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Major events and trends in politics, economy and social life

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GOVERNMENT

The consolidation of Mr. Shevardnadze's position on the one hand and the glide of the country towards losing the substantial elements of its sovereignty on the other, were two major trends in the Georgian political life in January. The former consisted in the successful struggle against the criminal formations which challenged the state power and the latter -- in the idea of joining the ruble zone, which was pushed forward by the Speaker of the Parliament and was indirectly backed by the Head of State.

A series of terrorist acts against the *Mkhedrioni* leading members, as well as the consolidation of the police (see the *Crime* section below) which used to be intimidated by different armed formations, made the former act on the defensive. Despite the cautious pronouncements of the Head of State who had repeatedly pointed out *Mkhedrioni's* role in battles against the Abkhaz separatists and Zviadist insurgents, in his radio interview on January 10 he stressed that "the time has come to lay down arms". The members of the paramilitary organization did actually begin to store their armaments in special premises, declaring that the members were no longer allowed to keep automatic weapons, and those who violated the prohibition would be punished. However, they reserved the right to take up arms again in case of necessity. Reportedly, some leading members of *Mkhedrioni* escaped abroad for fear of terrorist acts against them. In his television interview after the assassination of the chief of the *Mkhedrioni's* Rustavi branch G. Talakhadze, *Mkhedrioni's* leader J. Ioseliani said that nothing could be done until the truth about those murders was established, though he expressed his confidence that those who were guilty would be punished in due time. That was assessed by many commentators as an unusually passive attitude for a person who had been noted for his emotional and unbending support of his brothers in arms and prompted the rumors about a possible discord between Mr. Ioseliani and at least a part of *Mkhedrioni*. No hypotheses have been framed publicly as to who could have stood behind the anti-*Mkhedrioni* terrorism.

The news of the death of ousted Georgian President Zviad Gamsakhurdia, which was promulgated by the *Interfax* information agency with reference to his widow Manana Archvadze-Gamsakhurdia who was residing in Grozni, Chechenia, was the greatest sensation of the month. On the basis of a message, which had been delivered to her from a mountainous village in Megrelia, the ex-president's widow informed the Agency that her husband had committed suicide on December 31. However, the whereabouts of the incident or the grave were not disclosed. This uncertainty gave rise to various versions. Some said he had been wounded during a bickering among his supporters and died later from those wounds; some mentioned the death from a long malay and some even said that Gamsakhurdia had not died at all but had

safely emigrated to the West. Mr. Gamsakhurdia's supporters in Tbilisi, who repeatedly gathered in front of his house, were divided on the issue, many of them still disbelieving the President was no longer alive. On January 15 they tried to hold a rally in the center of Tbilisi, but were stopped by the mobilized police forces and armored vehicles. On January 24 the Zviadists held a sit-down in front of the Parliament building, demanding from the authorities to withhold from any autopsy of the former President's body in compliance with his widow's wishes. They were dispersed by the police without any complications

The news was followed by a visit of the Vice-President of the Chechen Republic to Tbilisi, who confirmed the ex-President's death. Later on, an official Georgian delegation visited Grozni, where they contacted the ex-President's widow through Chechen mediators. Mr Shevardnadze said that it was entirely up to the late President's family to decide where to bury him, but insisted on the necessity of an autopsy in order "not to leave any doubts to future generations". Mrs Gamsakhurdia decided to bury her husband in Grozni since she feared that his grave in Tbilisi might be desecrated, but strongly objected to any autopsy. A team of Western experts, who had been invited for that purpose returned home without having done their job, since, as the Head of State declared, the authorities had failed to find the grave. The Head of State also stressed that Ex-President's death would be of no political consequences whatsoever.

