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© The Caucasian Institute for Peace, Democracy and Development
P. O. Box 4 (158), Tbilisi, 380008, Republic of Georgia
Tel.: (7-8832) 954723
Fax: (7-8832) 954497
E-mail: cipdd@cipdd.ge

GOVERNMENT

An agreement signed on May 14 in Moscow marked new concessions to Russia and the separatist forces in Abkhazia. This caused a new round of tensions in the Parliament which, however, came short of causing a major power crisis. For the first time in its brief history the Georgian coupon did not undergo any inflation, but the fact went quite unnoticed since it had for the most part been supplanted from circulation.

Debates on the problem of Abkhazia parallel to the tripartite negotiations in Moscow (see section on Abkhazia below) began on the initiative of Head of State Shevardnadze on May 12. Mr. Shevardnadze informed the MPs that the Abkhaz side gave the ultimatum that in the event the cease-fire and separation of forces did not occur they would attack Zugdidi. A closed emergency session of the Parliament was scheduled for the next day to discuss the problem. Most deputies of all factions interpreted Mr. Shevardnadze's statement in a way that the support of the Parliament was needed to withstand Russia's pressure to sign the agreement. After debates of May 13 (which were not attended by the Head of State) the Parliament displayed an unusual solidarity in adopting a "protocol decision" which prohibited the Georgian delegation in Moscow from signing any agreements without the prior approval of the Parliament.

By the end of the session, however, Mr. Shevardnadze appeared, stating that the failure of negotiations meant the renewal of hostilities and shelling of Zugdidi, thus there was no viable alternative to signing the agreement. He said the decision of the Parliament implied a non-confidence vote in himself since it infringed upon his powers as defined by the Law on Power. Since some members of the majority faction continued to reject the draft agreement, Mr. Shevardnadze suggested to them to support an idea of resignation of the Head of State, and proposed to consider that option "next week". Although some members of the opposition interpreted this as a resignation statement, the Head of State really meant to exert pressure on his own supporters.

He succeeded in this. On the session of May 14 the pro-Shevardnadze deputies rendered the decision of the previous day as lacking binding power -- since the Parliament regulations said nothing about "protocol decisions", and its substance implied an amendment to the constitutional Law on Power thus demanding the two-thirds majority. The opposition insisted the decision had been valid and the draft Agreement had to put to vote. Having found itself at an impasse, the session broke off, while the Head of State gave the instruction to the head of the Georgian delegation in Moscow Jaba Ioseliani to sign an Agreement.

The controversial debates led to an at least temporary split within the pro-Shevardnadze coalition. On the May 19 session of the Parliament 67 deputies voted for and 63 against the

inclusion of the issue of competence of the Georgian delegation which conducted the negotiations in Moscow in the agenda. The Republicans, who had initiated this vote, qualified this as the "break-up of the majority". MP from the Union of Citizens of Georgia Gia Baramidze (the UCG had displayed full support to Mr. Shevardnadze's activities during its meeting of May 15) stressed that his party had only 63 representatives in the Parliament, thus refusing to identify himself with the whole pro-Shevardnadze majority (which includes about twice as many).

The opposition, in its turn, tried but still failed to consolidate around an alternative agenda. On May 6 Charter-91, the Union of Georgian Traditionalists, Merab Kostava Society and the Monarchist Party declared creation of the new "Center" faction; three days later, however, Charter-91 stated they were not members of the faction but would cooperate with it. The meeting of the opposition parties on May 15 was not attended by the Republican Party and Union of Georgian Traditionalists. Participants of the meeting decided to create a "coordinating body of the national-independence movement", but failed to move beyond the stage of consultations. The Republicans and Merab Kostava Society declared they were abandoning the Parliament until the crucial issue of the state power was not included in the agenda.

