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Economic transformation of the family at the transitional stage in Georgia

Over the past 20 years, Georgia, unlike the countries of Eastern Europe and the Baltic states is still in political and socio-economic crisis. Such situation was conditioned by the global fundamental factors along with the specific problems of local nature (civil war, the loss of territorial integrity and the wrong management of economic programs in the conditions of market economics and etc.). It can be said that the country is still in political and socio-economic crisis and there is the high level of unemployment and poverty in the country. Against this background, unlike the government, the family to some extent matched the principles of market economy, more or less copes with poverty, but most of families are still living below poverty.

One of the main goals of transient economy is reaching economic stabilization in the country and overcoming poverty by transferring from passive social economy to active social policy in support of the reforms. This first of all means making a family economically more active by carrying out family business programs, which should be followed by changing from customer type of a family towards a productive family.

In this respect, in Georgia, as opposed to post-communist countries of Europe and Baltic states, no government has created necessary political and social-economic preliminary conditions from reaching independence till now. According to the academician V. Papava, it was ignored during the reforms process that it would be impossible to reach social and economic transformation without transforming the mentality of „Homo soveticus” to „homo economicus”, which was conditioned by the speed of formation of „homo transformativus” [1]. Since „Homo soveticus” is also a family member, timely and successful transformation to „homo economicus”-and determines the economic transformation of a family according to the formulae: family soveticus → family

transformaticus → family economicus, which was carried out in some post-communist countries according to their social-economic development [2].

In the transition process from socialist agriculture into the market economy, family modernization is reflected in productive transformation (*Famili economicus*) adapted to market economy. This process is mainly determined by the country's socio-economic development speed. Therefore, in the condition of stagnation of the country's economic development, formation of *Famili economicus* is stretching through time. In addition, modernization the Soviet authoritarian family into liberal-democratic one is going on. Traditional, socio-economic, national, cultural, and psychological factors of local nature lengthens the formation of new family types and it may be seen as *Famili transpormatikus*.

This type of family is still characterized by nostalgia for the Soviet way of life, which was expressed by guaranteed employment of all members of society from the state and social-economic support and in accordance with the requirements of the market economy, the family was facing a new reality, self-employment and self-sufficiency. Formation process of liberal-democratic values is added to it. Both exacerbates the transformation process. Existence of the proper conducting policy of family economic transformation has the essential role.

When transforming from customer to production type of a family, the living standard is of utter importance which along with other factors (internal family traditions, economic, psychological, etc), determines the formation of family transformaticus [2]. Meanwhile the reform was developed in another way and we have reached another result. Instead of maintaining the family level at the present standard, the reform was carried out in the conditions of severe “shock therapy”, without taking into consideration family policy, and it was difficult for the family to overcome it. Even in the countries in which the preparation period for the reform started as early as 1980s and reforms were carried out in relatively peaceful environment, in the conditions of strict monetary policy but it did not bring any special result by 1995. [3].

In the reform process, according to the living standards of a family, Czechia had best results from the point of view of living standards in comparison with other postcommunist countries. For example: In 1993 18,2% of families, 38,3% of children, 22,6% of capable population, 9,6% of old-aged people and a total of 25,3% of the population were on the edge of poverty, while in the homeland of “shock therapy”, Poland, the similar indicators of the same period were much higher and constituted 35,7; 61,8; 40,1; 29,5 and 43,7%. In Czechia 1,6% of families, 1,1% of children, 0,4% of old-aged people, lived in extreme poverty while in Poland - 10,4; 25,9; 13,4 and 5,2%,

respectively. It should be noted that in the same period 61,3% of the population lived in Russia, and 23,2% lived in extreme poverty [4]. Georgia had much worse indicators.

Economic reform was carried out without social support because family policy was ignored in Georgia. And the level of family living standards turned out to be one of the impeding factors. This was proved by the fact that income received from own business as well as pension were the main source of income and this continues today.

Large scale shadow economy and corruption made salary lose its importance as a social-economic category, since it did not reflect market value of work force. For example, the fact that in 1998 minimal wages (approximately 10 Euro) constituted 18-20% of minimum living wage of average customers and so up to 70% of the population officially turned out to be below poverty line while the number of poor increased up to 40%.