A TV address of the Speaker of the Parliament Vakhtang Goguaдзе on January 9 calling for joining the ruble zone gave rise to a new round of heated debate on Georgia's political and economic orientation. It was Mr. Goguaдзе who had first put forward the idea of joining the CIS earlier. That made the majority of the people presume that the Speaker was just voicing the intention of the Head of State which he did not want to announce himself. As in the case with the CIS, commenting on the statement Mr. Shevardnadze said that was the Speaker's personal view, and that the problem could not be solved hastily. He said he would take a final decision after his visits to Istanbul, Paris and the United States, which meant that in case no tangible assistance was to be expected from the West he would have no other option. Later he tied the solution of that problem to the forthcoming visit of the Russian President, and said that "according to the calculations of young experts" strengthening of coupon would require one billion dollars. This was assessed as a hint that there were little prospects of Western aid that could help Georgia save its currency. At the same time the Press-Service of the Head of State denied a report by the *Iberia* information agency on January 10 and 13 about the negotiations with Russia on joining the ruble zone being underway.

In response to the demand of the opposition to present the program of strengthening the Georgian currency at the January 27 session of the Parliament, the Prime-Minister asked for two weeks to prepare, while the Head of State added that even one month would not suffice to develop such a program. Instead the Parliament gave the floor to a program of the oppositional Republican party.

In response to the allegations of the former Prime Minister Sigua that the Head of State had hidden a letter from the IMF proposing a of 200 million dollar credit in case Georgia met certain conditions, the letter in question, dated June 15, was published in the official "*Sakartvelos Respublika*" newspaper. Mr. Shevardnadze denied the fact of having ever received that letter, that the Georgian government had left without any reaction, from Mr. Sigua.

The drive to join the ruble zone went on with an increasingly evident shift to the idea of the necessity of restoring the basic elements of centrally governed economy. Prime Minister Patsatsia stated that at the current stage the economy should be regulated by the state, large-scale privatization of enterprises should be ruled out and stock-holding companies, in which the state would own a control packet of shares should be created instead. The State monopoly on

tea-processing, food industry, electric power, and other "strategic domains" had to be reinforced. The revival of economic ties with Russia was usually viewed as the restoration of the old distributive system. The law-enforcement bodies began a more active interference in the activities of commercial structures. The allegations that the largest commercial structure in Georgia -- the Caucasian Exchange (its former President A. Kadagishvili is presently a Vice-Premier) was primarily responsible for the devaluation of Georgian coupon, were intensively pushed forward. Since January 13 all the bank accounts of the Exchange have been frozen and its activities halted.

Mr. Kadagishvili, as well as the Minister of Finance Iakobidze and the President of the National Bank Javakhishvili have remained the only proponents of market reforms in the government so far. It was also notable, that the Union of Citizens of Georgia, known as the Shevardnadze Party, expressed its commitment to market reforms and liberal values in general and criticized certain trends within the government (its Secretary General Zurab Zhvania, defined Mr. Goguadze's statement on joining the ruble zone as "hasty" and "inadmissible"), though it did not seem to be exerting any visible influence on the policies of its own Chairman. The only tangible result of the Union's activities was the organization of cleaning of the streets of Tbilisi at the end of the month.

The Parliament adopted a resolution on the to extension the State of Emergency till February 20 with one vote majority. Although the opposition factions put forward their pre-conditions (to subordinate the commandant's office to the Ministry of Interior, to give the opposition access to television, to have the Ministers confirmed by the Parliament) the discussion of these issues was postponed.

New trends in the policy of the government instigated its harsher criticism on the part of the opposition. More radical critics (T. Sigua, T. Chkheidze, N. Natadze and some others) continued accusing the Head of State of intentionally leading the country to an economic catastrophe to make the integration with Russia seem the only option. Following the protests of the opposition against being incapacitated from expressing their views on TV, the January 11 Parliamentary debates concerning the ruble zone was broadcasted on TV, though at 2 a.m., while the following sessions were broadcasted on the radio. The official media published a declaration by the Liberal-Conservative coalition, which accused the government of leading the country into a deeper crisis.

