

## GLOBALIZATION: EMIGRATION AND TRANSACTIONS

**Elgudja MEKVABISHVILI***Ivane Javakhishvili Tbilisi State University, Georgia  
elgujamekvabishvili@yahoo.com***Tamar ATANELISHVILI***Ivane Javakhishvili Tbilisi State University, Georgia  
tamaratanelishvili@yahoo.com***Abstract**

*The globalization severely affected Post-Soviet countries which were in the process of introduction of new reforms. Independent states emerged after the collapse of the Soviet Union had to make a choice while building the market economy. One group of countries (the Baltic States) chose European orientation from the very beginning, whereas another group chose to remain in the Commonwealth of Independent States (CIS). The latter failed to retain its integrity and some of its member states (Georgia, Moldova, and Ukraine) have recently emphasized their EU-integration policy. The territorial integrity of these countries has been violated. The pressure on these countries has been persistent in the entire post-Soviet era, which has hindered their economic development and resulted in large-scale outflow of labour force abroad. This is a broad-ranging problem. We have investigated only one aspect of the problem, which has not been analyzed profoundly: interrelation between emigration and remittances in post-Soviet Georgia. According to the conclusion made, the population of Georgia sharply decreased due to forceful emigration, although, number of monetary transactions increased, which play important role in the economic development of Georgia and satisfaction of needs of subsistence of families and relatives of emigrants.*

**Keywords:** *Post-Soviet economy, Georgia, migration, transactions.*

**JEL Classification:** *F20, F22, F24*

**I. INTRODUCTION**

The fall of the Soviet system had severe impact on newly-established independent post-Soviet states, and especially, on Georgia. First, building of the market economy became an urgent issue; second, globalization-related tendencies affected the development of these countries; and third, internal conflicts intensified and struggle for retaining the territorial integrity changed to wars. Global integration processes were differently understood by post-Soviet countries. Respectfully, their integration vectors were different, too. In many post-Soviet states, migration processes became stronger and population decreased, encouraged by unemployment problems in native countries, including Georgia. Apparently, the situation was conditioned by poor economic development. Several scientists dedicated their works to this broad-ranging problem [1-24].

This article investigates one aspect of the problem, which has not been analyzed profoundly: interrelation between emigration and remittances in post-Soviet Georgia.

**II. EMIGRATION AND TRANSACTIONS**

After the breakdown of the Soviet Union, restoration of independence of Georgia was the event of utmost importance. The Democratic Republic of Georgia existed in 1918-1921, and before its forceful overturn, the Georgian government still managed to implement economic reforms in the short period of independence, although, those reforms were not implemented completely (institutional economic structures were established: National Bank, State Controller's System, Statistical Service, land reform, etc.). (Atanelishvili, 2016; Atanelishvili and Silagadze, N., 2016; Zubiashvili and Silagadze L., 2016; Silagadze, A. and Zubiashvili, 2015).

From 1990, the situation in the country was different, because there was no experience in transition from socialism to market economy. Internal conflicts and separatist movements intensified, real unemployment increased, the size of economy reduced drastically. Approximately 10 % of population became refugees in their own country due to conflicts and wars. Absence of jobs led to the population beginning to migrate to other countries, which was encouraged by modern globalization tendencies. (Mekvabishvili, 2015, 2011, 2009). There

is no official statistics about exact number of emigrants but according to unofficial data, more than one million people have emigrated from Georgia (more than 20 % of population). The “slight compensation” for these extremely negative circumstances is remittances by emigrants the volume of which has increased in recent period. See table 1 and chart 1. (Mekvabishvili, 2015, Tukhashvili, 2009).

Table 1. The population dynamics and remittances to Georgia by emigrants working abroad, 1990-2015.

Year	Population, thsd.	Population, % compared to previous year	Remittances, mil. US \$	Remittance % compared to previous year	Remittances per capita (\$)
1990	4802.0	-0.03	-	-	-
1991	4861.6	101.3	-	-	-
1992	4873.5	100.3	-	-	-
1993	4911.1	100.8	-	-	-
1994	4861.6	99.99	-	-	-
2002	4371.5	-	96.501	-	22.08
2003	4342.6	99.34	196.634	203.76	45.28
2004	4315.2	99.37	259.123	131.78	60.05
2005	4321.5	100.15	403.134	155.58	93.29
2006	4401.3	101.85	553.250	137.24	125.7
2007	4394.7	99.85	866.156	156.56	197.09
2008	4382.1	99.71	1002.122	115.7	228.69
2009	4385.4	100.08	841.775	84	191.95
2010	4436.4	101.16	1052.227	125	237.18
2011	4469.2	100.74	1268.127	120.52	283.75
2012	4497.6	100.64	1334.174	105.21	296.64
2013	4483.8	99.69	1477.020	110.71	329.41
2014	4490.5	100.15	1440.754	97.54	320.84
2015	3713.7	82.7	1079.952	74.96	290.8
2015/1990	-	77.3	-	-	-
2015/2002	-	85.0	-	1110.10	-

Compiled and calculated: [http://geostat.ge/?action=page&p\\_id=151&lang=geo](http://geostat.ge/?action=page&p_id=151&lang=geo); <http://data.worldbank.org/indicator/SP.POP.TOTL?locations=GE> (1990-1994); <https://www.nbg.gov.ge/index.php?m=304> 25.02.2017.

