

THE GEORGIAN CHRONICLE

MONTHLY BULLETIN

Major events and trends in politics, economy and social life

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GOVERNMENT

The power crisis which had been ripening for several months reached its climax in August. The Cabinet of Ministers resigned after the second failure to obtain a Parliamentary approval of the draft budget. The Head of State abandoned his policy of remaining unattached to any particular political force and announced of the creation of a Parliamentary majority, as well as of a political party in support of his course. He put forward an idea of introducing a state of emergency in the country to 'save democracy' and overcome the current crisis. Military activation of the former President's supporters in the end of the month brought the country to the brink of a civil war.

On August 5 the Parliament considered the revised draft budget for April-December 1993 which had been returned to the Cabinet on July 23 to reduce the deficit. In the new draft spending was only slightly cut down from 448 to 440 billion coupons which could not satisfy the Parliament. The budget was attacked by both advocates of the radical market reform who denounced its 'socialist' nature as well as factions close to the Head of State (the National Democrats, the Greens, the Liberals) whose primary target had been Prime Minister Sigua, the last among the leaders of the anti-Gamsakhurdia coup of December-January 1991-92 who was still remaining in power. The Head of State did not support the draft either, but, in his reconciliatory manner, rendered its further revision possible.

The next day the Cabinet announced its resignation. The Parliament accepted the resignation, charged the Head of State with the authorities of the Prime Minister until the new one was appointed, and asked the old Cabinet members, save Mr. Sigua, to continue their work until the formation of the new Cabinet. Mr. Shevardnadze described the decision of the Cabinet as 'unexpected' for him but approved of it as 'relieving the tension'. He also asked the Parliament to put to vote a question of confidence in him since two MPs -- I. Tsereteli and T. Kitovani -- demanded his resignation, but the Parliament did not consider it necessary.

Two issues related to the formation of the new Cabinet dominated the political agenda in the remaining part of the month -- the future Prime Minister and the structure of the new Cabinet. Both supporters of Mr. Shevardnadze (National Democrats and Greens) and some of his critiques (the Republicans) preferred to see him take the office, but he sharply rejected the idea. During the consultations on August 16 he proposed a candidacy of the present Vice-Premier Kervalishvili, formerly a Communist Party functionary and a Director of a big enterprise, but withdrew it after the criticism from the opposition.

The next choice of the Head of State that was presented to the Parliament at the August 20 session came as a surprise to everyone. The entire career of the 64 years old Otar Patsatsia had passed in the town of Zugdidi, where he had been the First Secretary of the Communist Party Committee for a brief period before 1965, had directed a paper mill for twenty seven years, and since April 1992 had been a nominal *gamgebeli* of the stronghold of the former

President's supporters without any real power. Mr. Shevardnadze stressed his particular ability of 'dealing with people of diverse opinions' hinting at his possible positive role in resolving the crisis in Megrelia, and his managerial experience. Mr. Patsatsia, who declared to have learned about the forthcoming appointment on the previous day, did not present any program of his future activities, but only stressed the necessity of restoring mutually beneficial economic relations with Russia. Mr. Shevardnadze threatened to resign in case that nominee failed to get confirmation, after which the approval was granted with 124 votes out of 175 (the Republicans and Iliia Tchavtchavadze Society abstained from voting since Mr. Patsatsia presented no program).

The structure of the new Cabinet caused more heated debates. Mr. Shevardnadze consented that the structure required a change and presented a new one, which reduced the number of Ministries from 19 to 16 and that of the Committees -- from 10 to 3, and abolished the Presidium of the Cabinet. Besides, the structure included 20 Departments (two of them were completely new: On Youth Affairs and Georgian Rescuers Corps -- a legal status of the paramilitary formation *Mkhedrioni*), 2 Inspections, 3 Corporations, 1 Concern. The above reduction of numbers was mainly achieved not through the abolishment of government bodies, but through lowering their status. The opposition assessed these changes as 'cosmetic', leaving the 'socialist' nature of the structure itself intact. The draft was especially attacked for retaining the offices of 5 Vice-Premiers, placed above the Ministries. This point was criticized even by some of Mr. Shevardnadze's supporters, but he insisted on retaining them.

The Republicans presented an alternative draft of the Law on the Cabinet of Ministers plus changes in the Law on State Power, which reduced the authorities of the Head of State at the expense of the Cabinet. The draft Law on the Cabinet presupposed more drastic reduction of the number of Ministries and relieving the latter of the functions of economic management. The Head of State described these drafts as promising for the future, but not in line with current reality. Other opposition groups (namely, Merab Kostava Society) tried to relieve the Head of State of his extended powers which the Parliament had granted him the previous months and demanded at the August 27 session to abolish the office of the Head of State.

