

THE GEORGIAN CHRONICLE

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Major events and trends in politics, economy and social life

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THE GOVERNMENT

The Georgian political life was still dominated by the war in Abkhazia and relations with Russia around it. However, after Mr. Shevardnadze took a tougher stance to Russia due to its more evident involvement into the conflict, some substantial disagreements between him and his opposition were set aside..

The process of shaping of the new structures of power following the October elections continued, though in a somewhat reverse order. After the general composition of the executive power (the Cabinet of Ministers and major heads of local administrations) have been determined by the Head of State, the issue of its basis in the Parliament came to the foreground. David Berdzenishvili, one of the leaders of the Republicans, having criticized the Parliament for insufficient division between its and executive powers and lack of any political course, called for shaping of the parliamentary majority and the opposition, so that some definite political force would take responsibility for what is going on in the country (he did not specify, which side the Republicans themselves would join, but they seem evidently to lean to the opposition). This was not welcomed by Mr. Shevardnadze, who still avoids direct commitment to any particular political party or coalition. He stressed the need for unity, the unique character of the Georgian way to democracy, and stated that the power of the government is based upon the confidence of the Parliament as a whole. Creation of the 'Shevardnadze party' would lead, he said, to unnecessary complications.

Nevertheless, some movement has begun among his supporters towards finding a form of organization. On March 23 three Parliamentary factions: the Liberals, the National Democrats and the Greens (including together 42 MPs) announced the creation of the *Interfactional Coalition*, united by support of Mr. Shevardnadze's and the Government's policy and commitment to the principle of political rationalism. The coalition declared itself being open to the new members, with an ultimate objective to form the parliamentary majority. This was the second attempt to create a broad political coalition in support of Mr. Shevardnadze's policy: The first one took place before the Parliamentary elections last October (the coalition *Peace*), but failed after Mr. Shevardnadze refused to lead its electoral list (that time, the same Republicans suggested him to do so, in order to avoid domination of the sole political force in the Parliament). However, unlike the *Peace* coalition, which was mostly led by former communist functionaries, members of the new bloc have no past

connections to the communist establishment, which makes it more acceptable for Mr. Shevardnadze's image.

Although the new bloc is expected to expand, it may have difficulties in securing a steady Parliamentary majority, as well as in maintaining consensus between the participating factions, who fight for greater influence over Mr. Shevardnadze. The bloc in making will clearly have problems in finding the common political ground which would exceed mere support of Mr. Shevardnadze's attitudes. In a number of issues members of the new coalition, professing more liberal and pro-Western values, display much closer positions to the supposed opposition (like the Republicans, Ilia Tchavtchavadze Society, *Charter-91* and others) than to Mr. Shevardnadze's loyalists of the communist background. For instance, this was the case when the former upheld a necessity of granting special privileges to the Abkhaz language in the *Law on Citizenship* against many of the former communists.

Among the remaining problems in formation of the power structures was a need to define the formal status of the National Security and Defense Council. Though since its creation in December the NSDC has held 24 meetings and adopted 61 resolutions presumed to regulate a number of basic military and political issues, its own activity still lacks any legal regulations and which prompts some MPs to consider it as an unconstitutional body. In March, the NSDC handed over the draft of its own Statute to the Judiciary Commission of the Parliament. Its composition became even more impressive with two Vice Prime-Ministers, A.Margiani and Z.Kervalishvili and Tbilisi Mayor K.Gabashvili included as its members on March 16.

The Cabinet of Ministers has yet to find an appropriate working structure, as Vice-Premier Z.Kervalishvili stated in a *Droni* newspaper. It continues an old tradition of responding to pressing problems with creation of new government bodies, such as *The Economic Reform Staff*, *Special Operative Staff*, *Commission Supervising the Circulation of Coupons and Roubles*, etc.

The Parliament still spent much time on considering current issues at the expense of legislative activity. In the beginning of March, heated debates took place concerning tactics of the Georgian delegation on the Fourth Round of the Georgian-Russian negotiations on the *Treaty of Friendship and Cooperation*, which had to begin on March 9. The Popular Front, the Republicans, *Charter-91*, Ilia Tchavtchavadze Society and other groups criticized Mr. Shevardnadze's policy as too yielding and pressed the delegation members to take more rigid attitude. Namely, they demanded to determine a detailed schedule of the withdrawal of the Russian troops from Georgia, and to be extremely cautious about articles containing possible threat of Russian interference into the Georgian affairs (like special obligations concerning protection of the minorities' rights) More radical groups like the National Independence Party and Merab Kostava Society rejected anything less than immediate withdrawal of the Russian troops. The National Democrats and the Liberals supported more moderate approach of the Head of State. Later Manana Gigineishvili, MP from the *Peace* coalition, criticized the opposition for 'impeding the great politician (who is Mr. Shevardnadze) to solve the issue by political means.' Leader of the Popular Front Nodar Natadze was included into the delegation for negotiations.

