living standards under conditions of economic revitalization (in 1993 there were, per 100 households: 101 television sets, 97 refrigerators, 76 washing machines, 62 sewing machines and 27 cars).



### Household Assets

A lack of detailed information renders it difficult to identify changes in property conditions since 1989, but it is possible to make certain qualitative evaluations concerning housing. Nominally there existed dwelling stocks belonging to the State, housing cooperatives and private individuals. However, the de facto owner of the flat was its tenant, who was even able to sell his or her state-owned flat. Because of the low cost of subsidized rents and utilities, flats were in reality only voluntarily sold or exchanged. Nevertheless, a relatively large proportion of the housing stock was privately owned: 70 per cent in 1989, of which 41 per cent among urban residents and 98 per cent among rural residents. These two figures in Georgia were considerably higher than in all other Soviet republics. In 1992, privatization of the state-owned housing stock began, and at present nearly all of it is privately owned (Table 4). Following this privatization, many of the obstacles connected to the sale and purchase of housing have been removed and corresponding transactions have become simpler. However, the demand for dwellings in towns has fallen considerably, driving down prices.

Most changes in the total housing stock over this period are due to destruction caused by earthquakes, landslides, other natural phenomena and military activities. Because of the difficult economic conditions, there have been no new housing starts and very little rehabilitation, or even needed repairs, of the existing housing stock. On the other hand, flats and other types of property are being redistributed among those who, under the

Table 4: HOUSING STOCK, 1980-89  
(million square metres of total floor-space)

	1980	1985	1986	1987	1988	1989
Housing stock, total	85	91	92	94	95	100
- of which private property	62	63	64	64	65	69
per capita average, m <sup>2</sup>	17	18	18	18	18	19
Urban housing stock	38	44	45	46	47	49
- of which private property	16	18	18	19	19	20
per capita average, m <sup>2</sup>	15	16	16	16	16	17
Rural housing stock	47	47	47	48	48	51
- of which private property	45	45	45	48	48	49
per capita average, m <sup>2</sup>	19	19	20	20	20	21

Source: CSEI.

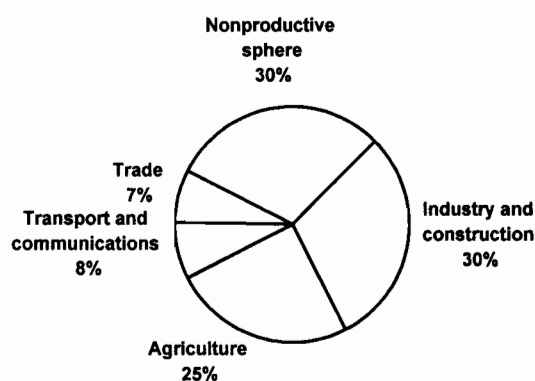
circumstances of the new economic surroundings, found themselves on opposite poles — between the so-called 'winners' and 'losers' of the transition. The question of the redistribution of flats is discussed in more detail later.

### Employment

Full employment was nearly achieved during the Soviet era. Figure 3 shows roughly the major divisions of the labour force prior to the independence of Georgia. Sample surveys carried out in 1970, 1979 and 1989 showed that between 3 to 5 per cent of those who were 'ready to work' were not in the labour force throughout that period. Following the economic cataclysms of the last years, however, partial employment, unemployment, hidden unemployment and hidden employment have begun to appear. Due to the complicated nature of the current processes, traditional labour statistics do not adequately depict the situation, making it necessary to rely on approximate estimates to understand the employment situation.

The Labour Exchange registers the unemployed and provides them assistance in applying for benefits and searching for jobs. But because of the dismal financial situation (the Labour Fund is financed from a 3 per cent wage tax paid by state-owned and private enterprises), the Exchange is not able to perform its functions, and it registers only a small proportion of the unemployed. Generally, the level of registered unemployment is within the bounds of 4-6 per cent. An estimate based on a household survey in Tbilisi shows instead

Figure 3: STRUCTURE OF EMPLOYMENT, 1989



Source: CSEI

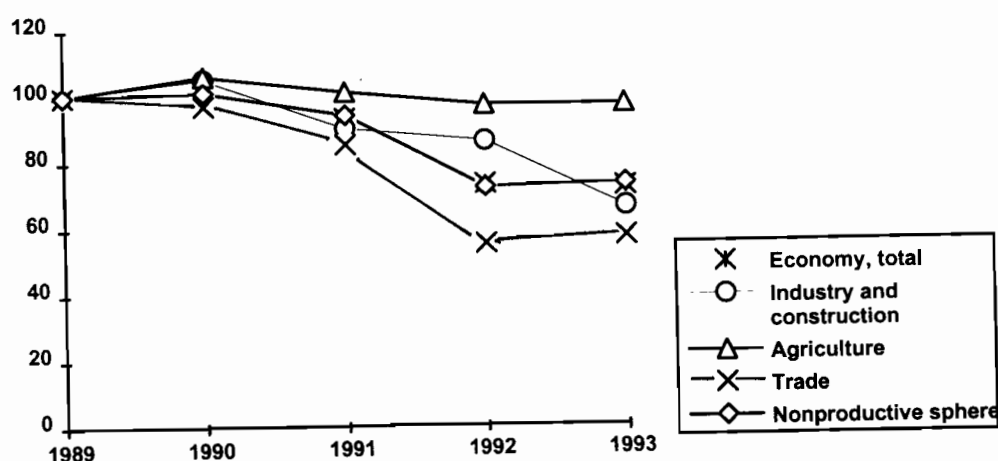
that the level of unemployment stands at 20-25 per cent. Today, the level of irregular self-employment is very high, especially in street retail trade, and the problem is much greater in urban areas. Rural dwellers, representing nearly half of the total population, are employed in agriculture, which, although highly seasonal, has become very labour intensive.

While the economic slump has affected various spheres of employment differently, important shifts are taking place in the structure of employment. Statistics on employment shown in Figure 4 provide a more or less accurate picture of the production sector, but the description of the situation in trade and services is rather imprecise. The share of the informal sector is huge in both of these areas, which is not reflected in the official statistics.

The reduction of state sector employment has brought about a simultaneous increase of employment in the private sector. A survey of 10 cities by the Ministry of Labour and Social Affairs in August 1994 found that one quarter of the respondents worked in the private sector. The survey also showed that many have had to change their professions and that 37 per cent of those queried were not working in the profession for which they had trained. For example, one half of the engineers, 30 per cent of the teachers and 32 per cent of employed women had shifted to other professions. These figures provide evidence of the large-scale process of labour dequalification occurring in Georgia.

The hardship caused by the changing job market is confirmed by the fact that two thirds of the unemployed have been without work for more than a year. About 60 per cent of these long-term unemployed are actively looking for work. Because of this situation, many

Figure 4: DYNAMICS OF EMPLOYMENT BY SECTOR, 1989-93



Source: CSEI

men look for work abroad, mainly in Russia, even though the long separation from their families is not traditional in Georgian society.

Youth unemployment is a highly serious problem. A special survey in December 1993 in Tbilisi, covering youth 16-25 years of age (but not full-time students), revealed that 43 per cent were unemployed. A majority of the students surveyed (61 per cent) wanted to work, and two thirds of them were actively looking for jobs. The young persons in the survey, however, were optimistic about finding work. Forty-one per cent of them said that their parents never or only very rarely gave them money, and only 14 per cent of the unemployed youth answered that they were able to earn some money in case of need. At the same time only 12 per cent said they were more or less well-provided for, while more than one third considered themselves poor.

Female unemployment is moderate, although nearly half of the housewives surveyed in July 1994 wanted to work, and 29 per cent were actively looking for work. At the same time, women were pessimistic about the prospects of finding a job. They also work less in the private sector and take fewer jobs to supplement wage employment.

The condition of the 'non-productive sphere' (health, education, science, culture and art) stands out poorly against the general miserable background. About 100,000 people were employed in the health sector, of whom 90 per cent were women, and of these 20 per cent were doctors (women accounted for more than two thirds of all doctors). Today, due to the vast redundancy of doctors (characteristic of the country even in earlier times) and the inability of the State to finance the health care system, those employed in health care are in severe difficulty. As these data indicate, the medical profession was traditionally a favoured career choice for women, and the State set limits on entry into the profession. With these barriers now fallen, many young people, who are not fully aware of the difficulties faced by the medical profession today, study medicine at higher education institutions requiring payment.

Highly qualified personnel are particularly hard hit by the changes in the labour market. For instance, nearly 30,000 specialists, including scientific and pedagogical personnel working in education (i.e. about 1 per cent of the labour force), used to be employed in scientific fields. Half of these specialists were doctors and scientists. (Science was highly financed in the Soviet period, and most scientists had unofficial incomes from private practices in education that added considerably to their official incomes.) Today this group is without any means of livelihood, representing an enormous social and economic problem.

Many of these professionals, a large number of whom are young, are seeking work outside of the country, thus contributing to the 'brain drain' affecting Georgia.

### Wages and Other Incomes

The period under review has witnessed great changes in incomes, with a disastrous slump in real income, and an income structure that has changed completely.

Since the beginning of 1992 (when price liberalization hit hardest) traditional sources of income like wages and salaries, pensions, scholarships and other social benefits have lost their significance. For instance, in 1990 these benefits accounted for 78 per cent of the money income of the population (money incomes amounted to 90-95 per cent of gross income for the urban population and two thirds for the rural population); today their share does not exceed 15 per cent for the urban population, and it has virtually disappeared for the rural population. On the basis of these data and other available information, an attempt can be made to examine changes over the period and construct an idea of the present situation, which has deteriorated further.

As Table 5 shows, wages and salaries, pensions, scholarships and other social benefits once formed the most significant portion of the gross income. This was particularly true in urban areas, where these sources accounted for around 85 per cent of the gross income. For

Table 5: STRUCTURE OF AGGREGATE INCOME, 1980-93  
(in percentages)

	1980	1985	1990	1991	1992	1993
In urban areas:						
Wages and salaries	72	73	72	59	41	20
Pensions, scholarships, other benefits	11	11	8	14	6	3
Incomes from subsidiary plots	6	7	6	13	28	14
Other incomes	10	10	14	14	25	63
In rural areas:						
Wages and salaries (non-farming) and income from collective farms	43	46	36	24	15	3
Pensions, scholarships, other benefits	7	9	12	12	6	3
Incomes from subsidiary plots	34	36	44	57	74	72
Other incomes	16	9	8	6	4	22

Source: CSEI, Household Survey.

Table 6: SHARE OF WAGES IN MONEY INCOMES BY HOUSEHOLD INCOME LEVEL, 1990  
(in percentages)

	for all households	monthly average income per capita, in roubles			
		<100	100-150	150-200	>200
Share of wages in income	66	69	75	73	59

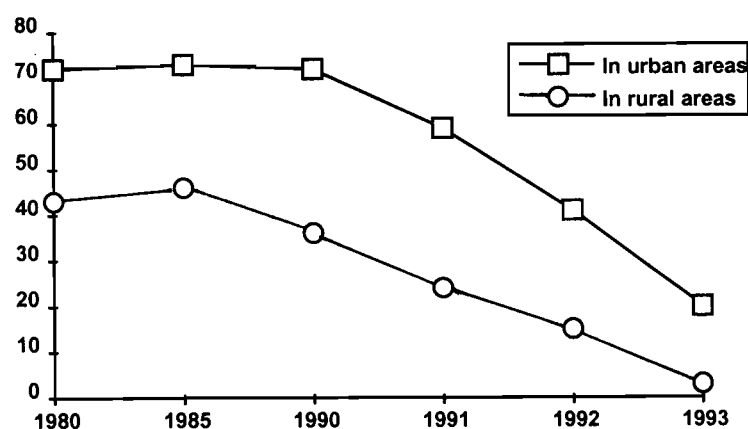
Source: CSEI, Household Survey.

the rural population, they accounted for nearly half of the gross income (taking into account income in-kind received from state agriculture and home production of food). This situation more or less held true until 1989.