On January 26 the opposition parties held a conference which was dedicated to the analysis of the political situation and the development of alternate policies. The Chairman of the Budget and Finance Parliamentary Commission T. Basilia (the Union of Georgian Traditionalists) presented his plan of economic recovery. The opposition parties worked out the following common demands: to curtail the authorities of the Head of State, extend the role of the Parliament and to make radical changes in the Cabinet of Ministers. Even more radical groups refrained from using more extreme forms of displaying their disagreement with the government (for instance to demand Mr. Shevardnadze's resignation, to call for mass manifestations of protest and the like).

More attention was paid to the issue of the new constitution. On January 5 Mr. Shevardnadze said that although new elections could be held in 1994 the constitution was to be adopted prior to them. However, the Constitutional Commission still failed to work out a draft; as its Deputy Chairman V. Khmaladze explained, disagreements over the state power model accounted mainly for the delay. .

The Parliament took decisions to join several international agreements. Among them, the decision of January 25, to join the *International Facultative Protocol* and *the Pact of Civil and*

Political Rights, which passed with one vote majority, was particularly important. Apart from that, Georgia joined the *International Pact of Economic, Social and Cultural Rights*, and the *International Tourism Charter*. The treaties with Kazakhstan and Turkmenistan were ratified.

FOREIGN RELATIONS

The visits of the Head of State to Turkey and France after joining the CIS and the focusing foreign political activities on the North represented an attempt to balance the country's geopolitical orientation and to display that Georgia had not completely renounced its claim for an autonomous role in the world community. Before the visit to Turkey among other objectives the Head of State mentioned the strengthening of contacts with the NATO and imparting a more political nature to the Black Sea Countries Alliance. The essence of this new vision lay in his idea of the "Commonwealth of Commonwealths" which he put forward during both of these and which implied the alliance of three international organizations: the CIS, the EC and the Black Sea Community. This, Mr. Shevardnadze maintained, would fully conform with President Clinton's project "Cooperation for Peace". He also revived a nearly-forgotten idea of the Caucasian transport corridor, and put forward specific economic projects aimed at attracting Turkish and French investments..

During the visit to Turkey on January 12-13 Mr. Shevardnadze held meetings with President Demirel, Prime Minister Ciller and other leaders. A *Declaration on Friendship and Cooperation*, as well as other interstate agreements were signed. The possibilities of Turkish investments in Georgian power system as well as in the reconstruction of Batumi harbor were considered.

Mr. Shevardnadze's visit to Paris took place on January 20-21. He held meetings with President Mitterand and other political leaders, the representatives of business circles, and the Georgian émigré community. He asked President Mitterand to support the plan of peaceful settlement of the conflict in Abkhazia in the UN Security Council. Mr. Shevardnadze became the first political leader who signed the Paris Charter for the second time in his life (he first did it as the Foreign Minister of the USSR). Among the economic projects which were discussed was the participation of France in the reconstruction of the Tbilisi Airport. France promised logistical assistance in preparing a legal framework for economic and banking reforms in Georgia. The Georgian delegation also visited UNESCO and OECD. Mr. Shevardnadze met with the Secretary General of the UN Boutros Boutros-Ghali to discuss the role of the United Nations in peaceful settlement of the conflict in Abkhazia.

On January 13 Prime Minister Patsatsia signed in Kiev a trade and economic agreement with Ukraine. Georgian trade representations were opened in Azerbaijan, Austria, Slovakia, Bulgaria and Turkey. Canada appointed its Ambassador to Georgia, who is also an Ambassador to Turkey.

Nevertheless the forthcoming visit of President Yeltsin to Tbilisi was considered the most significant event in Georgian's foreign policy. Georgian ministries were already engaged in opening their representations in Moscow. Despite his cooperation with the UN, Mr. Shevardnadze stressed that Russia was the only viable mediator in the Abkhazian conflict.