However, the disagreements did not lead to any serious complications, with major opposition groups endorsing continuation of the talks with Russia without any preconditions. This might be also influenced by the Note of the US State Department which expressed concern over the deterioration of the Georgian-Russian relation and support for the territorial integrity of Georgia,

while precautioning the Georgian side against too radical anti-Russian utterances. The information that the Russian Supreme Soviet was dissatisfied with too yielding approach of the Russian delegation, also had a softening effect over the opposition attitudes. On March 25 Akaki Asatiani, the leader of the Union of Georgian Traditionalists made a surprise speech in the Parliament in support of the most rapid signing of the Treaty with Russia.

The legislative activity of the Parliament generated one though essential product: the *Law on Citizenship*. The final text was adopted without too much debates after combining three drafts, presented by the Judiciary Commission of the Parliament, the Union of Georgian Traditionalists and the Popular Front. The citizenship will be granted to anybody who had resided in Georgia for last five years without any further restrictions. From those who applies for the citizenship in the future, ten years-long period of residence and knowledge of Georgian or Abkhaz languages will be demanded. Double citizenship was strictly disallowed.

On March 25 the Parliament created the State Constitutional Commission which has to prepare a new version of the 1921 Constitution for a referendum in the fall of 1994. The Commission, including 117 members (not only MPs), is headed by the Head of State.

There are changes in the Parliamentary factions. The *Progress* faction was disbanded. The faction *Peace* is now called Democratic Union (this is the name of the leading party in the now dissolved *Peace* coalition) and includes 10 MPs (Chairman -- R.Khizanishvili), while the Uncommitted Independent Deputies (24 MPs, Chairman -- N.Nadaraia) now call themselves *the Neutrals*.¹

The Parliament ratified *The Convention on the Protection of Black Sea* (March 11) and *Treaty of Friendship and Cooperation with Turkey* (March 25). In the latter case, the members of Merab Kostava society abstained being dissatisfied with the 1921 Kars treaty between Georgian, Armenian and Azerbaijan Soviet Socialist Republics and Turkey with participation of Russia being mentioned in the text. That treaty validated territorial losses of Georgia to Turkey after the Soviet Russian intervention.

On March 2, Tornike Pipia, MP from the National Independence Party, left the Parliament in a protest to Mr. Jaba Ioseliani's intimidating attitude to the opposition based on "thief morals".

New appointments included three ambassadors (earlier Georgia had an Ambassador to Russia only). Petre Chkheidze, 52, an Ambassador to Moscow since September of 1991, will represent Georgia in the USA and UN (March 4). This experienced career diplomat, who survived all governments in high positions and whose career includes working in the apparat of the Foreign Ministry of the USSR, Soviet Representation in the UN, and heading the Georgian KGB, was considered being Sigua's client. His new appointment was assessed by the commentators as a honorable way to remove him from a key position in Moscow. His Moscow office was took over (March 23) by Valerian Advadze, 62, Mr. Shevardnadze's loyalist, the runner-up in the Presidential race in 1991, who recently headed the Commission of Economic Problems in the Parliament. He was the most active Georgian MP in the last USSR Supreme Soviet and is supposed to have close connections in Russian political circles of democratic orientation. Zurab Abashidze, 42, another professional diplomat, recently the President of the Georgian Society of Friendship and Cultural Relations with Foreign Countries, will be the Representative of Georgia in the European Community.

Little progress was made in gaining control over the regions, where the government continued its extremely cautious policy. Mr. Shevardnadze suspended the process of appointing new *gamebeli* (Heads of local administrations) until local elections in order to preserve stability in the regions.