The fact that salary and pension played an important role in the structure of money income of Georgian families, was confirmed by the material we studied in within the frames of sociological research (salary share – 33%, pension – 26%) [5]. In that period, in the situation when there was no small or middle sized business, their increase was very important. Nearly all post communist countries managed to provide minimum living wages within the range of 35-50% of average wages. The country managed to provide minimum living wage within minimum salary in which food tier comprised 50-60%. For example, in 1998, in Slovakia and Czechia 35% of average salary, in Hungary - 40% of average salary and in Poland, Romania, Bulgaria, Russia and Ukraine – 45% minimum living wages were considered living wage[6].

In this case, a paradoxal situation was observed in Georgia: In 1995 average wages comprised 37-40% of minimum living wages. As compared to other countries the situation in Georgia did not change by 2000 and the average monthly wage of the employees of national economy made up about 63-64, of those in the budget field - 51-52 Euros, which equaled 66,5% of a working employee 75,8% - of the minimum living wages of average consumer, and in the budget field- 51,4 and 58,6% respectively [7]. We should also mention that the value of minimum living wages did not correspond to real situation, which continues today as well.

Since salary represented an important part of family income and it was low, it could not carry out the function of market mechanism. In order to change the unfavorable situation in the field of family income, it was necessary to take steps to diversify family income. In 1988 monetary income increased by 2,2 Euros and costs decreased by 2,2 Euros as compared to the previous years, while expenses decreased by 3,8 Euros. However, a family budget- if counted per 1 person, was still

characterized by deficit although a salary share decreased in the total monetary income of a family, and social transfers increased, especially other types of income (income received by way of selling real estate or foreign transfers).

The fact that the costs exceeded the income of a family budget, shows that apart from this, other concealed incomes existed in families, and they reached 75,0% by 1998. According to the estimate made by I. Archvadze, in 1996 “concealed” income comprised 1/3 and 2/3 of the wages in total family income. [8].

A sociological study conducted in 1999 [6] showed that wages (33.4 %) and pension (26.8 %) remained the main source of family income, revenues from agricultural activities provided only 14.8 % of respondents. There was also a low proportion of them, whose revenues are based on the income from their own business (9.5 %). The majority of households (60.9%) could do nothing to improve material conditions. 19.8 % was dependent on temporary work, 12.7 % lived by selling their own jewelry or property (house, car , etc.). In addition, for 36.5 % of households the income was only enough for food, 44,8 % has not enough food and only the incomes of 17.4 % satisfied the basic needs.

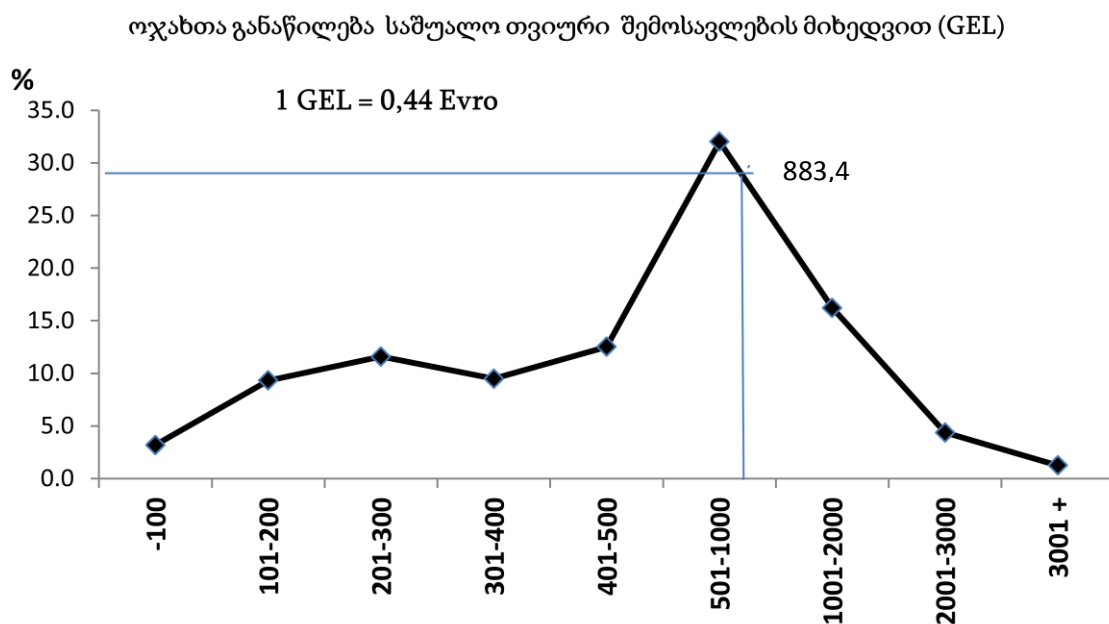
After “Rose Revolution” in the field of employment preference was given to young professionals, who in most cases did not have the proper education, qualifications, skills and were appointed on the positions only according to the party belonging. Age discrimination got almost universal character, which is mainly focused on 40 years and older people. According to various estimates the unemployment rate has reached to 60-70 % - that is not reflected in official statistics. According to surveys of American International National - Democratic Institute (NDI), more than 70% of the population do not consider themselves the self-employed, and according to the survey of the International Republican Institute (IRI), the unemployment rate in the country reached to 67 % .