IN AND AROUND ABKHAZIA

The second round of the Geneva talks began on January 11 and continued for three days. prior to that, Abkhazia was visited by a Russian delegation headed by Deputy Foreign Minister B. Pastukhov and the CSCE delegation headed by the Head of the CSCE mission in Tbilisi A. Tsvetkov. After his visit B. Pastukhov stated that Russia was going to loosen its sanctions against Abkhazia though would not lift them completely. The divergence of the approaches revealed by the parties prior to the resumption of talks did not give much ground for optimism. The Head of the Georgian delegation J. Ioseliani accused the Gudauta side (the separatist government was still based in Gudauta) of having failed to meet their commitments according to the previous round and called the forthcoming meeting as "the last attempt", and in case of its failure the Georgian side would cease negotiating. The Head of the Georgian State sounded more optimistic, basing his hopes on "more progressive and reasonable position of Russia". As to the Abkhaz side, during the preliminary consultations it declared that Abkhazia would no longer be a part of Georgia and that they would only sign either a confederate treaty between two equal subjects, or just an ordinary one between two independent states. The Abkhaz attitude to the problem of refugees did not change either: as the Abkhaz leader Ardzinba declared, not only those who had fought on the Georgian side, but also those who "met the occupants with bread and wine" would never be allowed to live in Abkhazia. The Head of the Abkhaz delegation S. Jinjolia said the Abkhazs had the lists of respective persons.

Against this background the results of the negotiations as fixed in the communiqué could be considered successful. It envisaged the withdrawal of troops from the Enguri river within five days, the deployment of observers and peace-keeping forces under the aegis of the UN and the return of twenty thousand Georgian refugees beginning from February 10. Both parties consented to the participation of Russian troops among the peace-keeping forces, and appealed to the Security Council to extend the mandate of international civil presence in the conflict zone. The UN, the CSCE and the Russian Federation called on the parties, to emanate from the principle of the inviolability of the territorial integrity of Georgia and the necessity of securing the interests of the multiethnic population of Abkhazia.

The Head of the Abkhaz delegation S. Jinjolia expressed his satisfaction with extension or legalization of Russia's role in the conflict resolution saying that "Russia was destined to take an interest in the fate of the peoples of the former USSR."

The communiqué caused a great commotion in the Georgian Parliament. The opposition argued that it was beneficial for the Abkhaz and Russian sides only and demanded its disavowal and the substitution of the delegation members. The Head of State responded to this by saying that "the defeated side could not get a document better than this". A radical proponent of a military solution, the Chairman of the Union for Liberating Abkhazia, B. Kakubava, rendered the diplomatic way as "unrealistic" and said "if we do not return there in three months, we will never return at all". He said a military solution was quite possible with only one precondition -- that Russia should withdraw its troops from the conflict zone. The Leader of the National-Democratic Party, G. Chanturia, called for the encouragement of a guerrilla warfare in Abkhazia, so that "the world will not forget that the problem of Abkhazia exists".

The implementation of the communiqué did not proceed smoothly. The Abkhazs began to withdraw their forces, but on January 19 they blew up a bridge over the Enguri river thus preventing the refugees from returning. The Abkhaz authorities kept asserting they could not guarantee the safety of the returning refugees. Bilateral consultations on the return of refugees which were held on January 25 failed because the Georgian side would not accept the Abkhaz approach of discriminating among the refugees.

In a letter which was disseminated among the Member-States of the United Nations by the Representative of Georgia, P. Chkheidze, the world community was warned that if the problem of refugees was not duly settled the process could get out of control and lead to spontaneous actions. "The region faces a real threat of a new wave of violence", it said and called on the world community to take urgent measures to prevent that.