After extensive debates on August 29 and 31 the Parliament gave preference to the draft of the Head of State in general. But in the course of discussing specific amendments, the draft failed to gather necessary votes. The Head of State was clearly annoyed and asked the Parliament to make the final decision without him.

In general, the Head of State came to express his discontent with the Parliament more frequently. That could be a sign of his physical and psychological exhaustion after continuing tensions of late, as well as of his new general approach. He gave up his idea of a 'united Parliament' and conceded at last to the demands to create a power basis of his own -- announcing the intention to create an organized Parliamentary majority and, later, his party. Several initiatives might provide the basis for the latter project. Besides the movement *Unity and Prosperity* which mainly comprised liberal-minded intellectuals and had already displayed the intention to be formed as Shevardnadze's Party, a *Democratic Georgia* movement was initiated by journalist Valery Kvaratskhelia. Its main point was to support the idea of the State of Emergency in order to restore law and order and was mostly oriented to blue-collar electorate. *The Reformer's Union* founded in August and led by Vice-President of the Academy of Sciences physicist Iveri Prangishvili and former Secretary of the Communist Party and Vice-Premier in Gamsakhurdia's government Bakur Gulua) is mostly based on intellectuals and managers of high status. Mr. Shevardnadze does not seem to have made up his mind as to which one to give his preference. He will also have to deal with the claims of National Democrats and the Greens who have been actively supporting him and will not give up their claims to exert their influence upon the Head of State.

The Parliament, which was supposed to be on holidays during August and had to gather only because of the urgency of appointing a new Prime-Minister, did not adopt new laws, though, the work on some drafts continued. Namely, the Commission for Budget and Finances prepared draft laws *On Investment Policy*, *On Statistics*, a package of laws on the system of taxation, etc.

The old Cabinet of Ministers continued its activity after its resignation. On August 8 it considered the measures required the introduction of the state of Emergency in the country. On August 30 it approved Regulations on Creating Holding Companies and Their Activities.

Colonel Vladimir Chikovani, who had been an Adviser to the Head of State on Military Issues, was appointed on August 13 Commander of Internal Troops.

FOREIGN RELATIONS

In August the Head of State held three brief summits with leaders of three former Soviet republics: Presidents S.Niazov of Turkmenistan, G.Aliev of Azerbaijan and B.Yeltsin of Russia. His one day visit on August 17 to Ashgabat was prompted by the problems in payments for natural gas which Georgia receives from Turkmenistan and is of crucial importance for its economy. Besides the successful, though temporary, settlement of the problem of payments, the two sides signed a *Treaty on Friendship and Cooperation* and a package of 25 agreements, mainly in the field of economy, Shevardnadze also supported the initiative of President Sapharmurad Niazov concerning the consultation meeting of the heads of 15 former Soviet republics to be held at the end of October, with the purpose of reestablishing broken relations on bilateral basis.

On his way home from Ashgabat Shevardnadze made a brief stop in Baku to meet Chairman of the Supreme Soviet of Azerbaijan Heydar Aliev and discuss the prospects of political stability in Transcaucasia. The next day in Tbilisi Shevardnadze had a telephone conversation with the President of the Armenian Republic Levon Ter-Petrosyan on the results of his visit to Ashgabat and their significance for the economic development of Georgia and Armenia.

Besides considering problems of Abkhazia (s. the next section), Shevardnadze's negotiations with Yeltsin on August 26 were dedicated to the preparation and signing of a package of political and economical agreements, the so called 'Vast Agreement'. In general, Russia's attitude could be considered as reserved, on account of a rather unpredictable situation in Russia itself and the absence of a self consistent policy in the Caucasus, as well as in other parts of the former USSR.

On August 8 an officer of the political department of the US Embassy in Tbilisi Fred Woodruff, considered to be a CIA representative, was shot in a car on his way back to Tbilisi after a trip to the Kazbegi district in North-East Georgia. According to an official version, that tragic event occurred for the banal purpose of robbery, thus symbolizing the state of chaos and grave criminal situation in Georgia. Nevertheless the Director of the CIA James Woolsey who arrived in Tbilisi immediately after the event and escorted the corpse to the US, assured the Georgian officials that the tragic fact would not have any negative impact on the development of the US-Georgian interrelations.

On August 13 the US Ambassador at Georgia Kent Brown informed Foreign Minister Alexander Chikvaidze that the US Congress had approved the agreement between the two countries extending the Most Favored Nation trade status to Georgia. On August 17 Eduard Shevardnadze received a letter from the US President expressing a friendly attitude toward Georgia and a promise to support the request for the mission of military observers to be sent to Abkhazia when the issue was considered by the Security Council.

