

## GEORGIAN EXPERIENCE IN FUNCTIONING OF STATE STATISTICS BODY

**Tamar ATANELISHVILI**

*Ivane Javakhishvili Tbilisi State University, Georgia*

[tamaratanelishvili@yahoo.com](mailto:tamaratanelishvili@yahoo.com)

### **Abstract**

*After the collapse of the former Soviet Union and restoration of independence of Georgia, the economy faced numerous problems and without settling those problems it was impossible to build a market economy in the country. Before, we could hardly imagine that we would be challenged to create an independent state statistics body in terms of building the market economy. In this light, post-Soviet Georgia partially used experience gained in the independent Democratic Republic of Georgia (1918-1921). The statistics body of that time could not manage to provide the country with social-economic information fully due to short period of functioning but taking into account the necessity of its existence, withdrawal from departmental subordination, necessity of participation of scientists in the statistics board, etc. proved to be useful for the independent post-Soviet Georgia.*

*Although, imperfect attitude towards the statistics body in the post-Soviet period was evident from permanent changes of its status and its subordination to one of the Ministries. Parallel studies show that other negative experiences of the 1920s as well as modern international experiences were underestimated, which linked numerous difficulties revealed during the development of post-Soviet Georgia to disorganization of the statistical system.*

**Keywords:** *Democratic Republic of Georgia, Statistics Committee, GeoStat, Statistics Board*

**JEL Classification:** *C16, C80, C81, C82*

### **I. INTRODUCTION**

After the collapse of the former Soviet Union and restoration of independence of Georgia, the economy faced numerous problems and without settling those problems it was impossible to build a market economy in the country (Nedelea, 206; Atanelishvili, 2010; Basilia and Silagadze, 2001; Kovzanadze, 2008; Papava, 2013; Silagadze, 2008-2014; Silagadze and Zubiashvili, 2014-2016; Silagadze, N., 2010-2011; Tvalchrelidze, 2011, 2016). One of the problems was the requirement to urgently implement institutional reforms (Силарадзе, 2012-2013; Силарадзе, Атанелишвили, 2014). The thing is, such issues were not important in the Soviet Era and quite small portion of population thought about it. In those times, of course no one could imagine that we would have to deal with building a market economy and creating a new state statistics body along with other bodies. The acuity of lack of experience was relevantly reduced by the fact that post-Soviet Georgia could use experience gained in the independent Democratic Republic of Georgia during the beginning of the 20<sup>th</sup> century (1918-1921) (Atanelishvili, 2006; Basilia and Silagadze, 2001; Kandelaki, 1935, 1960). As known, on 26 May 1918 Georgia regained its independence and implemented some economic reforms.

### **II. “STATISTICAL REFORM”**

Historically it is known that nation-wide registrations were conducted in Georgia. Namely, in the middle of the 18<sup>th</sup> century Mongols carried out registration of the population of Georgia for military and financial purposes. Scientific work “Description of the Kingdom of Georgia” (1745) by a Georgian geographer, historian and cartographer the Prince Vakhushti of Kartli/Bagrationi (1696-1757) is of immense importance because it provides information on economic branches and population of Georgia (Silagadze, 2010; Силарадзе, 2010; Силарадзе, Атанелишвили, 2010); In Great Britain, it was W. Petty who demanded creation of a state statistics body (Silagadze, 2005; 2010). From the end of the 17<sup>th</sup> century, registration of Georgian population was carried out once every seven years. Results of these registrations still exist today. In those times, there was no special state bodies for carrying out registration. The issue of establishment of a special state statistics body became a priority later.

The issue of establishment of a statistics office in the legislative body of the Democratic Republic of Georgia (1918-1921) was discussed on 5 November 1918 by the Ministry of Agriculture in the context of an “agrarian reform”. One part of legislators (T. Ghlonti, M. Machabeli, P. Gelashvili) supported the creation of the office within the legislative body, while the other part (K. Ninidze, G. Veshapeli) supported the option of creation of an independent statistics office (Atanelishvili, 2006, 2010).

Finally, under the law adopted on 15 November 1918 “temporary statistics bureau” was created in the Ministry of Agriculture. The competence of the bureau covered the description of the land fund and

determination of standards of its distribution. Although, the newly created service adopted an important role, it still followed interests of a single imperfect governmental agency (Atanelishvili, 2006, 2010).

Thus, first statistics office of departmental subordination was created in the Democratic Republic of Georgia but it was more expedient to establish it as an independent structure because in relation with other institutions it should have had a neutral position.