CRIME

The police continued their crusade against the organized criminal groups which had effectively taken control of many provinces, having merged with local administration in some cases. Three large operations were carried out January in cooperation with the Ministry of Security and were personally led by the Minister of Internal Affairs G.Kviraia. The "scenario" of all operations was identical: large groups of policemen rounded up a pre-determined area at night (which was not known in advance to anyone but the Minister and two of his deputies) and arrested all the criminals according to a previously made list. During the operation undertaken on 7-9 January in the Bolnisi-Dmanisi region in south-western Georgia, 76 people were arrested (on the charges of robbery, larceny, kidnapping, homicide, drug trafficking), with 81 machine guns, 47 stolen cars, 9 lorries, 111 anti-tank missiles, 39 anti-tank explosives, 450 hand-grenades, 36 *Alazan* shells, 4340 different kinds of bullets confiscated. The Mayor of Dmanisi was among those arrested. However, the *Resonance* newspaper reported that some of the leading criminals, had been notified the previous day by a high-ranking Tbilisi official (presumably, one of the Vice-Premiers) and had managed to escape. Deputy Minister of Internal Affairs D. Mikadze confirmed this information.

Similar police raids were undertaken on January 22 in the Kareli district, and on January 25 -- in the village of Natakhtari near Tbilisi. The Kareli district, neighboring with the disputed region of the Tskhinvali zone (South Ossetia) is considered to be one of the major centers of drug-trafficking in Georgia. As the procurator of the Tskhinvali region G. Babuchidze stated in his interview to *Iprinda* information agency, despite the existing tension between the Georgians and Ossetians in the region, criminal groups and drug traffickers on both sides had no problems in cooperating. The operation in this region was not successful enough, since the police gave up its efforts to normalize the situation in the village of Ruisi, which is particularly notorious for its criminal groups. In the village of Natakhtari, a *Toyota* car belonging to Loti Kobalia, the former commander of pro-Gamsakhurdia militia in western Georgia, was found in the back yard of the house of the *gamebeli* (head of local administration) who was also a member of the local Mafia. Police raids of smaller scale were carried out in other regions. In an interview to the *Kavkasioni* newspaper after the last operation the Minister of Interior said 15 more operations of that kind were required to substantially improve the crime situation.

Activisation of the fight against crime showed in criminal statistics. While in December the figure of registered criminal offenses reached an unprecedented level of 3,638 cases (among them 976 disclosed), in January the figure dropped to 920 cases (449 disclosed), which was also unusually low for the last years' Georgia.

On January 28, Temur Talakhadze, a commander of the Rustavi branch of *Mkedrioni*, got killed in an explosion at the barber's shop. One of his lieutenants and barber were also killed with many other wounded. Several *Mkedrioni* members were killed in other terrorist acts.

The situation in west Georgia had been considerably stabilized on the whole. The crime rate was substantially reduced, and the population refrained from any public expression of their discontent. The police and the forces of the Ministry of Security disarmed all major Zviadist armed groups and closed their bases in the Zugdidi and Tsalenjikha districts. On January 28

Valter Shurgaia, one of the former leaders of the pro-Gamsakhurdia resistance movement, and Zaur Kobalia, the head of the pro-Gamsakhurdia administration in Zugdidi (and a relative of Loti Kobalia), were captured. However, as Representative of the Head of State in the regions of West Georgia Givi Lominadze stated in his television interview, there was considerable lateral tension behind this calm. Some armed supporters of the former President were still hiding in the woods and the government control over mountainous villages of Megrelia was not quite firm yet. The presence of a large number of armed but hungry refugees from Abkhazia was yet another potentially grave destabilizing factor. There were reports of growing alienation between the refugees and the local inhabitants.

A bloody incident occurred on January 7 in the Zugdidi *bazaar* between an armed group and the police. According to official sources, one policeman and three of the bandits were killed in the shooting. The *Resonance* newspaper reported however, that before the policeman was shot, the police had lightly wounded and detained four gunmen, but four hours later the policemen got infuriated over the death of their partner, took the convicts to the site of the incident and shot them in revenge.

Court hearings were held on the case of Anzor Sharbaidze, 21, charged with the murder of Fred Woodruff, an American diplomat (and, according to some sources, the CIA officer). The convict, formerly a member of the National Guard, claimed the murder had not been intentional.

