

# **THE GEORGIAN CHRONICLE**

## **MONTHLY BULLETIN**

### **Major events and trends in politics, economy and social life**

**April, 1993**

© The Caucasian Institute for Peace, Democracy and Development  
P.O.Box 4 (158), Tbilisi, 380008, Republic of Georgia  
Tel.: (8832) 314983, (8832) 347263, (8832) 375238  
Fax: (8832) 950855  
E-mail: cipdd@iphil.kheta.georgia.su

## **THE GOVERNMENT**

The political situation in April was notable for the growing uncertainty with regards to the internal affairs, due to unpredictable maneuvers of the ex-President's supporters in West Georgia and their stirring up in Tbilisi, evident aggravation of earlier hidden tensions between Mr. Shevardnadze and Defense Minister Kitovani causing fears of a new military coup, a growing dissatisfaction of the Parliament with the executive power leading to calls for the resignation of the Cabinet of Ministers and dissolution of the National Security and Defense Council. The Head of State maintained his policy of balancing and wait-and-see, mindful of leaving outlets for modification of his positions.

As it was widely admitted by various political groups as well as by the Head of State, the proper set-up of power structures in Georgia was yet to be found and some steps undertaken earlier in that direction had to be reconsidered. The National Security and Defense Council continued to be a target of the sharpest criticism. It had actually been created as a successor to the unconstitutional bodies (the Military Council and the State Council) formed after President Gamsakhurdia was ousted by force in January 1992. With major figures of the coup, Mr. Kitovani, Mr. Ioseliani and Mr. Sigua, being in the leadership of the Council as its Deputy Chairmen, its main function was supposed to be the maintenance of a shaky balance between the military and civil authorities, and in particular the restriction of unchecked actions of the Minister of Defense Kitovani. It was feared that this body, whose activity still lacked any constitutional basis, would become a sort of a new `Politburo`, actually replacing the Parliament and the government. It came as a surprise that at the April 22 session of the Parliament, when I. Khaindrava of the Republican Party demanded the NSDC to be disbanded, Mr. Ioseliani was among the MPs who backed him, while Mr. Shevardnadze described the NSDC to be a 'provisional body', which could eventually be dissolved. On April 27 he said that the creation of the NSDC had pursued the aim of avoiding autocracy and admitted that certain mistakes might have been made during its formation. The change in Mr. Shevardnadze's attitude might be explained by the fact that in April the Minister of Defense displayed a much stronger tendency

towards independent if not hostile actions and the NSDC was no longer effective in dealing with this problem. In general, the activity of the NSDC was almost reduced to null, with no new resolutions adopted by it appeared during the month.

I. Khaindrava's above-mentioned statement also contained a demand for the resignation of the Cabinet of Ministers, reduction of the number of ministers to 15, and the subordination of the new Cabinet directly to the Head of State. This demand was in line with the calls of the same party to build a more rational political system, with a clearly defined political force responsible for the political developments. Debates around this statement led to the criticism of the Cabinet on the part of almost all political forces. However, the Head of State did not support the proposition, citing the necessity of national unity and lack of appropriate alternatives to the post of the Prime Minister.

The formation of a new system of local administration through appointing mayors and *gamgebeli* by the Head of State was also suspended. Mr. Shevardnadze admitted that practice to be leading to more tensions rather than to bringing the regions under control.

The Minister of Defense Kitovani proved to be seeking more and more independence of actions both in foreign and internal affairs. On April 2 the Ministry of Defense stated that despite the Russian Defense Ministry 's aggressive behavior in Abkhazia, the ongoing confrontation could not be defined as a Georgian-Russian conflict (as Mr. Shevardnadze had done) other than with the purpose of deceiving the people. His active contacts with the leader of the pro-Gamsakhurdia armed groups in West Georgia --Loti Kobalia, who continued to denounce Mr. Shevardnadze's rule and pledge allegiance to Mr. Gamsakhurdia, under the pretence of reaching a sort of national reconciliation, in the second half of April raised certain fears that in reality it was an anti-Shevardnadze plotting that united the two men and Mr. Kitovani was preparing a new coup. His independent contacts with a KGB general G. Pipia (an ethnic Georgian), who had arrived from St. Petersburg, as well as the crucial role a former high-ranking official of the Georgian KGB A. Maisuradze who was now Head of his Military Intelligence gave additional grounds to suspicions that certain forces in Russia were involved in anti-Shevardnadze conspiracy.