Increasing of unemployment impacted on family income and generally on living standards of the population, social situation in the country and in the family was further worsened. During M. Saakashvili's government the number of poor people is further increased. Almost half of the respondents (48,9 %) considered the poverty as a central problem, while 20.3 % considered unemployment as a central problem. In 2004-2011 , the minimum wage was increased by 22.4 % and amounted to about 47 euros. Nevertheless, some kind of incomes per family was less than minimum wage.

The coalition the "Georgian Dream" came to power in 2012, failed to fulfill their promises, however, the minimum wage increased by 65 euro, which is still insufficient to meet the minimum requirements of the individual.

In 2013 we have carried out the survey of the current transformation process of the family, where material support to the family level was taken into consideration. The survey was conducted in large, medium and small cities and 1200 family members were interviewed. [9].

Distribution of families according to the average monthly income (GEL)



As the research has shown, the average family income is 385 euros. Among them in big cities - 474 , in medium cities 294 - and in small towns - 298 euros. Excess of income of families of small towns over middle cities' income is determined by realization and consumption of agricultural products. Accordingly, the median income across the country amounted to 260 euros.

Sources of family income were studied, according to it the main source of family' income is still a salary (68.7 %), then the pension (32.3 %), which is conditioned by demographic aging. Income from the sale and consumption of agricultural products is in the third place (29.1 %), and then comes the business (17.1 %). The high level of unemployment has caused labor migration of family members abroad; as a result of it, remittances from abroad are amounted to 14,0 %.

Study of satisfaction with family income showed that 225 euros cannot ensure the family, 427 - more - or less is sufficient and 700 euros is sufficient, and 870 euros freely ensures it.

Comparison of research results with the incomes of the families with 4 members (given by the department of statistics of Georgia in September (113 euros) confirmed that a lot of families still live in poverty, as far as 113 euros is behind the required level of family maintenance.

At the result of our study there was seen, that the average income per capita is 105 euros, while the median is 72 euros, which is about 2 times higher than the level of the minimum wage per capita (56.5 euros) at the republic level. In subjective evaluation of the respondents, a per capita income (61 euros) cannot ensure them, more - or less ensures 117, is sufficient - 137 and freely ensures 224 euros. This indicates that the value of the minimum wage is more political than economical, so far as total amount is inadequate for the satisfaction the needs at least of one person. Thus, its calculation methodology (food basket includes 38 kinds of products, with reduced calories) should be changed to reflect adequately the country's standard of living.

The research allowed us to study financial condition of the family according to sex and age, education and work activities.

Based on the results of the study we may conclude that family transformation is taking place in conditions of poverty, which prevents establishment of liberal-democratic values in the family and encourages migration processes of young family members. Demographically old family could not support itself materially, not to mention the small and medium business.

Based on the survey results, we believe that government should pay particular attention to employment and family incomes for overcoming poverty and growing income, for that it should develop the family business. Otherwise, we do not exclude not only impeding establishment of liberal-democratic values, but also increasing social tensions, which will have unfavorable political consequences.

Despite the fact that salary is the main source of family income, it could not meet the minimum needs of family members. This indicates that the family has developed its own methods for poverty reduction, however, it may be illegal as well. This forced action of family members to a certain extent reflects on the one hand, self - transformation process of family members from homo sovieticus to the homo economitus in an ugly form, on the other hand from the consumer to the productive family.

In the condition of high levels of poverty, if the state is not involved in this process in time, it may be developed in undesirable direction and cause irreparable consequences.

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