The Turkish attaché Makhmud Oumit-Bei was assaulted by two robbers on January 10. Two alleged assaulters were ethnic Armenians.

During his press-conference on January 19 the chairman of the National-Democratic Party Giorgi Tchanturia said that Russian soldiers had already appeared in the suburbs of Vaziani. They were supposed to participate in establishing order in Tbilisi. In his interview to *Iprinda* information agency the Deputy Procurator-General of Georgia A. Baluashvili renounced the rumors about the participation of the Russian Army in law-enforcement operations in Georgia.

SOCIETY

On January 12, the Board of the Journalists Federation of Georgia discussed draft amendments to the Law on Press and Mass Media. On January 18, the Public Relations Center organized a meeting with the radio and television journalists. The problems of disseminating information under the conditions of rising pressure on the part of the authorities were discussed. Two popular independent newspapers -- the *Droni* and the *Iveria-Expressi* resumed their publication after having suspended it for about a couple of months due to financial difficulties.

The Former MP in Gamsakhurdia's Supreme Council Viktor Domukhovski, who was detained on charges of terrorism, went on hunger strike on January 13. He demanded public hearings on his case and the observation of the rights of all defendants.

The patients at the Institute of Cardiology in Tbilisi went on hunger strike on January 12. They protested against constant cutting out of electricity which jeopardized the lives of those under intensive treatment and hindered the performance of necessary diagnostic procedures. The Minister of Health visited the patients and promised them help.

On January 15, inhabitants of the town of Chiatura gathered in front of the local municipality to demand the resignation of the *gamgebeli* who allegedly neglected social issues.

During its meeting on January 14-15 the *Stalin* society demanded to re-bury Stalin in his native town of Gori in case Russia's authorities refused to keep him at the Kremlin wall. The

local gamebeli Z. Tskrialashvili said the citizens of Gori supported this project. On January 30 the *Memorial* society in Tbilisi protested against this in their letter to the Head of State. Another contender for Stalin's body is Vladikavkaz, the capital of North Ossetian Autonomous Republic in Russia.

The *Iberia* agency reported on January 25 that a unique collection of wines which had belonged to J.Stalin (about 500 bottles) and had long been considered lost, was found in one of Tbilisi cellars and would soon be exhibited.

From January 1, those who emigrate from Georgia for good are to pay \$300. According to the *Resonance* newspaper, 800 thousand people emigrated from Georgia during the past few years, the third of them being ethnic Georgians.

PUBLIC OPINION

The success of the authorities in their efforts to fight down the criminal world and the relative stabilization of life brought about a new increase in the rating of the Head of State. In a traditional telephone poll conducted by the *Informservice* for the *Resonance* newspaper on February 5-6, 63.4% approved of his activities with 14.1% disapproving (in the last poll, when the respondents were asked to assess his activities during 1993, only 42.4% of those polled evaluated them positively). Foreign Minister A. Chikvaidze got even higher approval rate of 70.2%. The majority of other leading politicians who are regarded to be Mr. Shevardnadze's supporters, or at least not his adversaries, also improved their scores: the Mayor of Kutaisi T. Shashiashvili got 50.8%, the Vice-Premier in charge of Abkhazian Affairs T. Nadareishvili -- 46.1%, I. Sarishvili of the National-Democratic Party -- 43.5%, the leader of Ajara A. Abashidze -- 42.4%, the Vice-Speaker of the Parliament V. Rcheulishvili, -- 41.9%. Among the members of Mr..Shevardnadze's team the Speaker of the Parliament V.Gogvadze and Prime Minister O. Patsatsia were less popular with 36.1 and 24.6 points respectively. Controversial J. Ioseliani got 27.2% approvals with 24.1 disapprovals, while the leader of the National-Democratic Party G. Tchanturia got the approval of 27.7% with 29.3% disapproving. Among the opponents, only N. Natadze of the Popular Front maintains relatively high rates of 36.1% (29.8 disapproving) the ratings of the others being much lower.