The major problem seemed to be how far the opposition should go in opposing Mr. Shevardnadze. Although 30 MPs had signed the demand to abolish the office of the Head of State by May 31 (this would only leave Mr. Shevardnadze with his powers of the Chairman of the Parliament), the common feeling that Russia was trying to replace Mr. Shevardnadze with an even more obedient figure prevented them from pushing this issue forward too strongly. Irakli Tsereteli, one of the most radical oppositionists said in the Parliament on May 10 that Shevardnadze should stay since Russia wanted to get rid of him. The pro-Shevardnadze majority used these motives as well when it accused the opposition of promoting the agenda of the "Russian reactionaries". This did not stop the leader of the Organization for Liberating Abkhazia Boris Kakubava from suing Mr. Shevardnadze for high treason.

The National-Democratic Party continued its policy of mildly opposing Mr. Shevardnadze. They were not especially active in criticizing the May 14 agreement (although they did not approve it either), and called for the new Parliamentary elections ahead of schedule. It was their initiative to sign the Declaration of National Accord and Unity on May 25, the eve of Independence Day. Although some 40 political and public organizations signed a Declaration together with the Head of State and Catholicos-Patriarch of the Georgian Orthodox Church, no other influential political parties joined it apart from the Union of Citizens of Georgia.

Tengiz Sigua and Tengiz Kitovani, leaders of the anti-Gamsakhurdia coup in December-January 1991-92, became a kind of the "third force" in the Georgian political landscape. In their press-conference in Moscow on May 4 they accused Mr. Shevardnadze of trying to "sit on two chairs", or being pro-Russian and pro-Western at the same time. Namely, they criticized his expression of support to NATO air-strikes in Gorazde, and said his concessions to Russia came too late so Abkhazia was already lost. The Press-Center of the Head of State retaliated with a statement blaming Sigua and Kitovani of "distortions" of the policy of the Georgian government. Later Sigua accused the Head of State of using his apparatus to recruit new members for his Union of Citizens of Georgia; Mr. Shevardnadze denied these charges.

The small Social-Democratic Party also criticized Mr. Shevardnadze from similar positions, although their coordination with Sigua and Kitovani was not likely. On May 17

they issued a statement saying that the "pro-American policy" of Mr. Shevardnadze had been the major reason of the Georgian problems; he should resign and transfer the power to Committee of National Salvation created by himself.

Despite this criticism Mr. Shevardnadze, seemed fairly calm and optimistic, saying that stabilization had begun in the country, that he was hopeful about the settlement in Abkhazia, criminal situation was improving, agricultural works went on better this spring, etc.

With the issue of Abkhazia and relations with Russia dominating the political agenda, there were some attempts to push forward economic issues as well. In his appeal to the Parliament published on May 11 the Head of State said the Cabinet had prepared and would soon submit to the Parliament a package of laws on judiciary reform, state service, parties, land, enterprises, etc. A list of 8 drafts which had already been submitted to the Parliament and 33 more to follow soon was enclosed.

On May 3, Vice-Premier Basilia presented to the Parliament a preliminary project of stabilization of the Georgian coupon. It proposed full liberalization of prices, restriction of covering the budget deficit with credits of the National Bank, determining the threshold of deficit, etc. The Parliament did not adopt any decision. On May 24 the Cabinet rejected the final draft of "Principal Directions of Reorganizing the Financial System", demanding that amendments be made within a week's time. The trends of financial austerity seemed unacceptable for many ministers. Still, Basilia's powers were extended after the Cabinet appointed him to chair the newly created Ad Hoc Commission of Economic Problems, which was supposed to coordinate economic reform. However, despite more pronounced support of the reforms, other measures of the Cabinet still deserved criticism for old-style methods. President of the National Bank Javakhishvili demanded from it to finally define its position in relation to the ruble zone, since uncertainty on this issue aggravated the financial situation in the country. Mr. Javakhishvili himself is against joining the ruble zone. (See more in the Economy section).

During the month, the Parliament enacted laws "On Protection of Soil", "On Railway Transport" (prohibiting privatization of the basic funds of railway, and use of strikes to resolve disputes), "On Statistics", "On Leasing"; laws "On Protection of Plants from Pestilential Organisms" and "On Energetic" passed in the first reading. Parliament rejected draft regulations proposed by Chairman of the Judiciary Commission Natelashvili which gave to the Speaker a right to remove a deputy from the hall and even start court proceedings against him or her, creation of the Parliamentary police, etc.