Table 6 points out that higher income households relied more on non-traditional sources than on wages and transfers. In other words, families with incomes consisting mostly of wages, pensions and other benefits were as a rule considered low-income.

As Figure 5 plainly shows, the share of wages in household incomes has fallen sharply since 1990. These changes started even earlier in rural areas, where in 1992 the share of wages and salary accounted for only 15 per cent of the gross income. The share of pensions, scholarships and other social benefits has also lost considerable ground. To help offset these losses, alternative sources of income have expanded to the point of becoming determinative in gross incomes. If in the urban areas this alternative source is mostly

Figure 5: SHARE OF WAGES IN AGGREGATE INCOME IN URBAN AND RURAL AREAS



Source: CSEI, Household Survey.

represented by small business activities ('other incomes'), the largest share of rural incomes is based on agricultural production, which was enhanced in 1992 when additional lands were transferred to farmers. Many urban families also received 0.15 hectare plots in 1992, explaining the growth of urban income from subsidiary plots over the period.

At the beginning of 1992 broad price liberalization took effect, followed by a quick jump in the prices of consumer goods. But liberalization was not backed up by adequate fiscal and monetary policies designed to prevent inflation; on the contrary, currency was issued in almost unlimited amounts. Moreover, due to poor tax collection, the huge budget deficit was covered by monetary emissions from the National Bank of Georgia. As a result, hyperinflation beset the economy. Personal savings were all but totally eroded, and real incomes decreased dramatically (see Table 7). Although the Government occasionally carried out certain protective measures (for example, rises in wages and pensions), these, as seen later, had only symbolic meaning. Adjustments in the size of the minimum wage have

Table 7: NOMINAL AND REAL MINIMUM WAGE IN JANUARY 1991 PRICES, 1991-95  
(first day of month unless specified)

	Jan.- Apr. '91	Apr. '91- 15 Jan. '92	15 Jan.- Feb. '92	Feb.- May '92	May- Aug. '92	Aug.- Oct. '92	Oct.- Nov. '92	Nov. '92- Mar. '93
Nominal (roubles)	70	130	260	300	500	650	850	1,700
Real: beginning of period	70	107	88	88	64	62	76	115
end of period	58	44	77	38	48	58	56	46

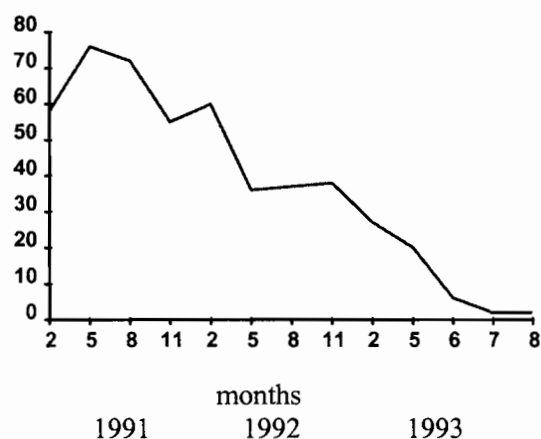
  

	Mar.- June '93	June- Sept. '93	Sept.- Nov. '93	Nov. '93- 15 Jan. '94	15 Jan.- 19 Sept. '94	19 Sept. '94- Jan. '95	Jan. '95
Nominal (1,000 coupons)	2.3	4.6	9.2	23	50	1,000	1,500
Real (roubles): beginning of period	62	23	15	10	4	2	7
end of period	12	7	4	2	0	5	-

Source: CSEI.



Figure 6: RATIO OF MINIMUM WAGE TO SUBSISTENCE MINIMUM, 1991-93



Source: CSEI.

occurred regularly since 1991. During 1992, the real value of the minimum wage decreased twofold, although it still held some significance. Later, however, its value collapsed to virtually nothing.

The Committee for Social and Economic Information in Georgia regularly calculates the normative level of the minimum wage. This represents the minimum level of the wage, which, together with other incomes, provides the majority of households with incomes that fulfill the minimum consumer budget (the poverty line) on the condition that the relative share of the minimum wage in the income is stable. Figure 6 represents changes in the ratio of the minimum wage to the subsistence minimum. It is evident that in the second half of 1993 (several months after the introduction of the national currency substitute, the coupon) the minimum wage was unable to provide any function of social protection.

Table 8: PURCHASING POWER OF MINIMUM MONTHLY SALARY AT THE END OF 1994, TBILISI (salary bought one of the following)

Bread (at subsidized price, 400 gr daily per capita)	4 kg
Bread (at market price)	2 kg
Sugar	1kg
Kerosene	2 litres
Electric power (subsidized price)	20 kw/h
Metro trip (subsidized price)	20 times
Urban transport trip	2-3 times
Interurban bus trip (100 km)	1 time

Table 9: HOUSEHOLD DISTRIBUTION BY SOURCES OF INCOME, MAY 1994  
(in percentages)

Sources of income	Primary source	Additional source
Employment in the state sector	43	9
Employment in the private sector	19	9
Business	13	4
Pension	4	10
Subsidiary plot	12	23
Inter-family transfers	2	11
Selling domestic objects	2	9
Aid, various	4	5

Source: CSEI, Household Survey.

By the end of 1994 the minimum monthly wage was one million coupons. The monthly wage of a high state official (e.g. minister) was 4.6 million coupons (approximately US\$3). This end-of-year figure reflects a considerable rise in the coupon rate: before this the wage did not exceed US\$0.50. As Table 8 (facing page) shows, the minimum wage had virtually no value.

Data concerning the minimum wage reveal the dynamics of the average wage. In 1990 the economy-wide average wage was three times the minimum wage (pension levels fell faster than the minimum wage in the same period). In the subsequent period (including 1993) the ratio remained unchanged. According to preliminary data, in 1994 the average wage rose before the minimum wage was increased, although the share of wages in incomes did not change to a great extent. A survey carried out by the Committee in 1994 covering 1,500 households throughout Georgia revealed that in May of that year the average household income amounted to the equivalent of US\$31.

Table 9, carrying data from the same survey, shows the distribution of households in terms of primary and additional sources of income.

Thus, the primary source of income for the largest number of families was still employment in the state sector, although for 44 per cent of the families the main source was connected with different areas of the private sector. For 36 per cent of the households, the private sector was a source of additional income. At the same time, earnings from the private sector were (and still are) considerably higher than those of the state sector.

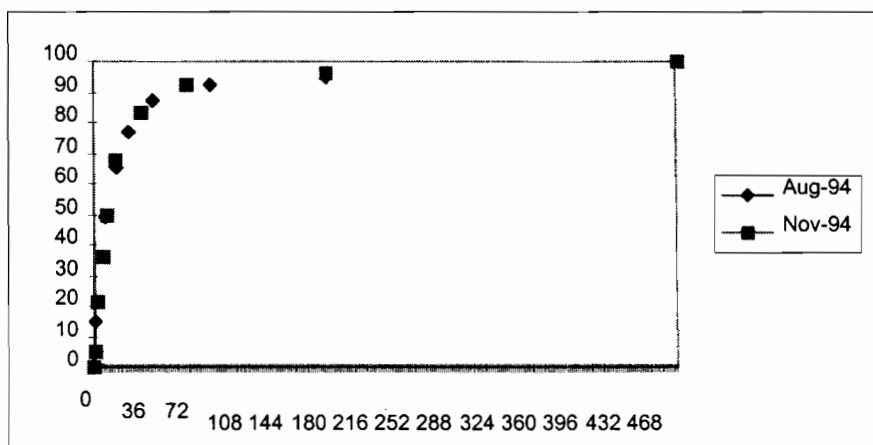
Figure 7: INCOME STRUCTURE BY SOURCES  
(August 1994 and March 1995, in percentages)



Source: CSEI, Household Survey.

Surveys undertaken in August 1994 and March 1995 in Tbilisi confirm the increasing significance of the private sector in the formation of incomes (Figure 7). In the first survey, 46 per cent of the households indicated the state sector as their main source of income, while in the second survey only 30 per cent relied primarily on the State. Presumably this tendency in the capital city characterizes the country as a whole.

Figure 8: URBAN HOUSEHOLD INCOME DISTRIBUTION PER INCOME DECILE  
(in current US dollars, Aug. and Nov. 1994)



Source: CSEI, Household Survey.

Figure 8 reflects the process of differentiation of incomes in urban areas. The income of the top pentile (20 per cent) of households was 30 times greater than that of the bottom pentile at the beginning of 1994, compared with 5.7 greater in 1992. Because the incomes in Figure 8 are represented in current US dollars (August and November, 1994), the chart does not reflect the fall of the dollar's real exchange rate against the rouble. According to March 1995 data, 88 per cent of the population could not afford the minimum food basket (given their income). And the income of more than half of this 88 per cent was enough to buy only bread.

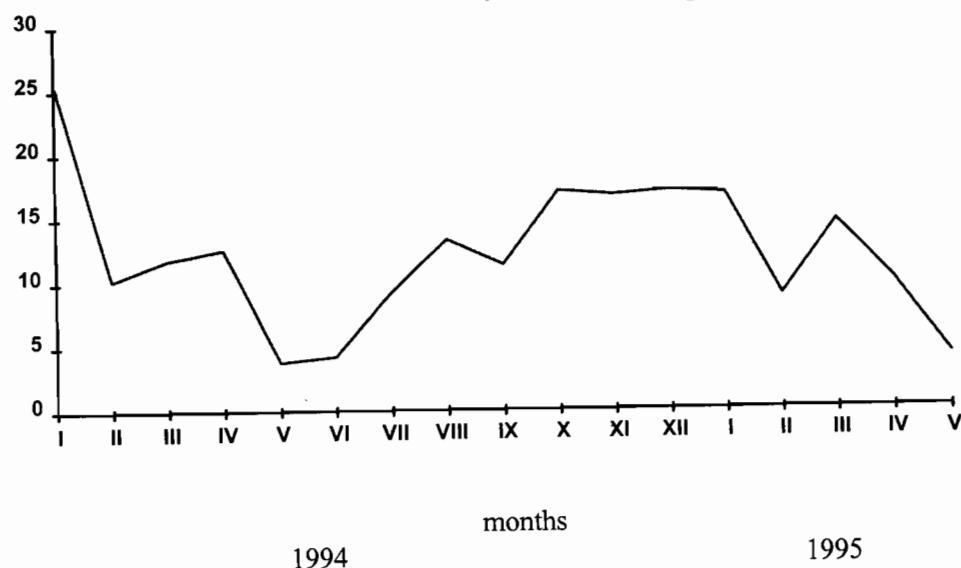
### Prices

In 1991 the consumer price index rose 1.5 times, which equals 3.5 per cent average monthly inflation. In 1992, following price liberalization, the consumer price index increased 13.4 times, with monthly inflation reaching as high as 24 per cent. In April 1993 the substitute for the national currency — the coupon — was introduced. That year was characterized by a 90-fold increase in prices, with an average monthly inflation rate of 45 per cent. The increase in prices was mainly determined by irregular currency issue, resulting in a changeable price index. In 1994 the coupon became almost worthless as a form of money exchange, and trade was based on the Russian rouble. Over this period food prices were especially vulnerable to rapid changes. In 1993 the minimum food basket became 181 times more expensive in coupons, i.e. 60 per cent a month. In 1994, it became 2.7 times more expensive in Russian roubles. The price of fat especially increased. There was a parallel rise in the price of pork (a fat substitute), and it became more expensive than beef. Until recently, basic goods and services (400 gr of bread per day per capita, electric power, the subway in Tbilisi, public utility fees) were heavily subsidized and thus their costs increased at a slower rate. Recently these prices have increased considerably, nearing market prices.