FOREIGN RELATIONS

The Fourth Round of the negotiations with Russia which took place in Moscow on March 9-19, was conducted in a more tense atmosphere, due to the rising involvement of Russia into the military conflict in Abkhazia and the pressure from both Parliaments. If earlier an agreement was mostly supposed to determine the status of the Russian armed forces in Georgia until December 31 of 1995, now the Georgian side insisted upon settling the exact schedule of the withdrawal of the Russian troops until the same date -- which the Russian side generally accepted. However, there were signs on the Russian side, that it was interested only in military agreement regulating the status of their troops deployed in Georgia rather than in a broad package of agreements. After the Russian warplanes assault on Sukhumi on March 17 the leader of the Georgian delegation held a press conference with Deputy Foreign Minister M.Ukleba declaring the protest concerning the Russian activity in Abkhazia. This was followed by the official protest note of the Georgian Ministry of Foreign Affairs. The Russian ministry denied any participation of Russian troops and warplanes in the conflict. However, the negotiations continued and some progress in elaborating a number of documents achieved the prospects of their signing being quite obscure.

Though after an assault on Sukhumi on March 16 (see the *Conflict in Abkhazia* section) Mr. Shevardnadze spoke about the military conflict between Russia and Georgia, he repeatedly stressed his hope of President Eltsin possibly not being informed in the activity of his military, and proposed to hold a summit with him in order to resolve the problems. However, since the Russian President had his hands full with the Congress of Peoples' Deputies trying to impeach him, Mr. Shevardnadze did not insist on immediate meeting, and on every occasion tried to express his support to Eltsin and democratic forces of Russia, whose failure would mean a disaster for Georgia too. On March 19 the Parliament also adopted (though with a narrow majority) a resolution expressing support to the democratic forces in Russia. Blaming of the Russian actions in Abkhazia on Russia's 'reactionary forces' and not to its government softened the Georgian reaction and caused dissatisfaction among the opposition.

On March 6 the Supreme Soviet of the North Ossetian Republic in the Russian Federation adopted a resolution recognizing sovereignty of the self-proclaimed South Ossetian Republic in Georgia. Its territory continues to be out of control of the Tbilisi. On March 22 the Russian Foreign Ministry denounced this resolution as lacking the legal ground, and expressed its support to territorial integrity of Georgia.

On March 1, the Foreign Minister Alexandre Chikvaдзе and US Ambassador Kent Brown signed the *Trade Agreement* between two countries which granted to Georgia the most favored nation status in trade. National Security Advisor T.Japaridze traveled to the United States for consultations with American officials. The big government delegation visited and held meeting in the NATO headquarters. Later, defense minister T.Kitovani attended the meeting of defense Ministers of the countries of NATO in Brussels and had contacts with his Russian colleague Grachev. The Foreign Minister paid a visit to Spain.

CONFLICT IN ABKHAZIA

According to the official figures of the Ministry of Health of Abkhazia (Sukhumi government), by the end of March the casualties totaled 941 people with 3348 wounded, though different estimations go much higher. The Georgian Prime Minister Sigua said in an interview to *Finansovije Izvestija* newspaper that every day of the war costs to Georgia 8-10 million roubles in direct expenses. According to the Ministry of Defense of Georgia, shelling of Sukhumi during last three months left 110 people were killed with more than thousand wounded and more than 800 buildings destroyed.

March was notable for the bloodiest fight of the war when on March 16 the separatist forces undertook a massive and well prepared, though failed, attack on Sukhumi. The casualties on the Georgian side during those two days amounted to 77 with 188 wounded. According to the note of the Georgian Ministry of Foreign Affairs, 107 people were killed with several hundred wounded from the shelling of 14-15 March. The Russian TV estimated losses among the separatists at around 150 killed.

Before the March 16 climax fighting on the Gumista river steadily expanded. The Georgian artillery shelled Abkhaz positions in Eshera, Novi Afon and other villages, causing casualties among both military and civilians. On March 2 the Abkhazs (according to Abkhaz sources) seized the strategically important village of Labra in the Ochamchire region. On March 11 and 13 the *SU-25* aircrafts shelled the Georgian village of Tsagera and Sukhumi. After the assault on Sukhumi the level of fighting relatively diminished, though shelling on both sides continued. On March 27 Sukhumi was shelled, by the Russian version, in retaliation for the Georgians shelling the Russian military units. On March 29-30 the Georgians undertook an offensive in direction of Tkvarcheli, regaining control over several villages, among them Labra.

The Head of State traveled to Sukhumi twice during the month: first this was on March 3, when he got information about concentration of forces in Gudauta; second, after the offensive began on March 16. Reportedly, both visits had important moral effect on the army and civilians. On March 17 he proposed meeting to the Commander of the Russian military unit in Gudauta, but got no answer. He called Russians to remove their laboratory from Eshera for its presence could provoke a serious conflict between two countries.