On May 5, the Parliament confirmed Nodar Javakhishvili as President of the National Bank (he had been in office since last August). Tengiz Geleishvili failed confirmation as Chairman of Committee of Foreign Economic Relations for the second time. In a decree published on May 31 the Head of State appointed for the office Ioseb Bachiashvili. On May 10 two new chairmen of Parliamentary Commissions were elected: M. Tsiklauri in the Economy and T. Kopaleishvili in the Finance and Budget Commissions. On May 10 a new Commission on Veterans was created, but chairman was not elected. On May 31, the National Democratic Party demanded the creation of an ad hoc Commission on Fight against Corruption and Organized Crime, with an apparent aim to have their spokeswoman Irina Sarishvili as its chair. The Parliament approved of the idea and created a group to prepare its statute. Tengiz Buachidze, MP from one of Tbilisi districts, died. The mandate of Otar Litanishvili, former Mayor of Tbilisi and MP elected from the Peace block, was interrupted upon his request.

FOREIGN RELATIONS

Official media and statements of the Head of State presented rapprochement with Russia and integration into the structures of the Commonwealth of Independent States as the major hope of solving the Abkhazian problem and restoring order in the country. On May 26, the Independence Day, Mr. Shevardnadze said in his Open Letter that, although the era of dividing the world was over, superpowers still existed and "where the sun shined the shadow was also cast". At the end of the month he issued a decree following which Georgia joined the Bishkek agreement of December 9, 1992 "On Mutual Recognition of Rights and Regulation of Property Relations" within the CIS. K. Gharibashvili was elected Chairman of the Judicial Commission of the Interparliamentary Assembly of the CIS.

However, the Georgian-Russian relations were not completely smooth. The seventh round of the bilateral negotiations between delegations headed by Russian Ambassador-at-Large F. Kovalev and Georgian Deputy Foreign Minister M. Ukleba which took place in Tbilisi on May 24-28 did not bring any results. The Russian side demanded to deploy 7 military bases in Georgia for 50 years, but refused to pay the rent. Neither of these terms were acceptable to Georgia. Russia refused to pay pensions to veterans of World War 2 residing in Georgia. Representatives of the Georgian Ministry of Agriculture who visited Moscow in the beginning of the month failed to find understanding with their Russian counterparts as well: the latter denied their rights to 7 wineries on the territory of Russia which Georgia regards as its property.

On May 16-17 the Committee of Legal and Political Issues of the Interparliamentary Assembly of Black Sea Economic Cooperation (BSEC) held its third meeting in Tbilisi. During the opening session Mr. Shevardnadze said that in order to promote economic cooperation legal norms of the countries of the region should be brought into accord. The meeting elaborated recommendations to respective governments, namely ones concerning the customs. The sides decided to create a foundation and a bank of the Assembly. Israel, Egypt and Poland, whose representatives attended the meeting with the observers' status, showed interest in cooperation.

The Georgian side lent special importance to bilateral relations with Turkey. Speaker of the Georgian Parliament, V. Goguadze, stressed during the opening session an "exceptional" role of Turkey within the organization. After the meetings between Mr. Shevardnadze and Chairman of the Turkish Parliament Jindoruk the project of Caucasian Transport Corridor, as well as participation of Turkey in the reconstruction of harbors of Batumi and Poti were discussed. The Turkish guest said to journalists that Turkey regarded Georgia as the "gate to Central Asia".

The idea of a transport corridor was also discussed during the meetings of the Cyprus and Kuwaiti delegations with Prime Minister Patsatsia on May 23. It was decided to set up a joint group on elaborating the prospects of Georgian-Kuwaiti relations, and to open a representation of Kuwait in Georgia.

Contacts with Kazakhstan may be also viewed in the same context. During the visit of Kazakhstani delegation to Tbilisi on May 18 and the reciprocal trip of the Georgian prime minister to Almaty one week later possibilities of transit of Kazakh freight through Georgia were discussed. Many observers regarded these activities as annoying to Russia, which tries to encourage transit of goods from Central Asia and Azerbaijan though its own territory.