During his press-conference on April 26 Mr. Kitovani openly attacked Mr. Shevardnadze, saying that he had invited the latter from Moscow himself to conduct the foreign policy and take the country out of the impasse. 'I do not want to belittle his role as a Supreme Commander', he said, 'but everyone should mind his own business'. He defined Mr. Shevardnadze as 'an old communist'. He virtually declared disobedience to the Parliament, saying that an issue of dismissing the Minister of Defense was to be decided by the army and the people, and not by the Parliament. Mr. Shevardnadze later responded by saying that 'everything will be made soon -- who is the Minister and who is the Supreme Commander'. He stressed it was inadmissible to ignore the Parliament.

The Parliament kept traditionally preoccupied with adopting resolutions concerning the Georgian-Russian relations and the conflict in Abkhazia. On April 1 it passed a resolution on the evacuation of the population from the conflict zone in Abkhazia. However, some politicians (namely, the leader of *Charter-91* T. Paatashvili) defined it as a 'political error' since it would

practically mean an exchange of ethnic groups, thus perpetuating the division of Abkhazia. The same day the Parliament appealed to the UN and the CSCE drawing their attention to ethnic cleansing undertaken by the Gudauta grouping, holding Russia responsible for these actions. *Charter-91* proposed a draft resolution according to which Abkhazia was to be declared an 'occupation zone' if Russia did not withdraw its troops by a set deadline. On April 27 the Head of State supported that idea, though without setting any definite deadline and the resolution was adopted.

At the same time, the Parliament seemed more interested in establishing direct contacts with the Abkhaz side. a parliamentary Commission on Abkhazia tried to meet the Gudauta politicians, but in vain. On April 22 the *Appeal to the Abkhaz People* was adopted, proposing a meeting with the Abkhaz deputies in any place and any time. The Abkhaz leader V.Ardzinba responded with his standing demand to withdraw the Georgian troops from Abkhazia.

In the legislative activity proper, most of the time was spent in debates around the draft law *On the Principles of Local Self-Government*. The most controversial item concerned the procedure of electing the local administrations. The MPs elected from the regions for the greater part supported the idea of direct elections of the leaders of cities and districts, while the MPs from most of the political parties demanded direct elections only for representative bodies, considering the heads of the executive power to require more control from the center. The Head of State later supported the former proposition, pointing out that appointments from the center were not effective. In the end, the Head of State's version won: the first leaders of villages, districts or cities will be elected by a direct ballot for a two-year term. The representative body, *Eroba*, may impeach him or her by the 2/3 majority, but on his part a leader is also entitled to call a plebiscite of confidence and in case of the latter's victory the *Eroba* is to be reelected. As a compromise to the advocates of stronger centralization, territorial administrations are to be formed, to supervise the activities of local governments.

An issue of centralization was in the center of debates on the bill *On the State Control Chamber* on April 14. The Chamber was supposed to be a highly centralized body, controlling the financial activity of all state legal entities. An article in the draft, according to which the Heads of Chambers in the Autonomous Republics of Abkhazia and Ajaria were to be appointed by the local Supreme Councils, raised the strongest controversy. Namely, the Republicans considered this exception to the common system of centralism to be unacceptable. In the finally adopted version, the State Chamber is to confirm the nominations of the Supreme Councils of the Autonomous republics and may cancel the decisions of local Chambers.

The agrarian commission and the faction *Revival* presented a draft *Law on Land Ownership*, according to which the right to land ownership was to be granted only to persons with 16 years long residence in a given region, and land trading was to be prohibited till the year of 2000. The draft was sharply criticized as lacking an essential definition of a basic principle of land ownership, and on April 29 a Conciliatory Commission was formed to revise the draft.

Several factions published their platforms. *The Liberals* presented themselves to be orthodox proponents of capitalism and supported the course of radical liberalization of the economy, Presidential republic and a unitary state with elements of local self-rule. Their partners

in the Interfactional Coalition, the National-Democratic Party, supported the social market economy of the West German model, wider regional autonomy and an increased role of the Orthodox Church. The 'Democrats' made stronger stress on social justice, excluded some branches of economy (transport, mineral resources, bakeries, pharmaceutical industry) from the privatization and supported privileges to be granted to the workers of a given enterprise during this process.

The *Resonance* newspaper published some data concerning the Georgian MPs. Out of 222 Parliamentarians only 143 attended the sessions more or less regularly. 102 MPs violated their Statute by holding other jobs, which may be explained by their low salary (15,000 coupons, or about \$10 monthly).