Active involvement of the *SU-25* warplanes in the offensive gave to Mr. Shevardnadze a ground to declare in the Parliament on March 16 that now for the first time he could call this a Russian-Georgian conflict. According to the Georgian sources, only one fifth of the casualties among the attackers were Abkhazs, while the majority of them included Russian officers. The Georgian side also called attention to the fact that the Russian Ambassador to Tbilisi V.Zemski departed to Moscow on the eve of the offensive (the latter explained this by the necessity to take part in the Russian-Georgian negotiations which took place in Moscow). During his press-conference on March 21 Mr. Shevardnadze quoted Mr. Ardzinba's statement that the Sukhumi operation was planned by the 'extremely qualified military experts', who, he commented, could not be anybody other but the Russians.

The Russian reaction to this was controversial. According to the information of the Georgian delegation to the Russian-Georgian talks, the Russian Ambassador Zemski quoted the General Staff

of the Ministry of Defense of Russia saying that the Russian warplanes did shell Sukhumi in retaliation for the Georgian artillery shelling the Russian military laboratory in Eshera. On March 18 the Defense Minister Grachev told on the Moscow TV that the Georgians themselves repainted their own warplanes and shelled Sukhumi in order to blame it on Russia. While the Abkhaz leader Ardzinba and the Commander of the Russian military units in Gudauta Gen. Sorokin declared the warplanes belonged to the Abkhazs.

On March 19, the Georgian side for the first time during the war succeeded in shooting down the Russian warplane *SU-27*, which is intended for air fights. The Russian pilot, who was the regular army officer recently sent to Gudauta, died. Three of six missiles had been shoot. The Georgian side assumed that the aircraft was assigned to shoot down the Georgian warplanes, while according the Russian Defense Ministry the aircraft was accomplishing a "planned flight" to protect the Russian military from the Georgian assault.

Relative success of the Georgian troops increased its confidence. Though they still substantially lack discipline, organization and efficiency some progress has reportedly been made in all of these issues. Different units who defended Sukhumi showed good interaction. However, robberies in Sukhumi are still wide-spread. There were reports about signs of panic on the Abkhaz side which expressed itself in a mass depart of refugees from the territory controlled by the Gudauta government, and firing several Abkhaz military responsible for the failure during the Sukhumi offensive.

More evident Russian involvement led to changes in some attitudes to the conflict. The Ataman of the Kuban Cossacks Gen. Khromov wrote to Mr. Shevardnadze in the beginning of March that the Cossacks were been misled and now that they clarified the real character and aims of the war, they decided not to take part in the conflict. The chief of the *Chechenpress agency* stated after the assault on Sukhumi that due to the aggressive actions of Russia in the conflict, every Chechen fighting on the Abkhaz side would be considered a traitor. He also quoted the commander of the armed forces of the Confederation of the Caucasian Peoples Shamil Besaev (who is ethnic Chechen) saying that until the small Abkhaz people suffer in the Georgian-Abkhaz conflict, his units would help it, but in case the hostilities begin between Russia and Georgia, the volunteers would fight on the Georgian side. The Abkhaz sources reported that seven hundred Ukrainian mercenaries fought on the Georgian side. On the Abkhaz side, the Armenian battalion had been created, though some Armenian organizations in Georgia stated the Armenians were forced to fight against their will. The Armenians, afraid of the possible anti-Armenian sentiment due to the mentioned information, held rallies of Support to the territorial integrity of Georgia in Gulripsh (Abkhazia) and Tbilisi.

The controversy arose around burying the bodies of the separatist military killed during the Sukhumi offensive. The Abkhazs accused the Georgians for not giving them the corpses, while the Georgians reported that the Abkhazs refused to take them. In the end, bodies were buried by Georgians.

OPPOSITION, HUMAN RIGHTS

During the second half of March, controversial information came from the Western region of Megrelia concerning the position of the supporters of the former President Zviad Gamsakhurdia,

who are in actual control of three *rayons* there (Zugdidi, Tsalendjikha and Chkhorotsku). After the assault on Sukhumi, successful negotiations took place between the Minister of Defense Tengiz Kitovani and the leader of pro-Gamsakhurdia guerrillas Loti Kobalia, according to which both men would lead a joint campaign of recruiting voluntary units throughout Megrelia region (also in the *rayons* controlled by the government) which later would fight in Abkhazia under Kobalia's command. Though the later would not give up his political commitment to the ex-President, the news was enthusiastically met as the first step to the national reconciliation. However, on March 29, after several hundred volunteers had been recruited, an anti-government rally was held in Zugdidi with participation of the leading 'Zviadists' from Tbilisi, where Kobalia declared his agreement with Kitovani void and refused to fight alongside the government forces.