Earlier, on August 9, Mr. Shevardnadze received a letter from Prime-Minister of Turkey Ms.Tansu Ciller, in which she expressed her desire to expand relations between the two

countries, and also her opinion that the peace oriented Georgian and Turkish policy could play an important role not only for the Caucasus, but the entire Black Sea region.

The Ambassadors of Israel, Czech Republic and Japan presented their credentials to the Georgian Head of State.

In the beginning of the month Georgia along with Russia, Armenia and Azerbaijan came to a preliminary agreement about the establishment of the common power network, which implied the construction of a power transmission line from Akhaltsikhe in South Georgia to Kars in Turkey, as well as the repairs of the existing lines.

On August 13 Prime-Minister John Major of Great Britain informed the Head of the Georgian State that the European Community was ready to grant Georgia technical assistance to reconstruct its economy. A group of experts on food industry were to be the first to arrive in accordance with that program.

CONFLICT IN ABKHAZIA

The Government of Georgia worked to make the peace process initiated by the tripartite Georgian-Russian-Abkhaz Agreement of July 27 irreversible. On August 2 Mr. Shevardnadze appointed 29 members of the Georgian side for the tripartite Commission created in accordance with the Sochi Agreement. The Georgian side was led by Zhyuli Shartava, Head of the Administration of Abkhazia loyal to Tbilisi, the Russian one -- by S.Shoygu, Head of the Russian State Committee for Emergencies., and the Abkhaz side -- by N. Khashba. The UN and CSCE Missions, as well as CIS were represented there.

In accordance with the decision of the Commission starting from 12.00 of August 14, on the anniversary of the military confrontation, the withdrawal of confronting armed forces from the battle fields was commenced, followed on August 17 by exploding fortifications and clearing of the mine fields.

Despite several violations detected on both sides, the cease-fire agreement was generally observed, as was officially reported on August 8 to the Secretary-General of the UN Mr. Boutros Boutros-Ghali. On August 12 the Abkhaz leader V.Ardzinba in his letters addressed to Mr. Yeltsin and Mr. Boutros-Ghali protested against bringing *Mkhedrioni* warriors in Sukhumi and Ochamchire. As explained by the Press-Secretary of the Head of the State, 200 *Mkhedrioni* warriors had been brought there to replace the same number of soldiers at their locations. Four days later Mr.Ardzinba ordered to suspend the withdrawal of the volunteers from Abkhazia due to violation of the terms of cease-fire by the Georgian side.

On August 16 it was the Georgian side which accused Gudauta of violating the withdrawal schedule. The next day the central square of Gudauta witnessed a rally of seeing the CPC volunteers off . In his speech Mr. Ardzinba expressed deep gratitude on behalf of the Abkhazs and promised to give them a chance of spending their holidays in Abkhazian resorts (to 200 men annually).

During its August 22 session in Sochi the tripartite Commission noted that the Gudauta side fulfilled its withdrawal plan, whereas the Georgian government forces were not able to observe the schedule because of the activities of armed rebels that blocked the communications in West Georgia. Nevertheless, by the 26th of August the withdrawal of heavy equipment from the battle zones along the Gumista river and at Ochamchire was mainly completed, and an inspection group of the tripartite Commission visited these zones.

The Georgian Government gave priority to the extension of the involvement of international organizations in the resolution of the conflict, namely, to accelerate arrival of the UN observers, to convince the Security Council to enlarge the primarily determined (in Resolution 849 of July 9) number of 50 UN military observers and send the peace-keeping forces to Abkhazia. On August 7-8 the first group of the UN observers arrived. On August 11 Secretary-General Boutros-Ghali recommended the Security Council to send a Military

Observers' Mission to Sukhumi including 88 members to be led by General I.Widegor (Denmark). Mr. Boutros-Ghali sent his personal representative, Rolf Knutsen, to the conflict zone, to study the situation and meet the leaders of the parties involved. On the 25th of August the Security Council took an additional decision to send an extended mission of military observers to Abkhazia consisting of 28 military experts, 56 civil officers and 46 locally selected employees. 16.2 ml. US dollars were allotted for the 6 month period of its functioning.

Both the Gudauta and Tbilisi officials supported the idea of sending the UN peace-keeping units to Abkhazia. In his TV interview of 20th August the head of the Abkhazian members of the tripartite Commissions N.Khashba strongly supported that proposal; the same opinion was expressed in the message of the Committee for the Salvation of Abkhazia in Sukhumi, as well as in the official letter of the tritripartite Commission dated August 8 addressed the UN Secretary-General.