## FOREIGN RELATIONS

The relations with Russia seemed to be frozen to the point of crisis. However, Mr. Shevardnadze continued to be committed to the concept of 'two Russias', supporting Eltsin and hoping for a possible breakthrough in case the Russian referendum turned successful for Eltsin. He received Mr. Eltsin's aggressive statements, for instance that he only would meet Shevardnadze after Georgia withdrew its troops from Abkhazia, quite calmly, interpreting them just as Mr. Eltsin's tactics before the referendum.

The meeting of the government delegations in Sochi on April 6 and 7, which was supposed to prepare documents for the Russian-Georgian summit, did not lead to any tangible results. The Russian delegation was headed by the Defense Minister Grachev who was empowered to negotiate on a wide range of issues, including the economy; Prime Minister Sigua headed the Georgian side (the Georgian Parliament was somewhat hesitant as to the disparity of the statuses, but in the end endorsed the meeting). The closing protocol fixed an accord on general issues, -- the necessity of an unconditional ceasefire and a negotiated settlement of the conflict on the basis of the September 3, 1992 Agreement that had also been signed in Sochi. Both sides agreed that the Russian troops would leave Georgia by December 31, 1995. However, the basic controversy remained: The Georgian side insisted on an immediate withdrawal of the Russian troops from Abkhazia, and especially on dismantling the military laboratory in Eshera, while the Russians proposed to conserve the laboratory and have it protected by the mixed Russian-Georgian-Abkhaz troops. Some progress was reported with regards to financial and economic issues, though it was not clear whether any agreement in this domain could be workable unless principal military issues were resolved. The only tangible result was that the Russian side permitted the presence of Georgian observers on the Bombora airfield in Gudauta -- the only airfield on the territory to the North of the Gumista river. The Georgian Parliament later criticized the delegation for fruitless negotiations; however, the fact that 'the meeting made it clear to everyone that Russia had been playing an aggressive role in the Abkhaz conflict' was viewed by Mr. Sigua and Mr. Ioseliani to be its most important result.

Mr. Shevardnadze continued his series of visits to neighboring countries: this time he paid a visit to Ukraine (April 12-13) meeting with President Kravchuk and other officials. A *Treaty of Friendship, Cooperation and Mutual Assistance* was signed along with a package of about 20 political and economic agreements. A possibility of deploying Ukrainian troops as peacekeeping

forces in Abkhazia was discussed; President Kravchuk deemed it possible but under the aegis of the UN only.

In the end of April, Defense Minister Kitovani travelled to Brussels to the NATO Headquarters.

Representatives of the National-Democratic Party visited the Chechen Republic and held meetings with leading political figures, including President Dudaev. The visit exhibited the readiness of Chechen politicians of various groups to maintain more friendly ties with Georgia.

## **CONFLICT IN ABKHAZIA**

Although the fighting continued in Abkhazia, both sides retained their positions across the Gumista river and in the Ochamchire-Tkvareli region. The Abkhaz side continued shelling of Sukhumi with artillery and aviation, while the Georgians shelled Eshera, Gudauta and other areas under the Abkhaz control. According to Georgian sources, by the end of April the shelling of Sukhumi resulted in up to 150 casualties with about 2000 wounded. On April 10 the sides exchanged POWs applying the 'all for all' principle.

The Russian army continued shelling the Georgian positions, explaining these actions as a retaliation for the Georgians shelling the seismological laboratory in Eshera. The Ministry of Defense of Georgia made a statement declaring that there was no seismological laboratory on the area of the deployment of a Russian military unit, and the real laboratory was found in another place, the village of Kutishkha. The Russian military unit, the statement said, remained there for the sole purpose of having a pretext to attack the Georgian positions.

On March 31 the Georgian Information and Intelligence Bureau arrested a Russian army officer A.Sitnikov in Sukhumi, charging him with military espionage.

On April 28 during his visit to Sukhumi Mr.Shevardnadze announced the creation of the Defense Council of the Autonomous Republic of Abkhazia, headed by Tamaz Nadareishvili, the Prime-Minister of the Sukhumi government, who became a major-general. It was obviously done in an attempt to ensure the coordination of actions of all forces fighting in Abkhazia on the Georgian side under a unified command and to combine military and civil administrations. Another motive could be to diminish Defense Minister Kitovani's control over the armed units fighting in Abkhazia. Mr.Shevardnadze also made an appeal to the Gudauta government to stop shelling Sukhumi and begin negotiations right away. The Abkhaz side, however, insisted on the withdrawal of Georgian troops from Abkhazia as a precondition for any negotiations.