Starting in 1994, the Government undertook measures to stabilize the economy. Both budgetary and monetary policies became tighter, and as a consequence the exchange rate of the coupon stabilized. Inflation in 1994 reached 312 per cent (in Russian roubles). During the first five months of 1995, prices increased by 68 per cent (Figure 9). But since trade is done in roubles, the National Bank is absolutely unable to control the money supply, and price dynamics are governed by external factors.

In the first half of 1994, prices stabilized somewhat, but in the second half of the year they rose considerably. This was probably due to increases in the fixed prices of some basic

Figure 9: PRICE INCREASE OVER THE PREVIOUS MONTH, 1994-95  
(monthly increase as a percentage)



Source: CSEI

consumer goods; the price of rationed bread, for example, approached the market price.

### Health Care and Education

The last years have witnessed considerable deteriorations in medical services and education. Facilities for health care and education (hospital beds, curative and preventive health facilities, kindergartens, schools and higher education institutions) have not decreased in number, nor is there a shortage of personnel. However, both of these areas have suffered severe budget cuts. Public expenditures in 1994 accounted for 20 per cent of GDP, with social-sector expenditures taking up 6 per cent and wages about 4 per cent of GDP. In 1989 and 1990, state budget spending on health care accounted for 3 per cent of GDP. Estimates show that nearly the same amount was spent by patients themselves in those two years, with half of that sum going to pay medical personnel.

Today, health care facilities suffer from shortages of drugs and other medicinals. Relatives of the patient usually supply medicine and food and pay medical staff extra money to provide better care. Most drugs are provided through humanitarian aid and the private sector. Winter adds to the woes, as the energy shortage means that hospitals are not heated and medical equipment becomes difficult to use. Recent years have witnessed an expansion of paid medical services, though they offer only out-patient care. Due to reduced family

Table 10: SURVEY ON HEALTH CARE USE, MAY 1994

	Mostly free medical care	Both free and paid medical care	Mostly paid medical care	Can't afford paid medical care	Never needed medical care
Poor* (69%)	19	17	10	27	27
Middle* (24%)	10	44	11	5	29
Well off* (7%)	0	50	25	22	3

\* Self-evaluation

Source: CSEI, Household Survey.

budgets, the majority of families are not able to afford such services (see Table 10).

The educational system suffers from similar problems. Although primary and secondary enrolment rates have not fallen, the quality of education has deteriorated considerably. A new, additional problem today is connected with the provision of textbooks and other school material. In the Soviet period textbooks were subsidized; today, market prices for books have put them out of reach of many families. For example, the minimum wage can buy only one 100-page exercise book. Kindergarten enrolment has declined by 27 per cent. Because of the absence of fuel, schools and pre-schools are not heated, and thus remain closed throughout the winter months.

During recent years, educational institutions requiring payment have been introduced, mostly for higher education and pre-school. Fees range from US\$50 to \$500 annually for higher education and \$10-\$15 per month for pre-school.

### Regional Features of Social Welfare

The regional divisions of Georgia are rooted in its history, with geographical factors playing a significant role. The regions are, and have always been, essentially different in terms of social and economic development and living standards. The economic cataclysms of recent years have affected more or less each of these regions, but in differing ways. In general, the rural areas have been hit less severely, and several regions have been less damaged by warfare and rampant crime.

During the Soviet era, economic ties among the regions of Georgia were only occasional. Today the country has made some progress in implementing a common internal market, especially for food production. Although direct economic links among the regions are increasing, poor transportation means that much of the population is isolated. Nearly one third of the population lives more than 500 metres above sea level, and 10 per cent — 500,000 persons — above 1,000 metres (many settlements in the highlands consist of only a few families). These inhabitants are almost completely isolated and receive no support.

Detailed data on the main welfare indicators in the regions of Georgia are not available, though a rich source of information based on household surveys exists. In the Soviet period, information on some regions (Abkhazia, Ajaria, Tbilisi) was elaborated separately. At present, data processing is impossible due to various technical difficulties (see Box I), although surveys are being carried out and the information is being collected.

Special observations and estimates by experts point to an increasing differentiation of living standards among these regions. Thus, data processing is important in view of regional divisions, as it provides an opportunity to assess adequately the population's welfare.

### III. CHANGES IN HUMAN WELFARE

Detailed analyses of the changes in one of the main indicators of human welfare — income — were made earlier. In particular, a dramatic slump in real income has occurred in recent years. Correspondingly, the vast majority of the population has become impoverished.

If the process of impoverishment is examined according to income levels, the following picture emerges: in 1989, 29 per cent of the population had a monthly income of less than 100 roubles (of which 13 per cent earned less than 75 roubles). The deterioration in living standards began to hit most acutely over 1991-92. At the beginning of 1992, 72 per cent of the population was below the poverty line, increasing to 86 per cent by the end of the year (the poverty line is estimated on the basis of a minimum consumer basket, which in 1989 prices cost 100 roubles).

Parallel to assessing impoverishment by objective indicators, the self-evaluation of families regarding their own condition (i.e. how they understand and evaluate these processes) is important. The picture is rather dramatic from this point of view as well: 83 per cent of the respondents in the 1994 sample survey said their economic situation had deteriorated, and only 3 per cent stated it had improved. These self-evaluations also



correspond to the assessments made from the objective criteria. Of those surveyed, 69 per cent considered themselves poor, 24 per cent middle-income and only 7 per cent well-off. These figures are especially striking if one considers the views of the same respondents concerning their standard of living three and four years earlier: then, 56 per cent estimated their condition as average, 34 per cent well-off, and only 8 per cent poor.

These data indicate that the objective criteria of poverty appear to be narrower than the self-evaluations. According to the former, the number of poor is extremely high, and thus some 'objectively' poor households evaluate their situations as being less severe. (This can also be due, perhaps, to the stigmatizing effect of acknowledging one's impoverishment.) Nevertheless, both criteria indicate the same scale of growing poverty. The absolute increase in the number of persons falling below the poverty line in recent years is around 60 per cent; self-evaluations yield the same figure.

In spite of the sharp fall in living standards, the official system of social protection has not changed considerably. Nominally, the state system of social security has been preserved, as have its stated aims and obligations. But due to the harsh financial situation, the system has grown so ineffective that it might as well be non-existent. Moreover, ineffective targeting wastes much of the very limited financial resources available to the social safety net. In view of these serious problems, both the governmental and non-governmental sectors working to protect the poor are unable to make any impact.

After the liberalization of prices at the beginning of 1992, fixed low prices were maintained on some foods (rationed bread, sugar and vegetable oil), public utilities (water, gas, heating, electricity), public transportation and others. In 1994, 45 per cent of the state budget was spent on maintaining subsidies, although only one of these subsidized goods was regularly supplied: bread. Certain problems notwithstanding (e.g. standing in queues for many hours), the urban population was provided with 400 gr of rationed bread per day. Almost until the end of 1994, subsidized bread, like other subsidized goods and services, cost only a fraction of its actual market price (although the situation changed somewhat at the end of 1994).

As noted earlier, wages, pensions and other cash transfers were inadequate, and the incomes they provided had next to no real value. In 1993-94, there were essentially in-kind social transfers in Georgia. The actual monthly income per capita obtained from added income due to subsidized prices equaled, according to our estimates, \$10-15. The need for various allowances, on the one hand, and their availability to the general population, on the

other hand, has been especially uneven. The results of the above-mentioned 1994 sample survey give an idea of how the various social benefits were utilized.

**Purchase of Bread and Other Rationed Goods.** Forty-five per cent of those questioned in the 1994 sample survey bought bread at subsidized prices, 10 per cent at market prices, and the remaining at both. Twenty-three per cent purchased sugar and oil at subsidized prices, and 45 per cent at market prices.

**Use of Medical Service** (see also Table 10, page 21). Fifteen per cent used mostly free medical service, 27 per cent both free and services for fees, 11 per cent usually paid fees, 19 per cent was unable to afford medical services, and 28 per cent never needed it.

It must be taken into consideration that:

a) free medical care meant additional expenditures on drugs, meals for the patient and the unofficial payment of doctors and other medical personnel;

b) the percentage of those not needing medical care (28 per cent) is somewhat exaggerated, and in many cases it can be interpreted as meaning the respondent could not afford medical care. Along the same lines, only 3 per cent of those considering themselves 'well-off' claimed they did not need medical care.

**Use of Transport.** Forty-five per cent used almost exclusively public transport, 34 per cent both public and private transport, 8 per cent mostly private transport, and 13 per cent used neither public nor private transportation.

The high rate of public transport users reflects the widespread use of the metro, which is practically the only available means of public transportation in Tbilisi. Due to electricity shortages, it functions irregularly. Non-users of transport generally walk from place to place.

**Enrolment in Higher Education Institutions.** Twenty-three per cent of those surveyed mentioned that a family member was studying at a public (and thus free) institution of higher education. Among these is a comparatively high share of those who are 'well-off'.

**Humanitarian Aid.** Nine per cent said they frequently received some humanitarian aid. Nearly the same number said they rarely received it, and 82 per cent said they had never received any humanitarian aid.

The survey showed that the well-off received aid not only as much as the poor did, but sometimes even more often. This is explained by the inferiority of locally available goods. The better-off, as they themselves stated, often felt embarrassed in taking advantage of these benefits.

Judging from these results, it seems evident that the quantity of regular social benefits is rather insignificant and that in-kind transfers are being distributed inefficiently, as most of the population (69 per cent) is in need of support and cannot obtain it.

### Consumption

The trend toward the impoverishment of the population indicated by the income analysis is supported by observed changes in the structure of consumer expenditures.

As Table 11 plainly shows, the process of deterioration started in 1990, and at present more than 70 per cent of total expenditures is spent on food. At the same time, the nutritional status has deteriorated considerably, both in quality and quantity (Table 12).

Several important conclusions emerge from these data:

- a. The structure of food consumption was not adequate even in the pre-reform period. Specifically, the consumption of meat and meat products was significantly lower than recommended levels. The share of bread and cereals, as well as of sugar, was relatively high (presumably also due to indirect factors, such as feeding bread to livestock and using sugar to make alcoholic beverages);
- b. Prior to the reform, nutrition was better among urban dwellers than rural dwellers;
- c. The nutritional status of the population has deteriorated significantly. The consumption of all kinds of foodstuffs has decreased, except for bread and cereals. Urban

Table 11: INCOME EXPENDITURE STRUCTURE, 1985-93  
(in percentages)

	Urban					Rural				
	1985	1990	1991	1992	1993	1985	1990	1991	1992	1993
Food and alcohol	40	45	57	69	68	38	35	43	67	44
Non-food goods	26	27	26	13	14	28	24	23	10	26
Services	9	7	6	4	4	6	4	3	2	4
Taxes and payments <sup>1</sup>	8	8	5	5	2	2	2	1	0	0

Source: CSEI, Household Survey.