The mandate of the CSCE Mission to Georgia (present here since November 1992), which was expiring by the end of summer, was prolonged for the purpose of facilitating the peace process in Abkhazia.

Refugees problem proved to be the hardest in the peace process. The Georgian side claimed that about 140 000 refugees were deprived of the opportunity to return to their homes in Abkhazia. The Gudauta officials were reluctant to consider the ways of solving that problem, while local authorities revealed their attitude more explicitly. The Council of Elders of Pitsunda announced that it was no longer possible for the Abkhazs and the Georgians to live side by side, the declaration marked the start of ethnic cleansing on the territories under Abkhaz control. The Tripartite Commission registered the facts of expelling (after signing the Sochi Agreement) more than 300 ethnic Georgians from Gagra, Bzip and Pitsunda, while their houses were passed over to Abkhaz repatriates from Turkey. As it was registered by the Tripartite Commission some houses belonging to Georgians were deliberately burnt, near the town of Ochamchire..

The refugees of different ethnic origin were also trying to leave the region and appealed for help. More than 1.500 Greek refugees left for Greece, with the assistance of the Greek Government, and some 10.000 more are still waiting for their turn. With bitter irony the operation was called "Golden Fleece" recalling an ancient Greek Legend of far happier times.

An official delegation from Ukraine also arrived on August 16 to negotiate the problem of refugees of Ukrainian origin. A number of Russians and Armenians were likewise looking for the ways of escaping the zones of fighting and the country, moving for the most part to the Stavropol and Krasnodar regions .

The last decade of August was marked by the Moscow voyages of both Shevardnadze and Ardzinba. During the short summit of August 23 E.Shevardnadze and B.Yeltsin discussed, apart from preparation of the bilateral Treaty between the two countries, problems of the peace process in Abkhazia. B.Yeltsin stressed the necessity of finding a general solution of the problems of both Abkhazia and South Ossetia. He once again stressed the strong commitment of Russia to territorial integrity of Georgia. As Mr. Shevardnadze announced after the meeting, the problems related to the status of Abkhazia and former South Ossetia were to be considered in the framework of the new Constitution, the design of which was to be completed towards the end of the year.

The next day after meeting Shevardnadze Mr.Yeltsin received V.Ardzinba. The latter announced after the meeting, that the Georgian side failed to observe the schedule of the withdrawal of heavy equipment and its forces and was in fact violating the Sochi Agreement. He expressed his hope that Russia, being the guarantor of the Agreement, would make Georgia comply with it. He also announced his demand that Georgia should pay the Abkhazs a compensation of 2 trillion roubles for incurred damage, as one of conditions for the resolution of the conflict.

OPPOSITION. REGIONAL PROBLEMS

The failure in the war in Abkhazia strengthened the position of ex-President supporters. In the beginning of August, Gamsakhurdia's ratings increased in Tbilisi (s. the *Appendix*). However, the activities of his supporters in the capital amounted to just one small rally held on August 6, creating no problems for the government. The situation in the West Georgia, however, changed to the advantage of pro-Gamsakhurdia forces. Some of the military who fought in Abkhazia on the side of government troops joined pro-Gamsakhurdia militia led by Vakhtang (Loti) Kobalia with their armament. Namely, in the middle of the month Geno Adamia, the Commander of the brigade comprising the inhabitants of Sukhumi who had defended the city, as well as *Samurzakano* battalion made up of the inhabitants of the Gali district (in the South of Abkhazia) declared they were joining Kobalia's forces since after a 'disgraceful' tripartite Agreement which had put an end to the war 'they saw who cared for the integrity of Georgia in reality'.

The government's reaction to it was as inconsistent as it used to be of late. Reconciliatory speeches were mixed up with threats. On July 30 *Mkhedrioni* -- the toughest opponent of the 'Zviadists' -- moved to the region of Megrelia in response to Kobalia occupying the town of Senaki, reminding of its last summer crusade when it had failed to suppress Kobalia's militia but conducted a series of atrocities provoking a bitter resentment of the local population. This time, however, *Mkhedrioni* avoided the encounter with its strengthened adversaries and after brief negotiations proceeded to Abkhazia. Kobalia, also withdrew his units from Senaki on condition that nobody save the police would enter the town. Aslan Abashidze, leader of the Autonomous Republic of Ajaria, tried to act as a peace-maker during the month. On August 23 he held a meeting with Mr.Kobalia, reaching an agreement that the sides would abstain from using force. The agreement however only stood for 5 days.