The long-awaited visit of the Azerbaijani President Aliiev, during which 5 bilateral documents were to be signed, was postponed due to an emergency session of the Azeri Parliament.

American Ambassador-at-Large in relations to the CIS, James Collins, visited Georgia on May 13. Mr. Collins noted that the United States had its interests in Georgia and presented the American vision of the situation in the region to the Georgian government.

During the month Georgia was also visited by the leader of the German Social-Democratic Party, Hans Vogel, and Vice-Chancellor of Estonia Raul Mialki. On May 10 Speaker of Parliament Gogvadze attended the inauguration of Nelson Mandela in South Africa. On May 23 in Vienna Foreign Minister Chikvaidze signed an agreement on cooperation between Georgia and Austria. Minister of Defense Nadibaidze went to Brussels on May 25 to meet his colleagues in the countries of NATO. A Georgian trade representation was created in Switzerland.

SITUATION IN ABKHAZIA

The report of the Secretary General of the UN Boutros Boutros-Ghali was sent to the members of the Security Council on May 2 and the trilateral (Georgian-Abkhaz-Russian) Agreement signed on May 14 in Moscow gave new legitimacy to more active involvement of Russia in the settlement of the conflict in Abkhazia. While earlier, the UN definitely opposed the use of Russian peace-keeping forces in Abkhazia, in the above report (which met quite a negative response in Georgia) the Secretary General considered the deployment of the Russian peace-keepers in the conflict zone in order to ensure the return of the refugees to be a possibly acceptable option, at least while there existed no conditions for sending the UN forces there. Namely, the Secretary General proposed three possible solutions: (1) to adopt a decision on the creation of the peace-keeping forces but to postpone their actual deployment until it became acceptable for the both sides; (2) to allow deployment of the forces of Russia and its partners from the CIS which will not operate under the aegis of the UN but might possibly become part of the UN forces later; (3) to postpone the decision until the time when the sides reached an agreement on the deployment and mandate of the peace-keeping forces.

On May 10 the Commission on defining the status of Abkhazia began its work in Moscow. Although no progress was reached on the status issue, discussion on the terms of deployment of the Russian troops in Abkhazia proved to be more fruitful. The separatist government confirmed its stand to oppose the deployment of the Russian peace-keepers on its territory, but consented to use the Russian troops to divide the Georgian and Abkhaz forces across the Enguri river. The separatist side considered the Russian troops to be the force preventing further hostilities, while the Georgian side rendered their primary function to ensure the security of returning refugees. After a period of hesitation due to the mixed signals from Tbilisi (s. the Government section above) head of the Georgian delegation J. Ioseliani signed the agreement on May 14.

The new agreement provided for the creation of the 12-kilometer-wide security zone on the both sides of Enguri river from which the sides would withdraw their armed forces and heavy equipment (the town of Zugdidi and its surroundings, where the substantial part of the refugees currently found shelter, was included). An adjacent zone of the same width would be declared one of the "limited armament", that is devoid of heavy equipment (canons, tanks and armored vehicles). That meant, that the Georgian side had to withdraw its heavy equipment as far as Kutaisi, while the separatist side -- as far as Sukhumi. Peace-keeping forces of the CIS, as well as the UN observers, would be deployed in the security zone. Georgian armed forces had also to be withdrawn from the Kodori Gorge (an only remaining part of Abkhazia currently under the Georgian control) and let the Russian peace-keepers move in. All volunteer groups coming from outside Abkhazia had to be disbanded and sent out. In the event of assault or threat to their security the peace-keeping forces can take

necessary measures to defend themselves. The exact plan of deployment of the peace-keeping forces had to be worked out within five days after signing the agreement, while withdrawal of the armed forces and heavy equipment from the security zone had to be completed in ten days time after that, by May 29.

In a protocol signed together with the agreement, the sides appealed to the Council of Leaders of the CIS to deploy the peace-keeping forces in the conflict zone, and asked the UN to extend the mandate of the observers. The peace-keepers should observe local laws and not hamper activities of the civil administration.