Note: 1. Payments include insurance, fees to public and cooperative societies, payments to housing cooperatives, repayment of loans, interest for commodity credits, obligatory payments to pension fund.

Table 12: AVERAGE PER CAPITA CONSUMPTION OF MAIN FOODSTUFFS, 1985-93  
(in kilograms, unless specified)

	Urban					Rural				
	1985	1990	1991	1992	1993	1985	1990	1991	1992	1993
Meat and meat products	47	36	25	18	24	33	34	29	25	22
Milk and dairy products	352	304	188	122	132	243	304	255	217	204
Eggs (number)	150	131	100	78	53	125	147	136	118	108
Fish and fish products	7	8	6	3	2	7	9	7	2	1
Sugar	24	21	14	9	10	24	20	12	7	8
Oil and fats	4	5	5	4	8	4	5	5	4	3
Potatoes	48	36	36	33	41	31	35	33	32	32
Vegetables and melons	90	73	78	61	70	81	93	101	92	89
Bread and cereals	158	167	169	170	222	210	226	217	193	193
Fruit	55	41	41	34	36	64	62	68	68	63
Daily intake of calories	2600	2450	2210	2000	2588	2990	3120	2870	2520	2493

Source: CSEI, Household Survey.

dwellers have been the most affected, as those living in the countryside depend totally on self-produced food. It may be noted that rural dwellers do not receive any humanitarian aid;

d. Bread and cereals hold a high share of overall calorie intake — above 70 per cent. Although bread consumption was high before, its direct consumption is today much greater;

e. In terms of minimum calorie intake (set at 2,400 k calories daily), the urban population has been severely undernourished since 1991. The rural population has also reached this threshold;

f. Over the last year of the survey (1993) a definite improvement in calorie intake occurred in towns due to increased bread consumption.

The deterioration of consumption patterns is especially evident in the daily intake of essential nutritional components (Table 13). Changes in consumption illustrate different dynamics of the prices of various food items. For instance, the price of animal products increased much more rapidly than that of crop products. In 1985, the price of one meat-based calorie exceeded that of a crop-based calorie by 2.5 times. This ratio now stands at 6 to 1.

Table 13: DAILY INTAKE OF MAIN NUTRITIONAL COMPONENTS, 1985-93  
(grams per capita, daily)

	Urban					Rural				
	1985	1990	1991	1992	1993	1985	1990	1991	1992	1993
Proteins	75	69	62	56	72	79	86	81	70	70
- of which animal origin	32	26	29	13	16	26	29	27	22	22
Fats	71	64	49	39	52	60	63	59	52	48
- of which animal origin	53	43	29	20	22	40	44	39	35	32
Carbohydrates	410	395	376	354	456	530	538	499	441	457

Source: CSEI, Household Survey.

The deterioration of the nutritional status is illustrated by the changes in Paasche and Laspeyres price indices over only one year. The change is especially striking for low-income families (Table 14).

Table 14: CONSUMER PRICE INDICES OF FOOD PRODUCTS, END OF 1991  
(end of 1990=100)

	Total Population		Low-income		High-income	
	Paasche	Laspeyres	Paasche	Laspeyres	Paasche	Laspeyres
Bread and bread products	189	214	188	216	191	210
Meat and meat products	325	350	306	360	317	333
Meat by-products	328	363	125	386	239	272
Potatoes	273	272	328	366	270	267
Milk and dairy products	325	377	341	403	311	351
Food, average	224	255	231	270	218	243

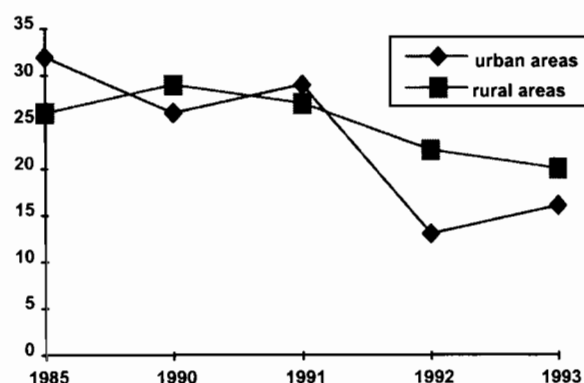
Source: CSEI, Household Survey.

### Income Distribution and Consumption in Income Groups

The consumption data discussed above represents the average for the total population. In this regard it is worth noting that money income inequality is growing at a rapid pace, particularly in towns. Thus, the data do not fully illustrate the conditions of the poor. Over the last nine months of 1992, the Gini coefficient, which is commonly used to measure income distribution, increased from 0.30 to 0.52 for the urban population. If the in-kind support received by urban dwellers through subsidized food is added, income inequality did not change. For rural dwellers, their main source of income is their own production, and therefore income inequality is less marked.

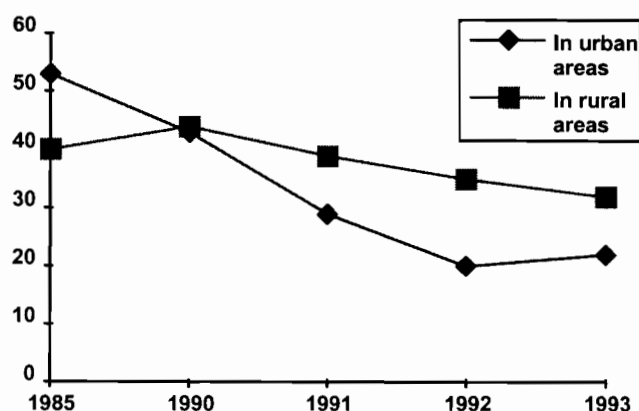
Following is a review of changes in the food consumption of households nationwide with different per capita incomes (the CSEI survey covers the consumption of 35 food items). It is important to underline that high-income groups consume much greater amounts of all classes of food than do the low-income groups. Nevertheless, the diets of both high- and low-income groups have deteriorated in recent years — the consumption of all food items has decreased, and the nutritional structure of the diets has worsened. For instance, in 1991 the intake of meat and meat products by high-income groups declined by 23 per cent from

Figure 10: CONSUMPTION OF ANIMAL PROTEINS, 1985-93  
(grams per capita, daily)



Source: CSEI, Household Survey.

Figure 11: CONSUMPTION OF ANIMAL FATS, 1985-93  
(grams per capita, daily)



Source: CSEI, Household Survey.

the 1990 levels (Figure 10). At the same time, pork consumption grew by 30 per cent and pork fat by 33 per cent, although overall fat consumption dropped (Figure 11). The intake of milk and dairy products also decreased by 30 per cent over the same year. Only fruit and some vegetable consumption rose by a small percentage.

Household survey data on the consumption of some main food items illustrate the scale of nutritional deterioration and its status for different income groups.

In the first half of 1991, the monthly per capita consumption of meat in 84 per cent of low-income families (representing about one third of the population) was less than 2 kg; more than half of them ate less than 1 kg per month. Eighty per cent of this group consumed less than three litres of milk per month, 87 per cent consumed not more than 400 g of butter, and 67 per cent not more than 200 g of butter. For 65 per cent, monthly egg consumption did not exceed 10, and for 36 per cent, five eggs. Monthly sugar intake for 86 per cent was less than 1 kg, and for 41 per cent it did not exceed 0.5 kg. Vegetable oil intake for 88 per cent was not more than 400 g, and for 71 per cent only 200 g.

In the first half of the same year (1991) monthly food intake per capita for the third of the population with the highest income was as follows: 53 per cent, up to 2 kg of meat; 56 per cent, up to 3 litres of milk; 50 per cent, up to 200 g of butter; 43 per cent, up to 10 eggs; 66 per cent, up to 1 kg of sugar; 61 per cent, up to 400 g of vegetable oil.

These data appear to confirm that malnutrition was widespread even in 1991. Though anthropometric data are not available, trends in weight loss require attention.

Table 15: SHARES OF POPULATION EXPENDITURES ON GOODS AND SERVICES, MAY 1994  
(in percentages)

	Major share of income	Small share of income	No expenditures
Food	96	4	-
Clothing	7	51	42
Furniture	1	7	92
Building materials	1	6	93
Fuel	9	26	65
Services	2	24	74
Other expenditures	10	21	69

Source: CSEI, Household Survey.

Detailed data on the nutritional status for the subsequent period are not available. (Quarterly information for 2,100 households does exist, but processing the data has been impossible due to technical problems.) The data of a special survey in 1994 (Table 15) illustrate that 96 per cent of those surveyed spent most of their income on food, and 90 per cent stated they had spent nothing on furniture, household goods or building material.

A survey describing the situation in Tbilisi in July 1994 again reveals the highly dramatic situation of the population. Of those surveyed, 24 per cent stated that their entire income was spent on food, and another 59 per cent spent more than half of their income on food. According to the standard whereby a family that spends more than half of its income on food is considered poor, 83 per cent of the population in Tbilisi is poor.

The data in Table 16 illustrate that 58 per cent of the population does not pay for municipal services, suggesting that at least some of them cannot afford these services. Other data also point to the poverty of the population. For instance, 26 per cent of the respondents stated they had sold some personal belongings in July, of which 88 per cent received not more than the equivalent of \$50.

Thirty-five per cent said that they had borrowed some money or spent personal savings in that month, and in 83 per cent of these cases the sum did not exceed \$50. Ninety per cent spent nothing on leisure and entertainment, and 98 per cent spent nothing on building materials and expensive items (cars, a flat, home appliances). Eighty-eight per cent did not help a relative or close friend in need with cash.

The last category requires some explanation, as kinship and extended family ties in Georgia, which remained significant during Soviet times, have become vital to most of the



Table 16: POPULATION EXPENDITURES ON GOODS AND SERVICES, TBILISI, JULY 1994  
(in percentages)

	Entire income	More than half	Less than half	None
Food	24	59	16	1
Municipal services	0	2	40	58
Clothing	0	1	27	72
Services	0	0	26	74
Leisure and entertainment	0	1	7	92
Savings	0	1	3	96
Building materials	0	1	1	98
Luxury items	0	1	1	98
Assistance to relatives and friends	0	1	11	88

Source: CSEI, Household Survey.

population since the onset of the transition and the breakdown of the social security system. Table 16 reflects a monthly period, and some categories, particularly assistance to friends and relatives, show low levels of expenditures or no expenditures at all. It can be assumed that observations over a longer period would reveal higher levels of such expenditures. There is likely also a higher level of in-kind transfers, such as food, which is not captured by a survey on expenditures.

At the same time, however, a considerable rise in nominal incomes was observed since the beginning of 1994. Average household incomes in July, 1994 (Tbilisi) stood at US\$41, although in many cases the sources of income were not stable. Only 35 per cent expected the same income the following month, 17 per cent did not expect anything at all, and 47 per cent did not know how much they would earn the following month.

If, as according to this survey, the monthly income of 'high-income' families (the highest 20 per cent of the population) is between only US\$100-200, it appears clear that the mass impoverishment is due to the sharp fall in real incomes rather than to greater inequality in income distribution.

### **Most Affected Groups of the Population**

As noted, economic deterioration has affected the overwhelming majority of the population, most of whom have had to fend for themselves. The former system of social protection collapsed completely, and the resulting void has not been filled. Thus, those mainly dependent on the system of social protection have been left to their own fate. The largest group of victims is pensioners. In 1989, they represented 20 per cent of the population. Fourteen per cent of the population drew old-age pensions, 2 per cent received a survivor's pension and 4 per cent drew disability pensions (although among these latter some healthy persons managed to qualify for such pensions).