On August 28 (St.Mary Day), when Mayor of Kutaisi T.Shashiashvili planned a pompous 'Day of National Reconciliation' at the Bagrati temple, Kobalia seized the towns of Senaki, Khobi, and Abasha, thus establishing control over almost the entire region of Megrelia - - except for the town of Poti, the major harbor in Georgia. Several people were killed. It put the government in an extremely difficult situation, since after Kobalia came to control all the communications East Georgia found itself cut off from Poti and thus unable to receive necessary shipments by sea (the railway route was open only through Azerbaijan).

On August 30 a session of the former Supreme Council was planned to be convened in Zugdidi. Ex-President Gamsakhurdia, who was still in Grozni, Chechnia, declared that 'a process of restoring the legitimate government had commenced in Georgia'.

Kobalia's action incited debates in Tbilisi between the supporters of tough actions and those of negotiations. The Head of State asked A.Abashidze to renew his mediating mission and expressed his readiness to take part in a large-scale dialogue -- but only on condition that the rail and motor roads between Tbilisi and West Georgia were opened. Mr. Ioseliani departed to West Georgia promising to 'blow up the brains of all destructive forces' in Tbilisi and elsewhere.

The situation in the Tskhinvali region (South Ossetia) remained relatively stable. The government of the self-proclaimed South-Ossetian Republic, which includes 22 ministries and 4 committees, mainly controlled the situation. However, criminal situation was most grave. On August 5 the police dispersed a rally protesting against the policy of the government. On August 13 E.Shevardnadze appointed Omar Eloshvili his personal representative in the Tskhinvali region (he had been a State Minister in the same region during the second half of 1992).

Chairman of the Supreme Council of Ajaria Aslan Abashidze took advantage of the resignation of the Cabinet of Ministers in Tbilisi to reinforce his personal power and demanded that the Cabinet of Ministers of Ajaria should resign, which the latter complied with. The

Presidium of the Supreme Council (the Supreme Council itself had not convened since last spring) charged him with the Authorities of the Chairman of the Council of Ministers.

SOCIETY. ACCIDENTS. CRIME

Court hearings of 19 supporters of the ex-President charged with terrorist activities continued in the town of Kvareli. The defendants rejected the charges and accused the police of physical torture.

On August 8 a protest action took place in the town of Lentekhi against local administration which allegedly sold out flour intended for baking low-price bread for the population. Gangebeli of Lentekhi Vakhtang Oniani and the its Procurator left the town as soon as the rally began.

The employees of Tbilisi underground, held a preventive three hour-long strike on August 16 demanding a rise in wages. It aroused discontent of the population, most of whom had far lesser income (minimal salary of an engine-driver was 65 thousand coupons, or about \$9).

The National Democratic Party sued the *Resonance* newspaper for libel, after it erroneously reported that two members of the Party had been considered during the Parliamentary Consultations as possible candidates to the posts of Ministers of Foreign Affairs and Defense.

On August 28 a festival of popular music with the participation of mainly Russian pop singers took place in Batumi. It was intended to once again advertise Ajaria is being a stable and relatively prosperous region of Georgia.

Several cases of cholera were detected in Tbilisi, all of them among the people who had returned from tours abroad. However, fears of an epidemic did not come true.

Jumber Lezhava, 54, an engineer from the town of Rustavi, who had been recorded in Guinness Book of Records on several occasions on August 13 set off on his several years long bicycle tour around the world. He intends to visit on his way all the states of the world .

More than 50 thousand people gathered at the Tbilisi *Dynamo* stadium to witness a football (soccer) game for the UEFA Champion's Cup between Dynamo Tbilisi and Linfield of Belfast, North Ireland. It was a break through of the Georgian football after a rather long time international isolation. Dynamo won with 2:1.

Ministry of Internal Affairs registered an increase in crime. The reason of this was mainly seen in the fact that a part of those returned from the war in Abkhazia turned to criminal activity. On several occasions groups in military uniforms raided flea markets (the most popular shopping places for many inhabitants of Tbilisi). Members of some paramilitary formations had armed encounters with police leading to casualties on both sides.

On August 6 the gas pipeline to Armenia was exploded once more, supposedly by Azeri militants. On August the railway bridge to Armenia was blasted.

PUBLIC OPINION

In the beginning of August the inhabitants of Tbilisi, polled by the *Resonance* newspaper defined their preferences between the Head of State and the Parliament quite clearly: 52,3 per cent expressed their confidence in the Head of State against 27.7% not trusting him; as to the Parliament, only 9.7% revealed confidence in it against 65.7% disapproving. (for ratings of political figures see the *Appendix*).