However, neither term of the agreement was implemented during the month: the armed forces did not withdraw, the peace-keepers were not deployed, and the refugees did not return.

On May 25 the Russian delegation headed by Deputy Defense Minister Kondratiev, which also included Deputy Foreign Minister in charge of the Abkhaz affairs Pastukhov visited headquarters of the UN in New York with the apparent goal of obtaining some UN sanction for the Russian peace-keeping operation in Abkhazia. However, despite the consent of the both sides, the UN still refused to give this sanction, since it would set an undesirable precedent, and the consent of the Georgian side was largely regarded as a forced one.

Several armed skirmishes took place during the month. On May 11, Abkhaz forces shelled the village of Kurcha in the Zugdidi district, while on May 24 a tank shot several shells at the Georgian positions across the Enguri river. On the same day the separatist forces assaulted by air the Georgian village of Azhara in the Kodori Gorge.

As it was stated by Chairman of the Committee of Extraordinary Situations Givi Lominadze, 170,000 or two thirds of all refugees were residing in western Georgia. The authorities could barely distribute daily ratio (60g) of bread. The process of exchange of POWs went on with considerable difficulties. The fate of around 800 people missing in Abkhazia remained uncertain.

On May 7-9 a congress of refugees took place in Tbilisi upon the initiative of Boris Kakubava. 419 delegates, representatives of the Parliament and political parties attended the meeting.

SOCIETY. HUMAN RIGHTS

An extraordinary meeting of the paramilitary organization Mkhedrioni -- Georgian rescue corps took place on May 7. The Mkhedrioni's leader Jaba Ioseliani said in the meeting that the organization would keep its automatic rifles in a special premises, while other armaments would be passed to the Ministry of Defense. 300 members whose names would be handled to the Ministry of Internal Affairs, would retain right to keep small caliber guns. A similar decision had been made two months earlier but never implemented; the failure to do so was ascribed to a series of terrorist acts against Mkhedrioni. Special attention was paid to the problems of employment of Mkhedrioni members.

Sakartvelos Respublika and Literaturuli Sakartvelo newspapers published an appeal of the joint session of the Academy of Sciences and Artistic Unions to the Head of State. The authors demanded concentration of power with the Head of State and enforcement of discipline. An "ideological system based on national interests" should be created to stop "the destructive processes going on in the society".

On May 7 an independent newspaper Iveria-Express resumed publication which had been suspended due to financial difficulties; it became possible with help of the Soros

Foundation. On May 15, a new TV company "Tamarioni" began broadcasting. It intends to focus on entertainment and educational programs and mostly avoid politics. TV viewers in Tbilisi have now choice between 4 Georgian and 2 Russian channels, aside from cable networks. However, Ibervision and Tamarioni programs couldnot be received outside Tbilisi, and in certain regions there were problems with receiving other channels as well, due to power shortages or failures of transmission systems.

On May 25, Akhali Taoba newspaper published a protest statement of journalist Vakhtang Bakhtadze saying that two weeks earlier a TV program on Abkhazia, in which Vice-Speaker Vakhtang Rcheulishvili and two opposition leaders participated apart from Bakhtadze himself, was prohibited by Deputy Chairman of Television and Radio Corporation Kokiashvili for political reasons.

In May 6, a Round Table organization (the supporters of the late President Gamsakhurdia, or "Zviadists) published a statement demanding time on radio and television to broadcast their views. On May 15 the Zviadists held a rally commemorating the 101th birthday of the late President's father, the famous author Konstantine Gamsakhurdia. The Georgian Association of Defense of Human Rights issued a protest against an allegedly illegal detainment of Zaur Kobalia, former Member of the Supreme Council and one of the leaders of the pro-Gamsakhurdia administration in Zugdidi. On May 19 another former member of the Supreme Council and pro-Gamsakhurdia activist Avtandil Rtskhiladze was arrested.

However, not everyone actually believed that Gamsakhurdia was really dead. Sarangi newspaper began its own investigation of the mystery of the President's death. Valiko Zarandia, in whose backyard Mr. Gamsakhurdia had been interred before his reburial in Grozni, Chechenia, said to the newspaper that he would reveal the full truth only before his death.