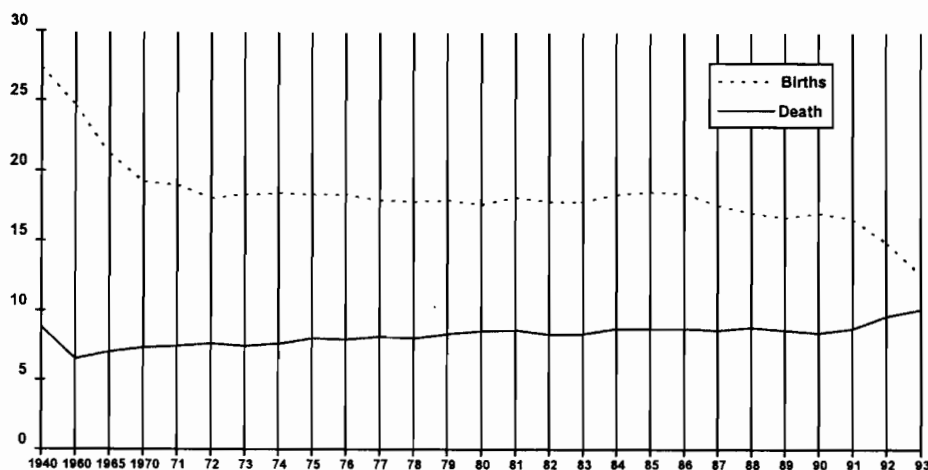
The situation has negatively affected families with children, especially large families. Child allowances are insignificant, and in reality free education requires vast and prohibitive expenditures for, among others, textbooks and other study material. Refugees constitute a special group in extremely difficult circumstances, which is discussed later. Families dependent on income from state-sector employment are also among the poor: of state-sector employees queried, 43 per cent were poor.

### **Changes in Demographic Indicators**

Until recently, demographic indicators for Georgia had remained more or less stable. The crude birth rate stood near the middle of the former Soviet republics, exceeding somewhat the republics of the European part of the USSR (except Moldova) and lagging considerably behind the republics of Central Asia and the Caucasus (including Armenia). After the Second World War, the birth rate contracted slowly and stabilized in the 1980s, oscillating between 17-18 births per 1,000 population. The crude death rate changed little over this same period, registering between 7-9 deaths per 1,000 population. In the 1980s, this indicator fluctuated between 8-9 per 1000 (Figure 12). As a result, natural population growth averaged just under 1 per cent annually.

Until the 1960s there was a positive balance of migration into Georgia, but thereafter emigration increased, changing the balance. It must be pointed out, however, that external migration was not intense and demographic dynamics were determined mainly by the natural movement of the population. This concerns especially Georgians, who constitute 70 per cent of the population and who are characterized by rather low migration activity (Georgians lived most particularly in Georgia, with low migration rates to other Soviet

Figure 12: CHANGES IN CRUDE BIRTH AND DEATH RATES  
(per 1,000 population)



Source: CSEI.

republics).

Infant mortality followed general mortality trends, though it was rather high, remaining at 25 infant deaths per 1,000 live births through the 1970s and the first half of the 1980s. The subsequent period witnessed a considerable decrease. However, data on IMR are unreliable due to lax controls on data accuracy. Between the 1940s, when IMR statistics were first introduced, and the 1960s, infant mortality was highest in urban areas. That changed until the 1980s, when statistics once again showed higher infant mortality in the cities. One cause of this shifting trend is that infant deaths are prone to under-reporting in rural areas.

In the 1990s, demographic indicators have been affected by the economic crisis. Nevertheless, at least for the time being, the overall situation in Georgia is generally not worse than in other Central and Eastern European countries, and in some cases it is better than in other countries (e.g. Russia). However, owing to a certain time lag due to the late reforms undertaken in the country, a further deterioration of the situation is expected.

In recent years, fertility and marriage indicators have declined, and mortality, including infant mortality, has risen. Between 1989 and 1993 the birth rate fell by 25 per cent, dropping especially fast over 1992-93. Over the period of 1989-93, the crude death rate increased by 17 per cent. The infant mortality rate suffered from a definite oscillation, though in the last two years provisional data have shown an extremely worrying increase of 33 per cent. The crude marriage rate has dropped dramatically, although the age at marriage over

Table 17: NEW CASES OF ILLNESSES AND TOTAL NUMBER OF ILL AT YEAR'S END, 1991-93

	Newly diagnosed cases over the year			Total number of cases, end of year		
	1991	1992	1993	1991	1992	1993
Tuberculosis	1,504	1,240	1,172	7,632	6,628	6,357
- of which children under-14	107	89	70	292	234	213
Acute myocardial infarction	1,007	721	583	1,844	1,251	1,298
Encephalic vascular diseases	2,620	1,526	1,453	15,640	9,070	8,574
Malignant neoplasm	6,352	4,418	3,572	32,097	26,594	26,015
Thyrototoxicosis with and without goitre	1,072	878	1,116	5,783	4,766	5,779
Psychological and mental ailments	2,247	1,356	1,621	74,524	65,910	67,435
Sexually transmitted diseases	3,001	2,539	2,215	4,488	3,045	2,747
Chronic alcoholism	570	215	240	12,476	10,548	10,416
Drug addiction	190	63	109	1,099	977	1,400
Addiction to toxicants	2	3	7	49	47	57

Source: Ministry of Health of the Republic of Georgia.

the last 10 years has fallen by three years for men and four years for women (in 1990, for example, men and women married at 28.8 and 25.2 years of age respectively, and in 1992 at 27.8 and 24.3 years respectively). Partially connected to this is the rise in the absolute number of natural children, or those born to unmarried mothers. In 1980, the share of such newborns was 5 per cent of all births, in 1991 it was 19 per cent, and in 1992 it reached 22 per cent. This increased share is also reflected by the overall drop in the birth rate. The crude marriage rate declined by 27 per cent between 1991 and 1992, and in 1993 it fell to 4.9 per 1,000 population, i.e. the lowest among the 18 countries monitored by MONEE. Nowadays the share of the first born among childbirths is rising, as, among other reasons, families are waiting longer to have more children. Finally, the crude divorce rate has decreased, registering 0.7 per 1,000 population in 1993. More than one third of the divorced couples has common children, and 20 per cent has two or more children.

External and internal migration rates have both risen sharply, and, as mentioned before, emigration has overtaken immigration. Non-indigenous residents, as well as Georgians, are leaving the country, resulting in net population loss. It is difficult to estimate the impact of current demographic processes upon the present and future economic situation. Obviously, these processes are interrelated, and economic stability would bring about improvements in the demographic indicators.

In contrast, if the dramatic situation persists, deterioration will likely intensify. According to the latest available statistical data (1992-93), infectious diseases among children, the incidence of low birth weight and maternal mortality did not increase, although experts have disproved these data. But perhaps the negative consequences of protracted malnutrition, low levels of immunization and medical care, and difficult living conditions will become more evident in the near future. In fact, health statistics do not adequately illustrate the current situation.

Of the new cases reported for 11 health problems in Table 17, only two (thyrotoxicosis and addiction to toxicants) increased from 1991 to 1993. But the real situation is more disturbing. According to experts from the Ministry of Health, "a rising number of people are suffering from tuberculosis, psychical and mental ailments, sexually transmitted diseases, cancer, and so on. We have witnessed sharp increase in cases of diphtheria, greater incidences of intestinal and respiratory infections, botulism, tetanus and hydrophobia (rabies). Addiction to drugs and toxicants has spread considerably."

In considering the dynamics of the morbidity rate, one must take into account that many illnesses go unreported. The data on the prevalence of diseases refer to persons who seek medical care. At the same time, the availability of medical care has fallen considerably in recent years, especially for the poor (see also Table 10, page 21). If one assumes morbidity among the poor is more widespread and takes into account the large proportion of the poor to the overall population, it would appear that the data reported in Table 17 understate the actual situation.

Table 18, on the next page, lists cause-specific mortality rates for 1990 and 1992 in rural and urban areas. The leading cause of death, cardiovascular disease, grew by 24 per cent from 1990 to 1992.

Table 18: CAUSE SPECIFIC MORTALITY, 1990 AND 1992  
(per 100,000 population; 1992 deaths as a proportion of 1990 deaths)

	1990		1992		1992 (1990=100)	
	urban	rural	urban	rural	urban	rural
Infectious and parasitic diseases	13.1	11.9	14.2	12.6	108.5	105.9
Neoplasms	111.3	88.2	109.5	82.2	98.4	93.2
Endocrine, nutritional and metabolic diseases	15.5	10.5	7.9	9.5	51.0	90.9
Diseases of the blood and blood-forming organs	1.7	1.0	2.2	1.1	133.1	113.5
Mental disorders	0.9	1.2	1.0	1.0	114.7	81.8
Diseases of the nervous system and sensory organs	3.0	6.0	2.4	4.3	80.4	72.4
Diseases of the circulatory system	470.7	638.4	600.7	775.3	127.6	121.4
Diseases of the respiratory system	28.8	61.2	19.5	40.1	67.7	65.6
Diseases of the digestive system	30.2	32.1	33.9	35.7	112.4	111.1
Diseases of the genito-urinary system	7.4	8.8	11.1	11.7	150.3	132.5
Complications of pregnancy, child birth and puerperium	0.3	0.4	0.1	0.05	37.9	11.9
Diseases of the skin and subcutaneous tissue	0.06	0.04	0.04	0.0	66.6	0.0
Diseases of the musculoskeletal system and connective tissue	0.1	0.0	-	-	-	-
Congenital malformations	1.9	1.2	0.7	0.1	38.0	7.4
Conditions originating in perinatal period	18.3	2.1	13.6	0.9	74.3	46.3
Symptoms, signs and ill-defined conditions	11.9	13.7	12.1	10.9	101.5	79.9
Accidents, poisonings and injuries	55.7	55.5	72.7	51.6	130.4	93.0

Source: CSEI.

### Housing and Destroyed Property

Detailed data about the housing stock was obtained from the 1989 census. Changes since then are due to earthquakes and other natural calamities, warfare, refugees forced to leave their homes and natural depreciation. New housing construction has been limited in the last years, although 84 per cent of the existing housing stock was built after 1950.

New houses generally have more floor-space per capita. Most families live in their own houses (55 per cent), or in self-contained flats (32 per cent). A small percentage (4 per cent) lives in communal flats (in which several families cohabitate), and about 9 per cent in rented flats. There are large differences in the amount of floor-space per inhabitant (Table 19).

In 1989, 17 per cent of all families required improved living conditions in view of existing norms. Table 20 gives an idea of the housing conditions of various sizes of families.

There is a low level of amenities across all kinds of housing stock, particularly in rural housing and early private houses in towns. Urban housing belonging to the State or housing cooperatives generally has basic amenities. The share of persons living in houses with all amenities was very small (Table 21).