Another survey which was carried out by the *Informservice* at our request showed that the large majority of the population could hardly think of anyone but E. Shevardnadze to be the leader of the country. On January 21-24 the citizens of Tbilisi were asked how long they wanted Mr..Shevardnadze to maintain his office. 8.5% said he should resign right away, 39.8% -- that he had to remain until the next elections, 11.7% -- were for another term, and 38.3% -- until he was physically fit- with 1.7% undecided. At the same time, when asked whom they would like and expect to be Georgia's leader after Shevardnadze, 85% answered they could not think of anyone else. A. Abashidze and G. Tchanturia were mentioned as desirable successors by 4.3%. On February 5-6 we asked the same questions, this time proposing to choose from a list of the candidates who had been mentioned in the previous poll. This time, 34% could not name a desirable successor and 64.9% -- an expected one. A. Abashidze was an obvious leader on both lists: 23% desired and 14.1% expected him to be the next leader of Georgia. Among other candidates in the list of desirable successors were: A. Chikvaidze -- 7.9%, J. Patiashvili (Shevardnadze's actual successor as the First Secretary of the Georgian Communist Party) -- 6.3%, I. Sarishvili -- 5.8%, N. Natadze and T. Sigua -- 5.2%, Z. Zhvania -- 4.2%. G. Tchanturia was the only person who was more expected (3.1%) than desired (1.6%) to be the next leader.

45.6% of those polled by the *Informservice* in Tbilisi for the *Svobodnaya Gruzija* newspaper on January 15-16 supported the idea of Georgia's joining the ruble zone, with 24.5%

against, 10.7% neutral, and 19.2% undecided, while in a similar poll of the *Gulani* newspaper at the end of the month, only 29% appeared to support the idea, 18% rejected it, with 53% undecided. The difference could be explained by the negative reaction of the majority of experts and heated debate of politicians, which was caused by the address of the Speaker of the Parliament in favor of joining the ruble zone.

On January 19 the *Svobodnaya Gruzija* asked the citizens of Tbilisi to rate the political situation in the country. 32.1% assessed it as "explosive", 51.6% -- as "disturbing", 4.4% -- as "stable", 3.8% -- as "good", with 8.2% undecided.

39.3% of those polled in Tbilisi by the *Informservice* on January 21-23 trusted and 60.7% mistrusted the information received from the Parliament and its Chairman, 13.2% trusted and 86.8% mistrusted the Cabinet of Minister and the Ministries, while 56.4% trusted and 43.6% mistrusted the journalists.

The State Committee of Social-Economic Information polled 700 citizens of Tbilisi (among them -- 300 managers of state and private organizations) on their attitude to the economic situation. 68.4% of the citizens and 61.7 of the managers assessed the economic situation during the last year as "sharply deteriorated", 20.5 and 7.3% -- as "slightly deteriorated or beginning to deteriorate", 8.2 and 24.5% -- as "beginning to improve". As to the prospects of the economy in the current year, 6.0 and 6.3% expected "substantial improvements", 16.8 and 18.3% -- "slight improvements, 16.0 and 21.0% -- no changes, 12.8 and 4.3% -- "some deterioration", 36.3 and 26.3% -- "substantial deterioration", with 11.3 and 21.7% not knowing.

When asked by the *Svobodnaya Gruzija* on January 28 to assess the results of the Georgian-Abkhaz negotiations, 36.5% said the Georgian side was compelled to make concessions, 23.5% said it was the Abkhaz side which was compelled to make concessions, 7.5% thought that the Georgian side had gained considerable success, 5.1% said the talks had been a considerable success for the Abkhazs, and 1.6% said both sides should compromise, with 25.9% undecided.

51.2% of those polled by the *Svobodnaya Gruzija* on January 29 said they expected the improvement of Georgian-Russian relations as a result of President Yeltsin's visit to Tbilisi, 37.6% thought nothing would change, 4.7% thought the relations would deteriorate, with 6.6% undecided.