21.7% held 'all branches of power' responsible for the social and economic crisis in the country, 24.0% blamed it on 'mafia', 20.7% -- the entire society, 13.3% -- the Cabinet of

Ministers, 7.3% -- the Head of State, 6.3% -- the Parliament, 4.3% -- the opposition, 2.0% -- other forces, with 1.3% without any opinion.

Assessments of the Sochi Agreement by the inhabitants of Tbilisi (polled by the *Svobodnaya Gruzya* newspaper) divided in the following way: 11.0% rendered it to be 'a victory of the Abkhaz side', 17.0% -- 'a capitulation of Georgia', 28.7% -- 'a provisional forced step', 34.4% -- 'a reasonable compromise', 9.3% -- 'an achievement for Georgia', with 2.7% without opinion. However, there was little optimism as to the reliability of the agreement: 36.3% thought the Abkhazs would violate it, 34.7% -- that it would be violated because of Russia interference, 9.0% -- that the Georgian side would violate it, and only 15.7% believed it would hold (4.3% had no opinion).

Only 6.4% of those polled by the *Resonance* approved of the an idea of restoring the Soviet Union, with 79.8% disapproving, it, 6.4% -- neutral, with 5.4% without opinion.

0.2% of those polled by the *Resonance* assessed their economic conditions as 'very good', 5.4% -- as 'good' 30.0% -- 'satisfactory', 45.7% -- 'bad' and 18.7% -- 'very bad'.

ECONOMY

Starting from August 3 the Georgian coupon became the only legal payment unit in Georgia. The National Bank proclaimed its fixed rate every Friday at the Interbank Currency Exchange, and published it on Saturdays, as an official one. The pace of inflation was very high: the US dollar equivalent increased from 5.5690 coupons on August 6 to 8.066 coupons on August 27 (it must be noted however that the coupon had already been raised from almost 7.000 per dollar at the end of July when the Central Bank of Russia announced of the withdrawal of old rouble banknotes from circulation). Given the enormous budget deficit and excessive credits given out by the National Banks, the inflation could be even higher, the only possible checking factor being the ongoing small-scale privatization through auctioning where only live coupons were accepted. The newly appointed Prime Minister announced a twofold increase of salaries and pensions from September 1, which also raised the expectancy of hyperinflation.

The cost of a 'food basket' reached 139.000 coupons at the end of the month, but dropped in the dollar equivalent to \$17.2 (\$22.06 at the end of July). It was equal to 30 normative minimum salaries (24 at the end of July). The prices of basic products were: 1 kg. meat -- \$1.86, butter -- \$2, cheese -- \$1.65, potatoes -- \$0.22, bread -- \$0.005. Bread shortages increased, and in some regions no bread had been baked for months. Petrol prices remained at about \$0.70-0.80 per liter.

Since current salaries in state organizations (which most of the population still received) might at best suffice to prevent physical starvation, life without some private sources of income became next to impossible and a gap between wages in private and state sectors kept increasing dramatically. A secretary in a private company usually received around \$30 a month as compared to less than \$4 received by a professor of the Tbilisi State University.

The number of those registered unemployed reached 17 thousand, which was no doubt much lower than the real figure. 90 per cent of them were University graduates, while the demand was mainly for skilled workers. The unemployment benefit amounted to 80% of the minimum salary, or about \$0.50. Those, who remained unemployed for 9-12 months received \$0.29.

About one hundred facilities (mostly shops) were privatized during August. More than 5.000 are to be privatized according to the list defined by the Cabinet of Ministers.

On August 4 a Resolution of the Cabinet of Ministers was published On the Program of Support of Private Entrepreneurship. It stressed the importance of developing small business. As to the large enterprises, they were planned to be transformed into holding companies.

On August 3 the Economic Council of the Greens Party presented a Program of Overcoming the Economic Crisis. It presupposed three stages that were to take 16 months: the formation of necessary structures during the first one, the "Coupon stage" at the end of which financial stabilization would be achieved, and the "Lari Stage" when the new currency would be introduced followed by the production rise. The implementation of the project required at least 900 million, and the full implementation - 4-5 billion dollars.

Despite the economic crisis and political instability, some if the possible foreign investors still expressed their interest in Georgia. Contracts were signed with French *Renault* (imports of French cars will start in September), German *Tee Kanes* (installation of a tea processing automatic line), liquor-producing companies of Great Britain and Holland. Representatives of Mitsubishi visited the Ministry of Economy to study the possibilities of investing in Georgia motor-car industry, while a Vice-President of an of American's ship-building yards visited a similar yard in Batumi to consider the possibility of founding a joint venture.

Prof. Louis Ederington of Oklahoma University arrived for one year to give the Georgian government advice on the issues of macro economy.