Due to the country's severe energy crisis, most of these amenities do not work. Plumbing has deteriorated terribly, especially in urban areas (only rural residents with their own wells are guaranteed running water). Because of frequent power outages, the population is often left without drinking water for several days. This lack of water in turn renders the sewer system practically useless, causing sewer-laden waste water to flow into the streets. In general, plumbing and sewage systems are antiquated and technically unserviceable, and their frequent breakdowns contribute to water pollution. Due to ongoing neglect, these systems are likely to deteriorate further. The non-functioning system of rubbish collection

Table 19: DISTRIBUTION OF POPULATION BY LIVING SPACE PER CAPITA, 1989  
(in percentages)

	Average living space per capita, m <sup>2</sup>					
	Up to 5m <sup>2</sup>	5-7m <sup>2</sup>	7-9m <sup>2</sup>	9-13m <sup>2</sup>	13-15m <sup>2</sup>	15-20m <sup>2</sup> over 20m <sup>2</sup>
Total <sup>a</sup>	5	9	13	24	9	16 24
Urban	7	12	17	30	8	14 12

Source: CSEI.

Note: a. Including private rural houses.

Table 20: DISTRIBUTION OF HOUSEHOLDS BY SIZE AND HOUSING CONDITIONS, 1989  
(in percentages)

	One person	Two persons	Three persons	Four persons	Five or more persons
Household size, overall population	11	19	17	22	31
Living in:					
Separate flat	33	33	37	38	24
Own house	49	50	48	46	65
Communal flat	6	4	5	4	3
Other	12	13	10	12	8

Source: CSEI.

adds to the dire situation, which has reached tragic proportions in the capital. Streets are rarely cleaned, and courtyards between apartment blocks are filled with rubbish, rats and stray dogs. This grave overall sanitary condition creates a critical situation.

The fuel shortage leaves central heating systems unusable, especially affecting individual flats with gas heating in urban areas. The only available fuel is kerosene, but it is prohibitively expensive for many families. Wood is expensive as well, and it is impossible to burn fires in apartment blocks. As a consequence, most of the urban population is left without heating. The only source of heat is electric heaters, but power cuts are frequent. Several parts of Tbilisi are often left without electricity for several weeks at a time. Even more of a problem is the difficulty of properly cooking food, which has contributed to frequent cases of botulism. The absence of hot water and the high price of detergents make bathing and washing very difficult. As a result, an increase in skin disease, in some cases caused by parasites (pediculosis), is observable.

When electricity is available the population overloads the electrical system with numerous heaters, causing disruptions, breakdowns, cable damage, and so on. As a result, the electrical system is expected to breakdown altogether. Moreover, the population and enterprises are not able to pay for the energy they consume, and energy suppliers cannot pay for fuel sources. This might result in a further deterioration of the situation.

The rural population has used various sources of energy for heating and cooking: gas, oil-products, coal, wood and others. Recently they have turned to burning wood, and forests are being cut at an increasing rate. Although Georgia possesses large timber resources (approximately 400 million cubic meters), many trees grow on steep mountainsides, and the



Table 21: PROVISION OF MUNICIPAL SERVICES IN HOUSING, 1989  
(in percentages)

	Water, plumbing	Sewerage	Central heating	Hot water	Bath- room	Gas	Floor- electric cooker
<b>Urban:</b>							
State housing stock housing cooperatives, total	98	97	89	58	85	84	14
of which in:							
Tbilisi (capital)	100	100	94	74	88	74	25
Abkhazia	89	86	64	55	74	89	4
Sukhumi (capital)	95	94	38	74	80	93	4
Ajaria	86	82	74	36	63	94	-
Batumi (capital)	92	91	86	44	71	99	-
Private homes, total	65	51	18	15	25	94	-
of which in:							
Tbilisi	75	75	20	15	22	73	-
Abkhazia	71	32	11	10	17	97	-
Sukhumi	57	37	11	8	32	100	-
Ajaria	89	76	28	11	27	100	-
Batumi	80	78	29	20	38	100	-
<b>Rural:</b>							
State housing stock and housing cooperatives, total:	50	46	29	7	31	73	1
<b>Population, total</b>	59	45	36	23	34	89	5
of which:							
Urban	90	77	64	41	60	86	10
Rural	22	6	3	2	4	93	-

Source: CSEI.

increasing dependency on wood for fuel threatens these lands with environmental degradation.

As mentioned, most of the state housing stock has become the property of the former tenants. But new homeowners, although no longer faced with rent, have to shoulder the costs of repairs and maintenance. Most people are also unable to pay, or do not pay, the fees for subsidized public utilities.

Housing conditions are still deteriorating rapidly in urban areas. The economic crisis has forced many to sell their flats or exchange them for flats with less floor-space, fewer public amenities or located in less desirable areas. Many urban residents trying to sell their flats are unable to find buyers. Even though the price of flats has risen by some 400-500 times

over the last four to five years, prices for flats are still rather low in Tbilisi, and these increases are moderate compared with rises in the cost of other goods. In the 1980s, a flat in Tbilisi was rather expensive compared with other USSR capitals. Today, one square metre of floor space in Tbilisi costs US\$200-300 on average. In Moscow, the cost is \$2,500-3,000 per square metre.

The above description, as grave as it sounds, insufficiently conveys the dire housing conditions of the population, especially of certain large categories such as victims of post-1989 natural calamities. Due to the earthquake of April 1991, which claimed 100 victims, many lost their homes in the Upper Imereti, Racha, and Tskhinvali regions. Overall, 50,000 houses and flats were destroyed, of which only 29,000 had been re-built (some of them partially) by the end of 1994. Severe snowfall and landslides have seriously afflicted the populations of Upper Svaneti and mountainous Ajaria. Floods have left other parts of the population homeless, and warfare has caused terrible devastation. Finally, a large number of refugees are living in dramatic conditions.

The Government initiated a large-scale programme to help the victims of the earthquake, blizzards and landslides, but it was implemented only partially and then halted when funds ran out.

Nowadays most victims lead a very difficult life. Detailed information about their housing conditions is not available, and only some general data concerning the refugees exist. These issues deserve special study.

### **Internally Displaced Persons**

The first tide of displaced persons appeared in Georgia in 1990-91 as a result of hostilities in the Tskhinvali area. Later their numbers grew due to the hostilities in Abkhazia. The greatest movement of displaced followed the fall of Sukhumi (the capital city of Abkhazia) in September 1993. According to the latest data for the beginning of 1995, there were 282,000 internally displaced persons in Georgia, i.e. 5 per cent of the total population of the country. A small portion of the population from the areas of hostilities left Georgia.

Among the displaced persons are 113,000 men and 169,000 thousand women. Accommodations in hotels and rest houses have been found for 52,000 of the displaced, but the majority has found private accommodations with relatives and friends throughout Georgia. Nearly half of the displaced, 132,000 persons, now live in Samegrelo, the Georgian province adjoining Abkhazia, and another 65,000 in region of Zugdidi. This is half of

Zugdidi's population of 130,000, and it represents a heavy burden for the relatively small region. There are 75,000 displaced persons living among the local residents on Highland Svaneti, 66,000 in Tbilisi, and 20,000 in Kutaisi (one seventh of its population).

A State Committee for Refugees has been set up in Georgia to regulate the problems of accommodation and support. Each displaced person receives monthly aid from the State equal to US\$2, but they survive mainly thanks to support from relatives and humanitarian aid from abroad.

According to a July 1993 survey in Tbilisi, only 3 per cent of the displaced were employed, and most of those living in big cities engage in street retail trade. Women and children are mainly involved in this activity.

From the Government's perspective, the only solution to the problem of displaced persons and refugees is their return home. Hope for a political solution to this problem has emerged recently, though the outcome is still uncertain.

It is even harder to provide a subjective evaluation of the conditions of displaced persons, as the average standard of living in Abkhazia was considerably higher than it was in rest of Georgia. It is possible to gain a certain idea of their life and property from the data obtained in the July 1993 survey mentioned above and summarized on the following page.

#### **IV. ANTICIPATED SHORT-TERM CHANGES IN SOCIAL INDICATORS**

Social conditions in the near future will be influenced by the political and general economic environment in Georgia. Some progress has been made, but such progress must be followed by appropriate changes in the economy and social life of the country. But these are long-term rather than short-term goals.

As of the summer of 1995, military activities in Georgia had been discontinued, and a process of normalization in the criminal situation was under way. As a result, the general condition for economic recovery will improve considerably. A peaceful settlement of the conflicts should bring about positive changes in the political and economic situation, rendering possible economic stabilization and reform. Some improvements can already be observed.

First, economic stabilization is under way with the support of the International Monetary Fund. Structural changes have also begun. Privatization, already initiated, is continuing. However, even if progress is achieved in these areas, positive social impact will not occur in the short-term. On the contrary, those who rely mainly on social benefits and

Table 22: SURVEY OF DISPLACED PERSONS FROM ABKHAZIA, TBILISI, JULY 1993

<b>1. Gender:</b>		<b>7. Ownership of former housing:</b>	
male	40.0%	state	26.9%
female	60.0%	cooperative organization	2.7%
<b>2. Age:</b>		public organization	0.7%
0-5 years	10.8%	housing cooperative	0.6%
6-15	21.2%	private property	69.1%
16-29	24.8%	<b>8. Number of rooms in former house:</b>	
30-39	14.1%	one	2.3%
40-49	11.1%	two	12.5%
50-54	4.5%	three	16.5%
55-59	4.3%	four	11.0%
60-69	6.2%	five	8.8%
70+	2.4%	six	9.7%
<b>3. Place of birth:</b>		seven	5.9%
Abkhazia	73.3%	eight	11.6%
other region	22.5%	nine	4.2%
Tbilisi	2.7%	ten or more	17.5%
Russia	0.9%	<b>9. Floor space of former house, m<sup>2</sup>:</b>	
other	0.6%	<10m <sup>2</sup>	0.3%
<b>4. Place of residence:</b>		11-20	2.2%
Sukhumi (city)	20.4%	21-30	4.8%
Tkvarcheli (city)	0.2%	31-40	7.4%
Gagra zone	61.5%	41-50	6.9%
Gudauta region	11.0%	51-75	17.7%
Gulripshi region	1.5%	76-100	20.4%
Ochamchira region	4.0%	101-150	15.4%
Sukhumi region	1.4%	151-200	10.7%
<b>5. Urban or rural dweller:</b>		201+	14.2%
urban	58.7%	<b>10. Did you have subsidiary plot?</b>	
rural	41.3%	yes:	72.8%
<b>6. Nationality:</b>		<300m <sup>2</sup>	6.1%
Georgian	97.3%	301-400	5.0%
Russian	1.4%	401-600	6.6%
Abkhaz	0.1%	601-1000	10.1%
Armenian	0.5%	1001-1500	9.0%
other	0.7%	1501-2000	11.9%
		2001-2500	7.8%
		2501-3000	5.6%
		3001-4000	1.9%
		4001-5000	4.2%
		5001+	4.6%
		no	27.2%

<b>11. Number of perennial plants in plot:</b>		<b>14. Family members currently displaced:</b>	
<10	11.3%	a) outside Georgia	
11-25	10.8%	yes	6.0%
26-50	14.2%	no	42.0%
51-75	8.9%		
76-100	7.6%	b) in other region (city) of Georgia?	
101-150	8.6%	yes	4.0%
150+	38.6%	no	48.0%
<b>12. Family members remaining in the area of hostilities:</b>		<b>15. If yes, how many family members displaced?.</b>	
yes	42.0%	one	33.0%
no	58.0%	two	17.0%
		three	19.0%
		more than three	31.0%
<b>13. If yes, how many?</b>		<b>16. Place of temporary accommodation:</b>	
one	52.0%	with relatives	26.0%
two	26.0%	with friends	3.0%
three	13.0%	hotel	62.0%
more than three	9.0%	hostel	6.0%
		other	3.0%

subsidized food will find themselves worse off.