Speaking on Gudauta radio, The Leader of the Confederation of the Peoples of the Caucasus Musa Shanibov warned the Russian government, that if it embarked on the path of peaceful negotiations with Georgia and withdrew its troops from Abkhazia, it would bring about an explosion in the republics of the Northern Caucasus.

In an interview to the *Ibervisia* TV, the former State Minister of Abkhazia Giorgi Khaindrava, who was removed after Mr.Nadareishvili became a Prime Minister last November,

mentioned the inappropriate attitude of the Georgian troops to the ethnic Abkhaz population to be one of the reasons for his withdrawal from the political scene in Abkhazia.

International organizations continued to elaborate more definite positions with respect to the Abkhaz conflict. A CSCE delegation headed by Magdalene Hoff, which visited Tbilisi on March 24-25, stated at the Press-Conference that the Europarliament should open its representation in Tbilisi and invite Mr. Shevardnadze to Strasbourg to elucidate the events in Georgia, while Lord Nicholas Bettel of the same delegation said 'he had no doubt the conflict in Abkhazia was a result of conspiracy of the reactionary forces of Russia and the old and new KGB networks were using Abkhazia for their shady purposes.'

On April 28 the Military Committee of the NATO discussed the issues of peacekeeping operations in Yugoslavia and other regions of the world. Russian Deputy Defense Minister Kondratiev and Georgian Defense Minister Kitovani presented their positions regarding the conflict in Abkhazia. Gen. Kondratiev proposed the Russian army as a possible peace-keeping force in conflicts all over the former USSR. The NATO supported the recommendation of the UN on the inexpediency of deploying the armed units of the states, directly neighbouring upon the conflict zones.

## OPPOSITION

The supporters of the former President Zviad Gamsakhurdia became more active and attempted to hold rallies in Tbilisi on several occasions. The government did not impose any restrictions provided that they were pre-sanctioned and held in specially allotted locations; in other cases, tough measures were undertaken to prevent them. Thus, unsanctioned pro-Gamsakhurdia rallies were dispersed on April 6 and 14. The police used clubs and dogs. A number of MPs (the Republicans, the Popular Front and others) criticized the police for the violent physical abuse of the people, while the leader of the National Independence Party I. Tsereteli protested against suppressing of any demonstrations and even went to the rescue of the protestants once he learned of the use of force against them. On April 9 (which the Parliament declared a holiday -- 'the Day of National Unity, Civil Consent and Commemoration of those Fallen for the of Motherland'), when all kinds of rallies were allowed, about 6 to 8 thousands (according to the *Resonance* newspaper) of the former President's supporters held a rally and marched in the center of Tbilisi carrying the slogans "Down with the Junta", "We Demand the Return of the Legitimate President". Opening the rally a former MP Vakhtang Tshitava said "Today we are beginning a series of actions to bring the legitimate government back".

In Zugdidi, the 'Zviadists' held several rallies. They declared a forthcoming restoration of the *Round Table* coalition which had won the October 1990 elections, and claimed they had supporters in the Parliament (meaning those MPs who protested against suppressing the demonstrations). On April 6 they broadcasted appeals of the pro-Gamsakhurdia 'Committee of National Disobedience' using the Russian TV channel. The programs could be received within 100 kilometers around Zugdidi. On April 9, a military parade of Loti Kobalia's armed units was held in Zugdidi, with about 600 participants. The organizers of the parade took an oath to have Zviad Gamsakhurdia restored to power by May 26 (the Independence Day).

On April 6, two pro-Gamsakhurdia activists V.Domukhovski and P.Gelbakhiani were arrested in Baku (the arrests were sanctioned by the Azerbaijani authorities). Reportedly, both of them admitted to have participated in terrorist activities (V.Domukhovski spoke the Georgian TV). In protest against their arrests, Loti Kobalia's units blocked highways and railways in West Georgia. After long negotiations with the authorities, on April 13 the blockade was lifted.

Negotiations of Loti Kobalia with Minister of Defense Kitovani resulted on April 22 in the re-deployment of his detachment to Abkhazia. Mr.Kitovani assessed this as a 'Historical Day of the National Reconciliation', while Mr.Shevardnadze made more reserved, though positive, comments. However, Kobalia's real motives remained quite vague, since he defined the role of his unit as that of a 'peace-keeping force'; later, his people returned to Megrelia.