APPENDIX

APPROVAL RATE OF THE GEORGIAN POLITICIANS

During the first nine months of the 1993 the rating of the Georgian politicians was conducted in Tbilisi through telephone polls that comprised 1000 people (except for the March survey of 1600 people through a special questionnaire). The respondents were to rate the activities of various politicians positively, negatively or neutrally, without comparing them to others.

		March	June	July	August	September
E.Shevardnadze	approval	59.4%	67.0%	74.1%	58.7%	64.2%
	disapproval	16.8%	11.30%	11.6%	23.3%	11.8%
A.Abashidze	+	30.9%	51.3%	51.5%	58.0%	72.3%
	-	30.7%	12.3%	15.7%	13.0%	7.4%
N.Natadze	+	45.8%	67.7%	66.2%	45.0%	50.2%
	-	19.0%	8.7%	7.8%	12.7%	17.3%
I.Sarishvili	+	33.5%	47.7%	54.9%	22.3%	31.7%
	-	34.9%	26.3%	22.2%	39.0%	32.8%
V.Gogvadze	+		24.0%	26.2%	19.7%	14.0%
	-		35.7%	29.3%	43.3%	38.4%
Z.Zhvania	+	39.1%	48.0%	50.2%	18.3%	25.5%
	-	18.3%	14.3%	15.0%	33.7%	27.7%
J.Ioseliani	+	17.1%	19.3%	24.2%	19.7%	24.7%
	-	57.1%	50.7%	41.6%	50.7%	37.3%
T.Paatashvili	+	31.6%	37.7	26.6%	21.0%	16.6%
	-	19.6%	18.3%	33.8%	31.3%	25.5%
I.Tsereteli	+	18.0%	7.3%	4.1%	5.7%	3.7%
	-	49.7%	62.0%	85.3%	65.7%	67.9%
G.Tchanturia	+	14.7%	29.7%	24.4%	15.3%	22.5%
	-	47.0%	34.0%	38.2%	50.0%	34.7%
Z.Gamsakhurdia	+	16.6%	12.0%	11.6%	18.7%	9.6%
	-	58.1%	65.3%	75.9%	59.0%	69.0%

The table represents the rating of Georgian politicians by the beginning of September (later on, when discussing the ratings for a specific month the results of surveys, conducted in the beginning of that month will be meant). The situation in Georgia became critical with a growing tension in Mengrelia on the one hand and a disastrous inflation of the Georgian coupon on the other. What changes could Georgian politicians expect in their popularity? The analysis of the impact of past events on their rating might help answer this question.

The beginning of spring was also marked by the aggravation of socio-political crisis in Georgia. After a severe winter the vast majority of population failed to get their wages for several months since Russia refused to provide Georgia with banknotes, while the National Bank coupon had not been introduced yet. Given the situation, rather low rating of the Head of state and parliamentary forces (except for vivid opponents) and a rather high one of the opposition, both in the parliament and outside it, would have been quite natural. However, the following example will spare the reader of any wrong impression: a 'rather low' rating of the Head of State-58.5 percent in March was quite a positive evaluation as compared to 62.1 percent in January

The introduction of the National Bank coupon did solve the problem on the whole. At the same time its inflation rate in the beginning corresponded to the most optimistic predictions. The rating if above representatives of political forces underwent a respective change. This tendency was further reinforced after a seemingly successful resolution of another crisis-the retaliation of a Russian-Abkhaz assault on Sukhumi. Thus, the popularity of Mr. E.Shevardnadze, Mr. N.Natadze chairman of the Popular Front and the proponent of strictest possible policy towards Russia), Ms. I.Sarishvili(National-Democratic Party), Mr.Z.Zhvania (leader of the Greens), Mr. J. Ioseliani (founder of paramilitary formation *Mkhedrioni*), Mr. G.Chanturia (chairman of the National-Democratic Party who had not participated in the past elections) and Mr. V.Gogvadze (Speaker of the Parliament) reached its peak in June-July, while the number of Mr. I.Tsereteli's opposes (Chairman of the National Independence Party, noted for his radical opposition) sharply increased from 45.8 percent in March to 85.3 percent in July. However, the euphoria, resulting from military successes did not last long. The August survey was conducted right after the tripartite (Georgian-Russian-Abkhaz) Cease-fire Agreement was signed but was not yet in force, with bloodshed

and barbarous shelling of Sukhumi still going on that raised certain suspicions that the given agreement might share the lot of the previous one (of September 3, 1992). The situation was promptly reflected in rating of leading politicians which almost leveled with their March rating with the exception of Mr. I.Tsereteli: whose approval percentage remained practically unchanged in August, while the disapproval percentage dropped from 85.3 to 65.7 percent, though it considerably surpassed the March 45.8 percent.