The prices of previously subsidized food and services have risen considerably. In particular, the prices of rationed bread, electricity, metro fares, etc., have shot up around 500 times. Some social protection measures have been realized within the framework of very limited budget allocations, which were necessitated by the economic stabilization programme. This programme envisages strict control over government spending, subsidies and transfers.

In particular, a minimum (non-salary) wage of 1.5 million coupons has been established to calculate state benefits and wages. The maximum factor to establish salaries for government administration employees is 5.5; minimum is 2.0. Thus, the maximum salary for government employees is 8.25 million coupons, which is less than \$7 today (despite considerable growth of the coupon exchange rate), with the exception of the army and law enforcement agencies. A government resolution was subsequently prepared to establish a factor of 15 for these agencies.

For all categories of non-working pensioners, the pension is fixed at 200 per cent of the minimum wage. Benefits for children have grown by 50 per cent and amount to 675,000 coupons in towns and 450,000 coupons in rural areas. Mothers with no provider will receive

80 per cent of the minimum wage per child. Benefits for all categories of displaced persons are 200 per cent of the minimum wage.

Unemployment benefits are 200 per cent of the minimum wage for the first two months of unemployment, 150 per cent for the third and fourth months, and 100 per cent for the fifth and sixth months, after which they are discontinued. Simultaneously, organizations financed by the state budget must reduce the number of employees by 30 per cent.

At current prices, a minimum wage salary or pension allows the daily purchase of just 350 gr of subsidized bread (3 million coupons), or two metro trips daily. In urban areas, the child benefit is enough to buy 2.5 kg of bread monthly, and single mother benefits are enough for 4.5 kg of bread per child.

Until recently, these categories depended on virtually free subsidized bread and some services for survival. As experts at the Ministry of Labour and Social Affairs note, the Government still has no draft programme for social protection.

Reforms in health care now under way aim at reorganizing the health care system. Broad obligations of the State for providing a wide range of free medical services have been abolished, and medical services now basically require payment. In 1994 the Government spent only \$0.40-0.45 per capita for health care. On 10 August 1995 all state medical institutions became self-providing and self-financing; the Law on Entrepreneurial Activities has been extended to them (with the exception of sanitary-epidemiological services) and the State has ceased financing medical institutions.

Budget allocations are used to finance health-care programmes at republic, regional and district levels. Republic level programmes are permanent and provisional. Permanent health-care programmes are:

- provision of equitably accessible, guaranteed health care for the population;
- prevention, support and care of socially dangerous illnesses (tuberculosis, psychiatric illnesses, venereal diseases, etc.);
- epidemiological supervision and sanitary norms;
- development and support of medical science;
- medical education and training of personnel;
- medical services in case of catastrophes and epidemics;
- promotion of a healthy life.

Provisional health care programmes are:

- development of the pharmaceutical industry and provision of population with medicines;
- reorganization of the health care system;

- social protection for persons employed in the medical profession.

Government programmes at lower territorial levels (e.g. district level) envisage medical services beyond those ensured by the state programme. The government health care programme is to be funded mainly by the state budget, employer contributions (3 per cent of wages) and 1 per cent income tax.

The reorganization programme of the health care system envisages the completion of large-scale privatization of medical institutions by the end of 1996. All institutions are classified according to three types of privatization: (a) those institutions required to maintain existing service levels for 10 years, (b) those required to remain as health providers but with no specific service requirements, and (c) those to be used in the way the new owner desires.

Improvements in health care are not envisaged for the first stage of reorganization. On the contrary, large segments of the population without adequate financial means will not be covered by any medical services outside of basic state-run programmes, although up to now most of the population enjoyed free medical service.

Experts at the Ministry of Health expect numerous medical facilities to close and personnel to be dismissed, the majority of whom will remain unemployed. A specific programme aimed at easing the social adaptation of the unemployed is currently under development by the Ministries of Health and Labour and Social Affairs.

The educational system has been left to fend for itself. Schools close during the winter due to lack of heating and suffer other more general problems. The quality of education has fallen drastically, beginning with the deterioration of the competitive system of admission to higher education, which set up high standards for applicants. Final year students used to study with private teachers, paying high fees. This powerful instrument of coaching existed up to recent years and played an important role in the general education process. Today, with no demand for skilled personnel and no appropriate criteria, private higher education institutions admit all applicants and maintain very low levels of education. The Government has no reorganization programme for the educational system, and a large mass of teachers works virtually without salary. If this situation persists, the educational system risks further deterioration and total collapse.

The criminal situation has improved considerably compared with 1992-93. The chaotic conditions that determined the high crime rate in the country have improved significantly, due also to a relative political stabilization that appears to be strengthening. The growing efficiency of law enforcement agencies has also determined a reduction in crime.

But crime has a wide social base, which will continue for a long time. Poverty, reinforced by the complete deterioration of the social protection system, pushes more and more people toward crime. This is especially the case among children and teenagers who have left school, as well as among unemployed youth.

A large-scale privatization of industrial facilities was carried out in 1995. Changes in the economy and in society will hasten the self-determination of the population. Many who are currently formally employed will be unemployed, which will push them toward finding ways out of this situation by themselves. The considerable growth in the prices of food and services, and their eventual complete liberalization, will lead to the growth of more efficient market mechanisms. A first effect is an expected increase in grain production. This will be further supplemented by the redistribution of credits from dying state agriculture to private enterprises. This should help ease the country's nutritional problems.

All in all, the current reform measures, with the absence of protective mechanisms, will lead to a further deterioration of the conditions of the poorest segments of the population until they adapt to the new conditions. As a result of the accumulation of negative factors, a worsening in basic social indicators is expected.

## **V. AFTERWORD**

Due the date of the first draft of this Paper, combined with the rapid changes touching all spheres of life in Georgia, it was thought opportune to summarize an update of the situation.

Numerous events in 1995, and especially in the second half of the year, were important for Georgia and its people. The country adopted a new Constitution, elected a president and Parliament, and introduced a new national currency, the lari.

Presidential and parliamentary elections took place in November, 1995, with Eduard Shevardnadze elected president by a large majority (winning 72 per cent of the votes). His party, the Union of Citizens of Georgia, won the parliamentary elections, taking 109 seats out of 230, or 47.4 per cent. The elections were carried out under democratic conditions, with the electorate free to express their opinion. Although according to foreign observers there were several violations of election rules, these did not appear to have a considerable effect on the final result. It should be noted that the present Parliament is more homogeneous than the previous one, with the absolute majority of the seats occupied by three political organizations: the Union of Citizens, the National Democratic Party and the Union for Revival of Georgia. As a whole, the political organizations and independent MPs supporting



Mr Shevardnadze represent a stable majority in the new Parliament. Thus it can be supposed that the legislative body and the Government appointed by it will be capable of managing the current processes effectively.

Movement towards political stability is certainly a pre-condition for economic revival. Although there are numerous difficulties (for instance, the electricity shortage and its consequences), the present situation makes Georgians feel a certain optimism.

International investors have become more interested in Georgia. For example, in September 1995 an international consortium of oil companies agreed to construct an oil pipeline between Azerbaijan and the Black Sea through Georgia. Besides providing a stimulus to the economy, it also demonstrates a greater faith in the stability of Georgia.

Throughout 1995 there was a steady intensification of positive news for the country's economy. For the first time since 1988, real GDP increased by 2.4 per cent over the previous year. A rise in production was recorded in every branch of the economy, except industry. Beginning in the middle of 1995, the real value of wages increased not only in the private sector, but in organizations financed from the state budget as well.

Political processes occurring in Georgia during 1995 positively influenced the living standard and welfare of the population. Since mid-1995, the rates of growth in wages and incomes from other sources (sale of property and agricultural products, self-employment, etc.) have tended to move closer together. Over 1992-94, the growth rate of nominal money income was three to five times higher than the growth rate of income from wages. In the first half of 1995, these rates were the same, and, for the first time in five years, in the second half of 1995 the growth rate of income from wages and similar sources exceeded that of other incomes. Among several factors, this situation can be attributed to a revitalization of production in the public sector and considerable improvement in the crime situation.

Also over 1995, the widening of income disparity in the population slowed down slightly, though it is still rather large. According to the results of a survey of 500 households conducted by the Committee for Social and Economic Information in June 1995 in Tbilisi, the richest 10 per cent of households surveyed accounted for 48.3 per cent of the total income, and the poorest 10 per cent only 0.5 per cent of the total. This partly reflects the legacy of a long period of high inflation, when people on fixed incomes, such as pensioners, suffer most, while the 'financially sophisticated' and those with access to cheap loans can make great profits.

In 1995 there was a rise in calorie intake over 1994 (by 3.5 to 4 per cent), while the production of bread fell (by 10 to 40 per cent, according to one of three kinds of bread). This

improvement was caused mainly by the rise of consumption of animal products — in urban food markets alone, 1.4 times more meat and poultry were sold in 1995 than in 1994.

In spite of efforts made by the Government toward the political settlement of the conflicts in the Abkhazia and Tskhinvali regions, they remained unsettled. As a result, refugees and internally displaced persons from these regions still suffer the worst conditions. This concerns especially children.

As noted, 1995 marked some political and economic stabilization in Georgia. This is corroborated by the results of nationwide surveys, with sample sizes of more than 1,000, conducted for Eurobarometre by the Georgian Institute of Public Opinion in November 1994 and November 1995. In general the results showed understandable dissatisfaction with the situation at that moment, but considerable and increasing optimism for the future as well.

Given recent elections in Russia, and in almost all post-communist countries, the growing support for economic reforms in Georgia is particularly striking. The proportion who thought that the creation of a market economy was right for Georgia had risen from 22.5 per cent to 43.6 per cent, and the percentage opposed to it fell from 46.6 to 31.1 per cent. Exactly 50 per cent thought that economic reforms were going too slowly. One year ago 56.7 per cent said that, in general, things in Georgia were going in the wrong direction; in November 1995 the largest group, 46.9 per cent, said that the country was going in the right direction.

The fall in living standards appears to have at least stabilized. Whereas in 1994 just under half of the respondents said that their situation had worsened over the previous 12 months, in 1995, 39.7 per cent said their situation was the same and 29.9 per cent said a little better. The share of those who stated their situation had become much worse in 1995 was still high (13.1 per cent), but this is a marked improvement from the 37.7 per cent who expected things to get worse when asked the previous year. Expectations for the next 12 months were much more positive. The largest group, 34.5 per cent, expected life to improve slightly and only 3 and 5.6 per cent, respectively, thought it would become a little or much worse. Of course, some may feel that life is so hard now that it cannot get any worse. However, this question was included in Gallup polls in 50 countries around the world, and Georgia ranked as the seventh most optimistic nation of the 50.



UNICEF INTERNATIONAL CHILD DEVELOPMENT CENTRE  
ECONOMIC AND SOCIAL POLICY RESEARCH PROGRAMME

**INNOCENTI OCCASIONAL PAPERS  
ECONOMIC POLICY SERIES**

*The Economic Policy Series consists of thorough and self-contained analytical reports which usually serve as background documentation for the main research projects currently being carried out within the Economic and Social Policy Research Programme of the ICDC.*

The papers in the series (ISSN 1014-7837) are all available in English. Price: \$8 each.

For more information or to order papers in the Economic Policy Series, write the Economic and Social Policy Research Group, UNICEF-ICDC, Piazza SS. Annunziata 12, 50122 Florence, Italy. Please accompany all orders with a nontransferable cheque made out to UNICEF.