After a long interval, on March 31 (Mr. Gamsakhurdia's birthday) about 500 of his supporters held an officially sanctioned rally in Tbilisi, organized by the extreme right-wing group *The Union of Georgian Nationalists*. The gathering did not lead to any complications.

Mkhedrioni paramilitary organization, who now has an official status under the name of *The Georgian Rescuers' Corps*, sued *Sakartvelos Samreкло*, the most radical pro-Gamsakhurdia weekly, for libel concerning their activity in the West Georgia last year. The hearings were postponed several times due to absence of one of the sides.

The Month was notable for rise of political terrorism. On March 11 and 21 the house of the editor of the major pro-Gamsakhurdia weekly *Iberia-Spektri* Irakli Gotsiridze was fired at by unidentified assaulters. On the latter date homes of two deputies of the former Supreme Council, now active supporters of the ex-President, Avtandil Rtskhiladze and Mukhran Matchavariani, underwent the similar attack. The police investigation did not lead to any results, while the Minister of Internal Affairs T.Khachishvili supposed the attack could be possibly organized by the pro-Gamsakhurdia groups themselves. Mr. Gotsiridze accused the government in either encouraging the intimidation campaign against the opposition or lacking the ability to protect rights of its citizens.

On March 18 the explosion took place at the Headquarters of the Popular Front of Georgia in Tbilisi.

Tensions rose in Ajaria, where several repressive actions were undertaken against the Republican Party, which is the major opposition force there. The controversial Ajar leader Aslan Abashidze, who came to power thanks to active support of the President Gamsakhurdia, is praised for creating an 'oasis of stability' in Georgia but criticized for separatist trends and authoritarian style. Supreme Council of Ajaria did not meet since last May, the major opposition newspaper *Matchakhela* was prohibited, and Mr. Abashidze himself, though elected to the Georgian Parliament, still has not showed up in Tbilisi (saying to the *Ibervision* TV that 'he has no time to play'). On March 15 there was an explosion at the house of David Berdzenishvili, MP from the Republican Party, and two days later Tamaz Diasamidze, MP from the same party, was kidnapped for several hours by people later identified by his brother as Ajar policemen. On March 19 and 28 two rallies denouncing the Republicans ended up in raiding of their headquarters.

CRIME

The index of crime recorded by the Ministry of Internal Affairs showed about 46% increase as compared with February. The Ministry redistered 107 homicides (against 61 last month), 586 cases of larceny of private citizens and 480 -- of the state property (78.6 and 64% increase), 281 robberies of private citizens and 78 -- of private property (80 and 20.5% increase), 204 cars were stolen (14.6% increase), 138 people were arrested for illegal keeping, bearing and manufacturing of, or trading with arms (40.8% more), and 80 -- for manufacturing, keeping, purchasing and use of drugs (5% more). Increase respective to January is even much more impressive. However, as we commnted last month, this statistics could also mean invigoration of the police activity rather than actual increase in crime.

In any case, the organized crime seem to fight back, which showed itself in assasination of Mikheil Kurdadze, the Procurator-General of Tbilisi, who on March 10 was shot in front of his own home by presumably a professional killer.

The gas pipeline to Armenia was blasted again on March 3 and 17 March near the town of Marneuli, populated mostly by ethnic Azeris. On the same day, the Azerbaijan territory was fired at from the Georgian territory at *Tsiteli Khidi*, where the ethnic Armenian population resides. The Azeris did not fire back in order to avoid any complications in relation to Georgia. On March 27 Armenia proposed to Georgia to organize the joint patrol of the pipeline, which Georgia denied, for this could lead to clashes with the Azeri population in the Marneuli region.

PUBLIC OPINION

In the *Resonance* newspaper telephone poll conducted in Tbilisi, 33.3% assessed Mr. Shevardnadze's policy as 'completely acceptable' with 27.9% granting the same assessment only to his foreign policy and 0.7% only to his interior policy. 22.4% defined his policy as 'completely unsatisfactory', and 15.6% did not know. 23.2% of those polled by the same newspaper said human rights were protected in Georgia, with 58.6% who disagreed and 18.2% abstained. The majority of those unsatisfied showed especial concern to their low economic condition.