Special mention should be made of another public figure-Mr. A.Abashidze (Chairman of the Supreme Council of Ajaria) whose popularity has been alternating within March-August in a different way. A more detailed information on him is given further below.

A trend towards the growth of popularity of parliamentary forces (except for the vivid opposition) which usually accompanied the relaxation of situation was observed within the period between August-September surveys. However, there were some exceptions as well; for instance Mr. T.Paatashvili's rating (moderately opposition 'Charter-91') kept dropping during July-August (with approval rates descending and those of disapproval increasing), while by the beginning of September (relative to August) both approval and disapproval percentages dropped making up a total of 42.1 percent (against 52.3 percent in August) which indicated that he 'had been forgotten' by the public.

Mr. V.Goguadze's rating underwent a similar change within the same period: while in August the sum total of his approval and disapproval percentage made up 63 percent in September it dropped to 42.4 percent. And since the speaker of the Parliament cannot presumably be considered 'forgotten', it must be assumed that the population no longer regarded him as a serious politician.

And now a few words about Mr. A.Abashidze. His rating has been steadily growing for the current year. No doubt its main reason lies in the stability in Ajaria and with this background no accusation of his pro-Turkish or pro-Russian orientation could do any harm to his popularity. However, it cannot be viewed to be the only reason for its sharp rise (by 14.3 percent from August till September). Besides the fact that a number of Tbilisi inhabitants spent their summer holidays in Ajaria and on their return persuaded their relatives and acquaintances that it was a somewhat idyllic place, Mr. A.Abashidze's attempts to act as a mediator in resolving the Mengrelian problem also made a remarkable impact. As a result, in the beginning of September, for the first time since his return to Georgia, Mr.E.Shevardnadze yielded the first place to Mr.Abashidze, moving to the second position (though during the June survey Mr.N.Natadze seemed to run higher than the Head of State, the margin was so low that taking into account possible errors that usually occur in such polls, it did not give grounds for any serious conclusions).

It should be pointed out however, that at different times, despite the gravity of situation Mr.Shevardnadze's rating has never dropped below 58 percent and its fluctuation according to varying situations was always insignificant. Moreover, though Mr. Shevardnadze's popularity is naturally higher with the people of 45 and particularly with those over 60, than with the young, it is not below 50 percent with any age group (about 80 percent with those over 60). On the other hand, an almost 30 percent difference in accordance with age groups is quite considerable. It should be noted, for the sake of comparison, that for a 'young leader' like Mr. G. Chanturia, this difference is around 10 percent (though in an opposite direction-the less the age, the higher the popularity).

Following Mr. Abashidze and Mr.E.Shevardnadze, Mr. N.Natadze held the third place in the beginning of September, though he is not likely to regain his lost position (67 percent approving with 8 percent disapproving in June-July). It is quite possible that very soon he may be replaced by Ms. I.Sarishvili, whose rating has evidently increased and since she has already 'beaten' the 50 percent line, with just another successful TV-appearance she is sure to rise to a higher level.

A few words about the first president of Georgia, Mr. Z.Gamsakhurdia (currently outside the country). As it could be expected (and was proved by surveys as well) the changes in his popularity are closely connected with changes in the popularity of Parliamentary forces and particularly that of the Head of State. The rise of one's popularity leads to the decrease of the other's and vice versa. For instance, Mr. Gamsakhurdia's rating was the highest in March and August (16-19 percent) and the lowest in July and the beginning of September (10-11 percent).

We would also like to touch upon a rather widely spread opinion that women constitute the vast majority of Mr. Gamsakhurdia's supporters. While in August it didn't seem to be true (twice more popular with women than with men), in September it was among women that his rating dropped with no change among men. In this respect Mr. G.Chanturia and Mr. T.Paatashvili appeared to be 'champions' in the beginning of September-their popularity being 2.1 and 2.0 times higher among women than among men. In general, women are more 'generous' with their approval than men.

We should like to conclude the present survey with a few words about a 'freshman' on the political scene-Prime Minister O.Patsatsia. Naturally, it is too early to evaluate his activities, which was reflected in his rating: the sum of approvals and disapprovals made up a total of 26.6 percent, with 31,4 percent neutrals and the rest 42 percent could hardly give any answer whatsoever. We hope that the

new Prime Minister will not be discouraged by the negative balance (+10% and -16.6%) and by the time he retires his rating will be higher than that of his predecessor (ex-Prime-Minister ended his activities in this capacity with +6.3 and -62.7 percent).

The Appendix is prepared by the "Informservice" Center

The bulletin is chiefly based on the Georgian media reports. 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-Centre 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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