## **CRIME**

The total index of crime registered by the Ministry of Internal Affairs of Georgia (it did not include the regions which were effectively out of the government control) dropped relative to March by 31.5%.

Repercussions of the Armenian-Azerbaijani conflict continued to be felt in the town of Marneuli, near the Armenian border, mainly inhabited by ethnic Azeris: on April 5, a gas pipeline to Armenia was exploded near it for the 5th time this year. On April 20, a railway bridge was exploded in the same region, 5 kilometers away from the Armenian border.

## **PUBLIC OPINION**

In the poll conducted by the Social Research Center in 10 regions of Georgia, 23.5% was 'very' and 37% 'more or less interested by the activities of the Parliament; 22.4% were 'not so much interested', while 16.7% 'were not interested at all'. 2.4% 'always agreed' and 42.6% 'mostly agreed' with the resolutions adopted by the Parliament, with 34.7% 'mostly disagreeing' and 9.8% 'never agreeing'. 27.8% thought the government 'did everything' to end the war in Abkhazia as soon as possible, with 67.2% thinking 'it did not do enough' (in West Georgia, the figures were correspondingly 18.7% and 77.4%). 80.7% believed the Georgian government's statement on active participation of the Russian troops in the war in Abkhazia, 0.7% believed the Russians who denied that, and 17.4% disbelieved both (in West Georgia, the last figure was 26.5%). 28.0% thought Georgia had to join the Commonwealth of Independent States, with 55.7% disagreeing and 11.5% hesitant (the inhabitants of Tbilisi were more resolute here: the figures were correspondingly 19.2%, 65.5% and 11.5%). 51.2% were content with the development of democracy, with 43.5% discontent (West Georgia: 40.6% and 53.2%). 72.0% were satisfied with Eduard Shevardnadze's activity as the Head of State with 26.6% dissatisfied (West Georgia: 63.9% and 35.5%).

23.2% of those polled in Tbilisi by the *Resonance* newspaper agreed that human rights were protected in Georgia, with 58.6% disagreeing (however, the polled did not specify, what

kind of rights were abused; some respondents might have meant insecurity in the face of crime or lack of social guarantees).

In the telephone poll in Tbilisi conducted by the same newspaper, 19.9% and 8.2% thought that all the sessions of the Parliament, or most of them, should be broadcasted live on TV, with 12.9% supporting broadcasting of only a small part of them, 31.3% thinking that only excerpts should be shown, and 23.8% content with the journalists' reports.

79% of ethnic Russians living in Georgia responded the Institute of Demography of the Academy of Sciences of Georgia and the *Slavianski Dom* organization that good relations with Georgia were in the best interests of Russia, 75% did not approve of the statements of some Russian politicians on the necessity of protecting the Russian population of Georgia, and 58% said they were going to stay in Georgia.

According to the poll conducted by the Georgian State Committee of Social-Economic Information in February, 51% estimated their salary to be lower than an average, 53% declared they were unable to save up anything, while 20% had either to run into debts or to sell their property. 8% thought that last year relative to the previous period they did better economically, 73% thought their financial conditions deteriorated, among them 48% estimated it as a "substantial deterioration". 45% spent all their income on food, with 48% affording to purchase very few commodities besides food.

In January, 32% of those polled earned less than 5,000 roubles, 40% -- up to 10,000, and only 8% had more than 20,000 (the poverty line for an average family amounted to 24,000 roubles by the beginning of February). 25% of families had around 20,000 in savings, 8% -- around 50,000 and 59% had no savings at all.

## ECONOMY

The major event in the economic life in April was the introduction of an independent provisional currency -- the Georgian coupon, which removed Georgia from the rouble zone. It was not a part of a pre-designed plan, but a forced measure aimed at compensating for the shortage of rouble notes, as a result of Russia's refusal to provide them. The initial exchange rate was one coupon for one rouble. The rouble was kept in circulation, though supposedly in the course of time it would not be accepted in the state sector. At the same time, in bank deposits and transactions coupons kept to be fully equated to Russian rouble. A fixed date for the introduction of an entirely independent currency -- *Lari*, will be determined later on according to the changing situation.