On May 26, Independence Day, a sanctioned rally of the opposition parties attended by about 1,000 people took place in Tbilisi apart from official festivities. The speakers, the opposition MPs among them, blamed Mr. Shevardnadze for the poor condition of the country and losing Abkhazia. The police did not intervene. As to the rally of the Zviadists, who gathered at Gamsakhurdia's house on the same day and tried to move to the central streets of Tbilisi, their procession was stopped by the police.

During his Press-Conference of May 12 Minister of Healthcare Avtandil Jorbenadze said an equivalent of 25 cents was spent for health care purposes annually on every citizen of Georgia. He admitted that the Ministry had yet failed to establish order in distributing western humanitarian aid. As it was reported by Sakartvelos Respublika newspaper on May 6, check-up in the Railway Hospital in Tbilisi showed that the humanitarian aid did not reach the patients but was divided between the personnel.

The organization "For Life" continued to collected 150,00 signatures out of 350,000 required to call a referendum demanding rationing of all basic food.

On May 6-9 the Archbishop of Constantinople and New Rome World Patriarch Bartholomeos I visited Georgia. He held meetings with Cathalicos Patriarch of the Georgian Orthodox Church Ilia II, the Head of State, conducted services in Cathedral Churches of Zion and Gelatin.

The radio company Sakartvelos Khma reported on May 5 that 20 citizens of Russia, Ukraine, Cuba and Switzerland had applied to the Ministry of Justice to adopt the Georgian

citizenship. Under the current law, they have to pass exams in Georgian language and history.

Despite the refusal of the Parliament to proclaim May 9 -- the day of victory in the World War 2 -- a national holiday, a small ceremony was held in the Victory Park of Tbilisi, attended by the Head of State and government members.

American billionaire George Soros famous for his charity activities in former Communist countries visited Georgia in the end of month, holding meetings with the Head of State and representatives of civic organizations. The Georgian Soros Foundation was established.

ACCIDENTS. CRIME

On May 15, an explosion took place during a play performed in the Armenian theater in Tbilisi. Up to 20 people were wounded. The authorities refrained from any comments. The investigation was said to be supervised by the Head of State. Later on Iberia agency reported that Manana Gigineishvili, MP from pro-Shevardnadze Union of Citizens of Georgia, linked former Minister of Defense Kitovani, former Prime Minister Sigua and Leader of the Organization for Liberation of Abkhazia Kakubava to the terrorist act; Ms. Gigineishvili denied this information.

The official crime rate continued to drop: in May 1138 offenses were registered against 1243 in April. During Press-Conference held on May 4, the newly appointed Chief of Tbilisi Police Demur Mikadze promised to establish order in the capital within six months. He said 76 so called "framed thieves" (leaders of the criminal world) were operating in the city.

On May 14, the Ministry of Internal Affairs tried to conduct another huge round-up against criminal gangs, this time in the town of Tskaltubo near Kutaisi. However, it turned out to be a complete failure, since all major criminals were given an advance notice and had time to hide.

Ibervision TV company reported that several assaults were made on its president Gia Gogiberidze. His house and car were shot at by automatic weapons. The TV company and its president had been a target of frequent attacks in the previous months as well. Some sources link this to their criticism of the former Minister of Defense Gia Karkarashvili.

On May 22, journalist of Channel 2 of Georgian television Giorgi Khaindrava was killed under uncertain circumstances in his car near Tbilisi.

Iberia agency reported that the police force conducted investigations to expose its own employees who covered certain crimes for mercenary motives. Several policemen were arrested, although their names were not disclosed to the press. The Droni newspaper referred to its own sources saying that several high-ranking employees of the police were arrested on charges of participation in terrorist activities.

Referring to competent sources, Iprinda agency reported that an incident took place between detachments of the Georgian army deployed in the town of Khoni, and local residents. The military allegedly took several people hostage and put their equipment in fighting trim. The Ministry of Defense denied this information.