7 *Dghe* weekly conducted an opinion poll among 18-30 years olds in Tbilisi. 17.2% supported the government, 52.3% supported or did not support the government in different issues, and 30.3% did not support it completely. 51.6% of the respondents answered the war in Abkhazia could be avoided, among them 36.9% of those who supported the government and 73.3% of those who opposed it. 47.5% of the respondents put the blame for the conflict on the Abkhaz separatists, 45.5% -- on the Communist party of Georgia, 26% -- on Zviad Gamsakhurdia, 24.% -- on the State Council, 22.2% -- on the arbitrary conduct of the Georgian military leadership. The motives of those who go to fight in Abkhazia were described as: : love to Georgia -- 61.3%, improvement of one's economic conditions -- 57.2%, a desire to get arms 46.3%, while major motives for abstaining from fight seemed to be 'the knowledge that the result of the war is predetermined by the politicians' -- 43.3%, fear of dying from 'friendly fire' because of pure organization in the army -- 38.8%, unwillingness to participate in bloodshed -- 32.6%, an unjust character of the war -- 32.4%. fear -- 32.3%, being in opposition to the government --28.9%, lack of patriotism -- 12.5%. 45.7% blame the failures in the war on unsatisfactory training of the fighters, 44.2% -- on lack of competence of the military leadership, 42.8% -- on the position of Russia, 42.6% -- on the lack of discipline.

ECONOMY

In March, the crisis of the financial system, caused by a change in the policy of Russia which last December suspended all bank transactions with Georgia, and stopped providing Georgia with cash even earlier, reached its climax. Together with the heavy budget deficit and the existing cash largely flowing back to Russia for export needs this left most employees without their salaries for several months. After several attempts to negotiate with Russia, in the end of March the government adopted a final decision to introduce a provisional quasi-currency -- the Georgian Coupon, which would circulate alongside the rouble with the same nominal value. Bank transactions will still be carried out in roubles. The government repeatedly stressed that introduction of the coupon had been an 'emergency measure' due to inconsistent policy of Russia (in the beginning of January the Georgian and Russian vice-premiers did agree on Russia's technical credit to Georgia, but the agreement was not endorsed on higher levels of the Russian leadership) in an obvious attempt to soften the possible public dissatisfaction with results of the financial reform. Most predictions about the future of coupons were pessimistic.

The good side of the forthcoming change was seen in the fact that this 'emergency measure' would produce some experience of creating an independence financial system in Georgia facilitating introduction of the real currency. A hope had also arisen that a forced financial independence would accelerate real economic reforms, which otherwise would continue to be halted. Besides expectations of a financial reform in Russia itself, a major hope of the government to strengthen the basis of the Georgian coupon was by giving to it the priority in privatization process, which would

be impossible without actual privatization. The campaign in favor of more rapid privatization began in the pro-government media. Several auctions of the state property were conducted with minor items, like used trucks, sold out.

At the same time, the government returned to the method of privatizing land popular in the late communist times -- free distribution of small (0.15-0.25 hectares) plots of land among city-dwellers. Given the fact that the distribution campaign has begun in the spring, it is expected to lead to wasting this land for at least one, or more years.

A new law on Budget Rights (?) adopted by the Parliament in March was supposed to create a new basis for the Budget policies (the old law acted with almost no changes since 1959). The new law decentralized the budget policy giving to the city and *rayon* levels much financial independence from the state. Changes also concern new distribution of taxes between different levels of the Budget.

A mission of the World Bank continued its work in Georgia. A decision was made about allotting to Georgia of a technical aid of 3 million dollars for institutional reform and training of personnel.

Basic Indices of the Economy in the Beginning of the Year (this is the official statistics mostly referring to the state sector). The level of inflation during first two months totaled 100%. Level of solvency of the enterprises and organizations continued to diminish: in the beginning of February their overdue payments exceeded 5.7 times the same index last year.

The level of production is still extremely low, though there are signs of stabilization. 13% of enterprises were at complete standstill in January and February. The volume of production increased relative to the same period last year by 0.8%. There was some increase in production of electrical energy and engineering industry, while oil output and metallurgy were in decline.

Rise of prices did not solve the problem of deficit. Bank deposits during January and February increased by 10%. The consumers are more and more dependent on the private sector: the physical volume of goods purchased during the first two months of the year in the state shops only were 27% of the same period last year, while purchases of the agricultural products on the farmer's market increased by 31%.

The normative level of minimum wages, necessary for ensuring the minimum consumer's budget (poverty line) exceeded by the end of March 11600 roubles which is 5 times more than level of minimum wages formally adopted by the government.