THE ECONOMY

The pace of inflation relatively slowed down, especially in the second half of the month. On January 27 the value of one US dollar at the Interbank Exchange reached 185,675 coupons as against 108,300 on December 28. The gap between cash and deposited coupons began to narrow and by the end of the month was reduced to about 10,000 coupons to the US dollar. In the second half of the month the coupon value even rose relative to the Russian ruble from 1:120 to 1:110 due to a certain fall of the latter. That, however, did not help stop the superseding of coupon by the Russian ruble in most parts of Georgia.

Credit auctions were held once a week by the Interbank Exchange of the National Bank. While the initial interest rate had been 300% it reached 710%. The Cabinet of Ministers decided to increase salaries in budget organizations by 100% beginning January 15. The minimum salary reached 50 thousand coupons or \$0.28. Social benefits were also increased, the parents of a newborn child were to receive the allowance of 100,000 coupons, while the funeral allowance was increased to 150,000 coupons.

By his decree No. 219 Mr. Shevardnadze charged the Ministry of Internal Affairs to protect oil pipelines as well as oil extracting and refining facilities. As a result of this, the extraction of oil increased from 30 to 150 tons daily.

By the end of 1993 the number of the unemployed, who were registered at the State Labor Exchange, amounted to 220 thousand or 7.1% of all labor resources. 70 thousand people lost their jobs last year. Latent unemployment also continued to rise: about one fourth of all enterprises with 50 thousand employees were at a standstill.

According to an information by the Minister of Agriculture and Food Industry, the last year was most unfavorable for agriculture. State purchases of most of farm-products were much less than it had been expected: the State purchased 132 tons of tea instead of 300 thousand tons, 72.6 thousand tons of grapes instead of 380 and so forth.

The Chief of the Taxes Inspection Board D. Saralidze said at a meeting with the Head of State that 80% of taxes that were due to be paid remained unpaid. For instance, only 7 out of 118 tourist agencies had due licenses, while others were actually illegal.

The Control Chamber summed up the results of its work during 1993. As its Chairman R. Shavishvili stated, thanks to the activities of the Chamber the budget had procured 20 million dollars and 18 billion coupons. Last month the Chamber focused on the investigation of the activities of the National Bank whose liberal credit policy had largely contributed to hyperinflation, namely of bound credits which had been granted for food purchase. They investigated 109 billion out of 490 billion granted for that purpose and only 7% was found to have been used properly.

An International Institute for Business Planning and Development was established by the Democracy and Revival Foundation (the Shevardnadze Foundation), the European School of Management in Tbilisi and an American company Diomedes International. The Institute is to promote the international contacts of Georgian business as well as and foreign investments in Georgian economy.

Georgia concluded interstate trade agreements with seven former republics of the Soviet Union: Azerbaijan, Turkmenistan, Moldova, Armenia, Ukraine, Kazakhstan and Kyrgyzstan. Turkmenistan, account for 52% of all imports, Kazakhstan to 11% , Azerbaijan to 8%, and Ukraine to 1%. Russia's share dropped from 67% in 1991 to 5% in 1993. The non-CIS countries account for 15% of imports. In 1993 Georgia met only 16% of its intergovernmental commitments.

The Russian government granted Georgia a long-term credit to the value of 10 billion Russian rubles in response to Georgia's joining the CIS. The issue of granting additional technical credits to revive metallurgical and mining industries was also considered. An agreement has been reached on the incorporation of Georgia into the power system of South Russia.

As a result of the visit of Prime Minister Patsatsia to Kiev a trade agreement was signed on 40 billion Russian rubles credit on the clearing basis. .

The bulletin is chiefly based on the Georgian media reports and the information provided by Iberia and Iprinda agencies, We extend special thanks to the State Committee of Social-Economic Information of Georgia and the Press-Centers of major governmental institutions. We thank the Soros Foundation for granting the equipment necessary for issuing this bulletin.

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