PUBLIC OPINION

The poll conducted on June 4-6 by Informservice for the Resonance newspaper in Tbilisi showed that E. Shevardnadze continued to be the most popular political leader with his approval ratings having reached 70.9% (up from 54.3% in the previous month). Ratings

of I. Sarishvili of the mildly oppositional National Democratic Party were almost as high (67.5%). Jaba Ioseliani became the third in the list -- 47.1%, closely followed by Mayor of Kutaisi T. Shashiashvili (45.6%) and Ajaran leader A. Abashidze (44.2%). Secretary General of the Union of Citizens of Georgia Z. Zhvania had 43.2%. I. Khaindrava of the Republican Party had the highest ratings among members of the more outspoken opposition (44.2%). N. Natadze improved his stand after the scandal of the previous month with an approval rate of 40.3%. Other leading oppositionists A. Asatiani, T. Paataashvili and T. Chkheidze were at the bottom of the list with respectively 24.3, 22.8% and 21.8% of approval rate.

In the survey conducted in Tbilisi by Informservice for the Akhali Taoba newspaper, the National-Democratic Party proved to be the only one whose approval ratings exceeded those of disapproval: 44.6% against 31.4%. They were followed by the Republicans (+35.4, -38.1%) and the Popular Front (+31.5, -31.6%). Shevardnadze's high personal ratings sharply contrasted with poor performance of his party, the Union of Citizens of Georgia, which found itself in the middle of the list (+23.4, -58.6%). The Zviadist Round Table (+10.3, -77.7%), pro-Russian Social Democrats (+7.8, -78.3%) and radical National Independence Party (+6.2, -75.5%) were the least popular.

Only 30.6% of those polled by Informservice for Svobodnaya Gruzija newspaper on May 21-22 gave positive assessment to the tripartite Agreement signed on May 14 in Moscow; 54.4% evaluated it in a negative way, with 15% without opinion.

Sociological Service of 7 Dghe newspaper surveyed the attitude of the population of Tbilisi to the Georgian army. 82.3% of those polled said Georgia had no regular army, but 63.1% were confident the country would have a capable army in the nearest future. 46% said joining the CIS would have negative impact on building the Georgian army, with 24.4% thinking it would help and 29.6% without opinion.

In a poll conducted by the Svobodnaya Gruzija newspaper on May 12-13 41.4% said that last events in the Parliament meant the legislative body was in crisis, with 31.4% not agreeing to that, and 27.4% undecided.

A poll published by the Resonance newspaper on the Independence Day manifested the skeptical attitude of the population to the cause of festivities. 77.6% of those polled in Tbilisi did not render Georgia an independent state, with 12.2% thinking it is independent and 10.2% without opinion.

THE ECONOMY

For the first time since it was introduced in April last year the exchange rate of the Georgian coupon not only did not drop, but even rose: on May 26 one US dollar cost 805,000 coupons against 1,000,000 by the end of April. The reason for this was a stricter monetary policy of the National Bank which tried to comply with the recommendations of the IMF. Vice-Premier of the National Bank Marlen Giorgadze said that during the last four months it did not give any favorable credits besides 14 trillion coupons the Parliament decided to allot to the Cabinet to cover the budget deficit. However, the coupon was still mostly supplanted from circulation by Russian ruble and US dollar.

The price of a food basket slightly increased reaching \$18.01 (in coupons it dropped from 17,109,000 to 15,308,000). With minimal salary being 50,000 coupons, while average one estimated at about 540,000, a food basket cost 300-350 minimal and 30-35 average salaries. A kilogram of commercial bread cost \$0.16 (with a state subsidized price at \$0.0008), butter -- \$1.0, beef -- \$1.81, cheese -- \$2.07, potatoes -- \$0.21, 1 liter of sunflower oil -- \$1, 10 eggs - \$0.57. The price of public transportation, having increased 10 times, was

still symbolic -- 1,000 coupons. Apart from the underground, however, state-subsidized transport barely operated. Commercial transport (buses, micro-buses, taxis) visibly improved, with a bus-ride costing \$0.1-0.5. Price of petrol oscillated between 650-750 rubles (\$0.33-0.39).