As compared to excessively pessimistic predictions, the coupon made a fairly good start. For the greater part it was accepted at the farmers market, which is an essential source of food supplies for the majority of the population. However, most of the commercial shops and all gasoline traders rejected them outright. The state and semi-state 'cooperative' shops were emptied in a couple of days, after the population received their salaries due for several months. Refusals to accept coupons were caused by administrative restrictions, hampering the establishment of the exchange market between the coupon and the rouble. The exchange rate by

the end of April may be estimated from 1.2 to 1.8 coupons for a rouble. Different prices in coupons and rouble appeared in some (though still few) commercial shops towards the end of the month.

The last days of April were marked by the beginning of an especially intense growth of inflation. The new trend was that the exchange rate of dollar (both to rouble and coupon) appeared to be falling behind this pace of inflation (though the exact statistics were not available), leading to an increase in the cost of life in the dollar equivalent as well.

The major factors behind the relative success of the coupon consisted in the sharp deficit of cash (rouble) and the expectancy of the monetary reform in Russia. Although the process of privatization, which was also supposed to strengthen the coupon, had moved beyond the zero point, its rate remained too insignificant to play any important role. Some experts consider the equation of rouble deposits to coupons to be the major mistake inevitably leading to a rapid devaluation of the coupon: Since in the course of last months a deposited rouble became at least four times cheaper than 'live' cash, consequently the exchange value of the coupon would also drop. The government was also criticized for the lack of a stricter monetary policy within the framework of the monetary reform and continuation of subsidizing state enterprises with almost limitless credits.

The Cabinet of Ministers took a resolution on privatization checks to be granted to all the citizens of Georgia beginning July 1. The checks valid through December 31, 1994, will have a nominal value of 60,000 rouble.

By the end of April, an Interbank Currency Exchange opened in Tbilisi with both state and commercial banks participating. The Exchange is supposed to regulate the currency market in Georgia and to play the role similar to that of the analogous Exchange in Russia, i.e. to set a common standard for currency exchange rates.

On April 15, the International Monetary Fund Mission in Georgia published its findings and recommendations to upon the Georgian Government's Programme of Macroeconomic stabilization. The programme was criticized for leaving to state too big role in the economic decision-making. Accelerating of the legislative activity in the sphere of economy, reducing subsidies to the state enterprises and more specific economic programming is recommended. The possibility if economic aid in case the independent currency is introduced is mentioned.

General statistics of January-April 1993. The results of the budgetary policy during the months of January-February were been better than expected: the revenues topped the target by 22% with expenses being only 27% of those planned (it was the period when almost no salaries were paid due to the shortage of rouble notes). As a result of that, revenues exceeded expenses by 14%. However, the financial situation remained grave. The revenues did not provide for even cohcoupon in April, 30% of all salaries and 83% of the payments for agricultural products purchased by the state last year from farmers remained unpaid. The amounts of overdue payments of enterprises and organizations, especially to the banks, increased rapidly.

The shortage on the consumer's market was also on the rise. Relative to the same period last year, the incomes of the population grew 5.5 times with prices rising 14 times. Almost every second rouble was not secured by commodities, which led to a significant increase in bank savings. Relative to the same period last year, the total volume of trade in state and semi-state cooperative sectors decreased 2.5 times with 1.7 times increase on the farmers market.

A month after the introduction of the coupon the level of the minimum consumer's budget (the poverty line) increased by 33%. The normative level of the salary minimum exceeded the one, officially adopted, 6 times. In the first week of April, average prices of some basic goods in dollar equivalent (calculated according to the exchange rate of \$1 for 800 roubles) were as follows: Butter -- \$1.75/kg, meat -- \$1.8/kg, sunflower oil --\$.75/liter, eggs -- \$.44/10, cheese -- \$1.2-2.75/kg, potatoes --\$.15/kg, apples -- \$.13/kg, bread -- \$.03/kg. The minimum salary was \$2.9 a month, with average salary of \$8-10.

The rising unemployment totaled 5% of labour force. However, the latent unemployment was supposed to be much higher.

The industrial production volume decreased by 30% relative to the same period last year. Construction was almost at a standstill, with only one apartment house of 2.4 th. sq. m. built during the first four months of the year, without any new facilities for education, health care and culture. The situation in agriculture was not any better. The level of spring sowing totaled only 57% of the same period last year. Sharp decrease in live-stock was noted. Initial estimations of the government as to the rate of land privatization were not confirmed: by March 1, only 13% of the total cultivated land had been allotted for this purpose, while actually 78% of that area was privatized.