Soon the attitude towards the status of the statistics office changed: According to the law adopted on 25 July 1919, Central Statistics Committee of the republic was established, and its statutes, personnel and terms of financing were determined. This served as an elevation of the office to higher level though it was still subordinated to the same Ministry while one part of legislators (I. Pirtskhalaishvili, I. Iremashvili, S. Kedia) demanded governmental subordination of the office (Atanelishvili, 2006). As mentioned above, such attitude was more justified but its implementation demanded time which the Democratic Republic of Georgia did not have, as it turned out.

According to the statutes of the Central Statistics Committee of the Republic, the competence of the Committee included conduction of statistical works of state importance together with the local statistics offices. According to the new statutes, the chairman of the Committee was appointed by the government.

The Committee consisted of the following structural units:

- 1) Department of Agriculture;
- 2) Department and Labour and Commerce and Industry;
- 3) Department of Transport and Food;
- 4) Department of Population and City Statistics.

The head of the Committee department was appointed by the Minister of Agriculture by the nomination of the Committee chairman. The Central Statistics Committee was in overall managed by the Central Statistics Board. It's worth noting that the members of the Board were representatives of newly founded Tbilisi State University and private sector. The duties of the Board included discussing the Committee reports, recommendations and issues of establishing local bodies (Atanelishvili, 2006, 2010).

In general, statistics office was created in the Democratic Republic of Georgia (1918-1921) which adopted several functions necessary for independent country but from the very beginning it was clear that the service (in a small period of time) could not provide the country with complete social and economic information. From 1921 to the beginning of the 1990s, state statistics body was functioning in the unified soviet space.

### **III. “POST-SOVIET STATISTICS”**

Following the collapse of the Soviet Union and restoration of independence of Georgia, the issue of establishment of a statistics service became a priority again. At first (1991-1995), Committee of Social-Economic Information was functioning in the higher legislative body. Afterwards, this service changed its status and name for several times. Namely, from the end of 1995 – State Department of Social-Economic Information of Georgia, 1997-2004 – State Statistics Department of Georgia, after the Rose Revolution (2003-2009) – Department of Statistics as an organ subordinated to the Ministry of Economic Development. In this period, it was managed by the Law on Statistics (Atanelishvili, 2006, 2010).

At present, National Office of Statistics (GeoStat) is a legal entity of public law (LEPL) which is guided by international methodology and standards, Georgian law on official statistics (since 2009) and statutes approved by the government. Established rules determine major functions of GeoStat (development of unified policy and action program for the sphere, implementation of statistical activities including researches, universal registration of population, etc.); GeoStat is managed by an executive director nominated by the Board and appointed for the term of four years by the President. GeoStat's Board consists of 7 members (3 – representatives of the National Bank, Ministry of Economy and Finance; 5 – non-public servants appointed by the president by approval of the parliament) and the executive director – chairman of the board.

Modern model of the GeoStat Board is partially similar to the model of the 1920s but in that period membership by private sector and scientists in the Board was obligatory.

Notwithstanding that fact that GeoStat has been closely cooperating with international organizations to improve the data quality, information officially published by it still fails to be relevant to modern requirements. For example, GeoStat fails to collect full information from business sector because there is no legislative obligation for that, data published on direct foreign investments is incomplete, etc. Incomplete social-economic information cannot create proper idea of a “social state” at least (Силагадзе, 1991).

And finally, imperfect attitude towards the statistics body in the post-Soviet period (as well as in 1918-1921) was expressed in permanent changes of its status and its subordination to one of the Ministries in 2009. Unfortunately, on modern level we could not escape negative events similar to those of the 1920s. Consequently, a lot of difficulties revealed during economic development of post-Soviet Georgia is a result of disorganized statistics system.

#### IV. CONCLUSION

An official state statistics institute was established in the Democratic Republic of Georgia (1918-1921) but it had a low status and weak functions failing to provide the country with social-economic information fully due to short period of functioning but taking into account the experience gained (the necessity of its existence, withdrawal from departmental subordination, necessity of participation of scientists in the statistics board, etc.) proved to be useful for the independent post-Soviet Georgia.

Although, imperfect attitude towards the statistics body in the post-Soviet period was evident from permanent changes of its status and its subordination to a single Ministry in 2009. Unfortunately, other negative experiences of the 1920s as well as modern international experiences were underestimated, which linked numerous difficulties revealed during the development of post-Soviet Georgia to disorganization of the statistical system.

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