In a survey conducted in the beginning of May among 1,500 respondents by the State Committee of the Social-Economic Information 27% of those polled said their monthly income was 100,000 (\$0.10) or less, 28% -- 100-300 thousand (\$0.10-0.30), 17% -- 300-500 thousand, 11% -- up to one million, 3% -- 1-15 millions, and 5% -- more than 15 million. 69% defined their economic condition as bad, 24% -- as average, and 7% -- as good.

Banking business continued to be the most advertised one in Georgia: 57 commercials out of sample of 257 broadcasted and published by the Georgian media referred to it. Banks and trust companies proposed monthly interest of 15-25% for dollar deposits. 53 commercials invited customers to take part in tourist trips. The most popular destinations (in the declining order) were Germany, Bulgaria, Turkey, Italy, the Netherlands, India, Arab Emirates, France, Greece, Poland. The geography included 30 countries (none of them former Soviet Union). Other most advertised activities had been food delivery (34 commercials), study abroad, services, air flights, and different imported goods (beer and vodka being the most popular among the latter).

The Ministry of Industry reported that in the first three months of the year the output declined dramatically relative to the same period last year. In metallurgy, the output comprised 13% of the last year level, mining industry -- 23.4%, chemical industry -- 19.9%, mechanical engineering -- 50%, electronic engineering -- 13%, clothing -- 48.3%, shoes -- 58%. In real prices, total industrial output dropped by 71.7%, while number of those employed declined by 23.8% (or 468 thousand people). There was rise of output in 9 kinds of products. Severe shortage of energy, especially of power is the most obvious explanation.

In the end of the month the Head of State signed a decree "On Some Measures to Regulate and Accelerate the Process of Privatization". The major change consisted of granting special privileges to working collectives, who if they wish are guaranteed to have 51% of shares. Up to 900 enterprises should be taken over by shareholder's companies. 201 among them currently belong to the Ministry of Industry, 253 -- the Ministry of Agriculture and Food Industry, 171 -- the Ministry of Architecture and Construction, 46 -- the Ministry of Trade, 133 -- the Ministry of Transportation.

Vice-Premier Basilia said 20% of the flour imported by the state would be sold to commercial structures, while baked bread will be sold for commercial prices. Rationing will be retained only for those retired and disabled. This is supposed to bring 9-10 trillion coupons to the state budget.

Former Vice-Premier Roman Gotsiridze said to the Congress of the Popular Front that currently only 6% of the Gross National Income reached state budget, against 70% in the previous years. Iberia agency reported budget deficit of Georgia in the second quarter of 1994 comprised 14 trillion coupons (14 million dollars).

The Cabinet of Ministers approved the structure of the Customs Department and points of dislocation of customs facilities. They have to be opened in Tbilisi, Poti, Kutaisi, Gagra, Batumi, Sukhumi and Kvemo Kartli region.

A delegation of the European Bank of Reconstruction and Development discussed during its visit to Georgia how its financial aid could be used. 40 million dollars were allotted

for reconstruction and building of power stations. Other priorities included international telecommunications and financial stabilization.

Turkey decided to finance construction of a thermal power station of 60 megaton capacity near Batumi. Cost of the project is \$30 million. The debt will be paid through exploiting of the Batumi oil-refinery.

During his visit to Batumi Director of the Independent International Bureau of Humanitarian Assistance and Advisor to the Secretary General of the UN Zia Rezavi said Ajara was the most favorable region for plans of economic revival. Projects of the reconstruction of Batumi harbor, building a sugar processing plant and power stations were under consideration.

A contract was signed between Saknavtobi (Georgian Petroleum) corporation and the American company of Macoil. The American side will supply Georgia with oil-extracting equipment. The Americans hope there should be oil deposits in Georgia, situated in deep layers, but of a high quality.

The bulletin is chiefly based on the Georgian media reports and the information provided by Iberia, Iprinda and Contact agencies. We have also made use of some other sources at our disposal. We extend special thanks to the State Committee of Social-Economic Information of Georgia and the Press-Center of the Ministry of Internal Affairs of Georgia for granting us essential materials. We thank the Soros Foundation for granting the equipment necessary for issuing this bulletin.

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