- EPS 1 *Economic Decline and Child Survival: The Plight of Latin America in the Eighties.* Teresa Albanez, Eduardo Bustelo, Giovanni Andrea Cornia and Eva Jespersen. Special Subseries: "Fiscal Policy and the Poor". (March 1989).
- EPS 2 *Child Poverty and Deprivation in Industrialized Countries: Recent Trends and Policy Options.* Giovanni Andrea Cornia. Special Subseries: "Child Poverty in Industrialized Countries". (March 1990). Also available in French and Spanish.
- EPS 3 *Education, Skills and Industrial Development in the Structural Transformation of Africa.* Sanjaya Lall. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (July 1990).
- EPS 4 *Rural Differentiation, Poverty and Agricultural Crisis in Sub-Saharan Africa: Toward An Appropriate Policy Response.* Giovanni Andrea Cornia and Richard Strickland. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (July 1990).
- EPS 5 *Increased Aid Flows and Human Resource Development in Africa.* Paul Mosley. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (August 1990).
- EPS 6 *Child Poverty and Deprivation in Italy: 1950 to the Present.* Chiara Saraceno. Special Subseries: "Child Poverty in Industrialized Countries". (September 1990). Also available in Italian.
- EPS 7 *Toward Structural Transformation with a Human Focus: The Economic Programmes and Policies of Zambia in the 1980s.* Venkatesh Seshamani. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (October 1990).
- EPS 8 *Child Poverty and Deprivation in the UK.* Jonathan Bradshaw. Special Subseries: "Child Poverty in Industrialized Countries". (October 1990).
- EPS 9 *Adjustment Policies in Tanzania, 1981-1989: The Impact on Growth, Structure and Human Welfare.* Jumanne H. Wagao. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (October 1990).
- EPS 10 *The Causes and Consequences of Child Poverty in the United States.* Sheldon Danziger and Jonathan Stern. Special Subseries: "Child Poverty in Industrialized Countries". (November 1990).

**INNOCENTI OCCASIONAL PAPERS  
ECONOMIC POLICY SERIES**

- EPS 11 *The Fiscal System, Adjustment and the Poor*. Giovanni Andrea Cornia and Frances Stewart. Special Subseries: "Fiscal Policy and the Poor". (November 1990).
- EPS 12 *The Health Sector and Social Policy Reform in the Philippines since 1985*. Wilfredo G. Nuqui. Special Subseries: "Fiscal Policy and the Poor". (January 1991).
- EPS 13 *The Impact of Economic Crisis and Adjustment on Health Care in Mexico*. Carlos Cruz Rivero, Rafael Lozano Ascencio and Julio Querol Vinagre. Special Subseries: "Fiscal Policy and the Poor". (February 1991).
- EPS 14 *Structural Adjustment, Growth and Welfare: The Case of Niger, 1982-1989*. Kiari Liman-Tinguri. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (March 1991).
- EPS 15 *The Impact of Self-Imposed Adjustment: The Case of Burkina Faso, 1983-1989*. Kimseyinga Savadogo and Claude Wetta. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (April 1991).
- EPS 16 *Liberalization for Development: Zimbabwe's Adjustment without the Fund*. Robert Davies, David Sanders and Timothy Shaw. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (May 1991).
- EPS 17 *Fiscal Shock, Wage Compression and Structural Reform: Mexican Adjustment and Educational Policy in the 1980s*. Fernando Valerio. Special Subseries: "Fiscal Policy and the Poor". (June 1991).
- EPS 18 *Patterns of Government Expenditure in Developing Countries during the 1980s: The Impact on Social Services*. Beth Ebel. Special Subseries: "Fiscal Policy and the Poor". (July 1991).
- EPS 19 *Ecuador: Crisis, Adjustment and Social Policy in the 1980s*. The Ecuadorian Centre of Social Research. Special Subseries: "Fiscal Policy and the Poor". (August 1991).
- EPS 20 *Government Expenditures for Children and Their Families in Advanced Industrialized Countries, 1960-85*. Sheila B. Kamerman and Alfred J. Kahn. Special Subseries: "Child Poverty in Industrialized Countries". (September 1991).
- EPS 21 *Is Adjustment Conducive to Long-term Development?: The Case of Africa in the 1980s*. Giovanni Andrea Cornia. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (October 1991).
- EPS 22 *Children in the Welfare State: Current Problems and Prospects in Sweden*. Sven E. Olsson and Roland Spånt. Special Subseries: "Child Poverty in Industrialized Countries". (December 1991).
- EPS 23 *Eradicating Child Malnutrition: Thailand's Health, Nutrition and Poverty Alleviation Policy in the 1980s*. Thienchay Kiranandana and Kraisid Tontisirin. Special Subseries: "Fiscal Policy and the Poor". (January 1992).

## INNOCENTI OCCASIONAL PAPERS ECONOMIC POLICY SERIES

- EPS 24 *Child Welfare and the Socialist Experiment: Social and Economic Trends in the USSR, 1950-90*. Alexandr Riazantsev, Sándor Sipos and Oleg Labetsky. Special Subseries: "Child Poverty in Industrialized Countries". (February 1992).
- EPS 25 *Improving Nutrition in Tanzania in the 1980s: The Iringa Experience*. Olivia Yambi and Raphael Mlolwa. Special Subseries: "Fiscal Policy and the Poor". (March 1992).
- EPS 26 *Growth, Income Distribution and Household Welfare in the Industrialized Countries since the First Oil Shock*. Andrea Boltho. Special Subseries: "Child Poverty in Industrialized Countries". (April 1992).
- EPS 27 *Trends in the Structure and Stability of the Family from 1950 to the Present: The Impact on Child Welfare*. Chiara Saraceno. Special Subseries: "Child Poverty in Industrialized Countries". (May 1992).
- EPS 28 *Child Poverty and Deprivation in Portugal: A National Case Study*. Manuela Silva. Special Subseries: "Child Poverty in Industrialized Countries". (June 1992).
- EPS 29 *Poverty Measurement in Central and Eastern Europe before the Transition to the Market Economy*. Sándor Sipos. Special Subseries: "Child Poverty in Industrialized Countries". (July 1992).
- EPS 30 *The Economics of Disarmament: Prospects, Problems and Policies for the Disarmament Dividend*. Saadet Deger. Special Subseries: "Fiscal Policy and the Poor". (August 1992).
- EPS 31 *External Debt, Fiscal Drainage and Child Welfare: Trends and Policy Proposals*. Stephany Griffith-Jones. Special Subseries: "Fiscal Policy and the Poor". (September 1992).
- EPS 32 *Social Policy and Child Poverty: Hungary since 1945*. Júlia Szalai. Special Subseries: "Child Poverty in Industrialized Countries". (October 1992).
- EPS 33 *The Distributive Impact of Fiscal and Labour Market Policies: Chile's 1990-1 Reforms*. Mariana Schkolnik. Special Subseries: "Fiscal Policy and the Poor". (November 1992).
- EPS 34 *Changes in Health Care Financing and Health Status: The Case of China in the 1980s*. Yu Dezhi. Special Subseries: "Fiscal Policy and the Poor". (December 1992).
- EPS 35 *Decentralization and Community Participation for Improving Access to Basic Services: An Empirical Approach*. Housainou Taal. Special Subseries: "Fiscal Policy and the Poor". (January 1993).
- EPS 36 *Two Errors of Targeting*. Giovanni Andrea Cornia and Frances Stewart. Special Subseries: "Fiscal Policy and the Poor". (March 1993).
- EPS 37 *Education and the Market: Which Parts of the Neoliberal Solution are Correct?*. Christopher Colclough. Special Subseries: "Fiscal Policy and the Poor". (July 1993).

**INNOCENTI OCCASIONAL PAPERS  
ECONOMIC POLICY SERIES**

- EPS 38 *Policy and Capital Market Constraints to the African Green Revolution: A Study of Maize and Sorghum Yields in Kenya, Malawi and Zimbabwe, 1960-91*. Paul Mosley. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (December 1993).
- EPS 39 *Tax Reforms and Equity in Latin America: A Review of the 1980s and Proposals for the 1990s*. Ricardo Carciofi and Oscar Cetrángolo. Special Subseries: "Fiscal Policy and the Poor". (January 1994).
- EPS 40 *Macroeconomic Policy, Poverty Alleviation and Long-term Development: Latin America in the 1990s*. Giovanni Andrea Cornia. Special Subseries: "Approaches to Poverty Alleviation". (February 1994).
- EPS 41 *Réformes Fiscales, Génération de Ressources et Equité en Afrique Subsaharienne durant les Années 1980*. Kiari Liman-Tinguiri. Special Subseries: "Fiscal Policy and the Poor". (March 1994). Available in French.
- EPS 42 *Tax Reform and Equity in Asia: The Experience of the 1980s*. Andrea Manuelli. Special Subseries: "Fiscal Policy and the Poor". (April 1994).
- EPS 43 *Family Support Policies in Transitional Economies: Challenges and Constraints*. Gáspár Fajth. Special Subseries: "Economies in Transition". (August 1994).
- EPS 44 *Income Distribution, Poverty and Welfare in Transitional Economies: A Comparison between Eastern Europe and China*. Giovanni Andrea Cornia. Special Subseries: "Economies in Transition". (October 1994).
- EPS 45 *Death in Transition: The Rise in the Death Rate in Russia since 1992*. Jacob Nell and Kitty Stewart. Special Subseries: "Economies in Transition". (December 1994).
- EPS 46 *Child Well-being in Japan: The High Cost of Economic Success*. Martha N. Ozawa and Shigemi Kono. Special Subseries: "Child Poverty in Industrialized Countries". (March 1995).
- EPS 47 *Ugly Facts and Fancy Theories: Children and Youth during the Transition*. Giovanni Andrea Cornia. Special Subseries: "Economies in Transition". (April 1995).
- EPS 48 *East Joins West: Child Welfare and Market Reforms in the "Special Case" of the Former GDR*. Bernhard Nauck and Magdalena Joos. Special Subseries: "Economies in Transition". (June 1995).
- EPS 49 *The Demographic Impact of Sudden Impoverishment: Eastern Europe during the 1989-94 Transition*. Giovanni Andrea Cornia and Renato Panicià. Special Subseries: "Economies in Transition". (July 1995).
- EPS 50 *Market Reforms and Social Welfare in the Czech Republic: A True Success Story?*. Miroslav Hiršl, Jiří Rusnok and Martin Fassmann. Special Subseries: "Economies in Transition". (August 1995).

**INNOCENTI OCCASIONAL PAPERS  
ECONOMIC POLICY SERIES**

- EPS 51 *The Winding Road to the Market: Transition and the Situation of Children in Bulgaria.* Theodora Ivanova Noncheva. Special Subseries: "Economies in Transition". (August 1995).
- EPS 52 *Child Institutionalization and Child Protection in Central and Eastern Europe.* Mary Anne Burke. Special Subseries: "Economies in Transition". (September 1995).
- EPS 53 *Economic Transition in the Baltics: Independence, Market Reforms and Child Well-being in Lithuania.* Romas Lazutka and Zita Sniukstiene. Special Subseries: "Economies in Transition". (September 1995).
- EPS 54 *Economic Reforms and Family Well-being in Belarus: Caught between Legacies and Prospects.* Galina I. Gasyuk and Antonina P. Morova. Special Subseries: "Economies in Transition". (December 1995).





**International Child Development Centre**

Piazza S.S. Annunziata, 12  
50122 Florence, Italy  
Tel. 3955-234-5258 - Fax 3955-244817  
Telex 572297 UNICEF I