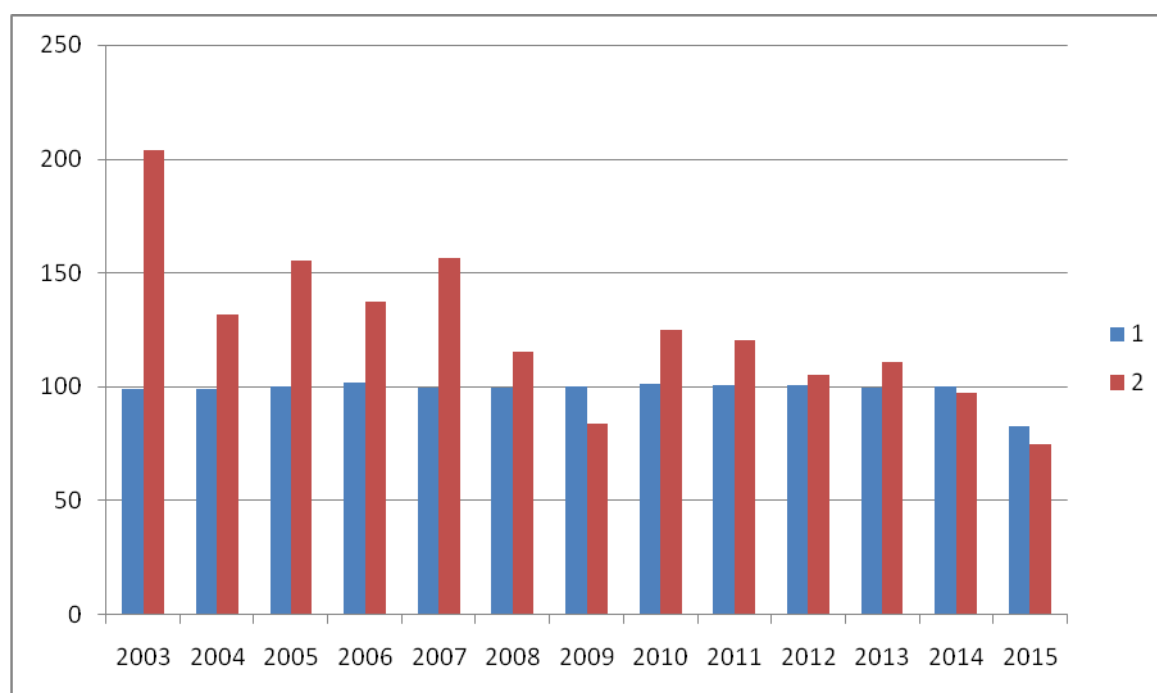


Chart 1. Population and remittances, 2003-2015 (% compared to previous year)

1. Population, % compared to previous year; 2. Remittances, % compared to previous year.  
*Compiled based on Table 1.*

As we can see, the population in 2015 compared to 1990 reduced by 22.7%, while remittances from foreign countries increased by 1110.0% in 2002-2015. Furthermore, remittances per capita amounted to 321 US dollars in 2014 (2002=22.08\$).

In 2000-2016 only, more than 13 billion US dollars entered Georgia through official canals, which is a considerable amount of money (slightly less than GDP in 2015). It should be noted, that the main part of these sums are spent on satisfaction of needs of subsistence of people living in poverty and not on investments. Moreover, remittances create additional demand on national currency, because received foreign currency is exchanged to national currency, which, in the end, contributes to retaining of the stability of the national currency.

Proceeding from the analysis of the existing data, we can speak of the following tendencies:

- Reduction of population and increase in emigration led to increase in remittances;
- Remittances decreased in the period of economic crises;
- Most of remittances were from Russia (51% of the total volume), Greece, USA, Italy, Ukraine and Turkey meaning that most of Georgian emigrants work in these countries.

In general, our citizens working in quite hard conditions abroad considerably contribute with their remittances to the improvement of economic situation of our country, but if we fail to timely utilize national resources effectively, it will be difficult to think of their return to homeland considering that some part of emigrants is willing to obtain foreign citizenship.

### **III. CONCLUSION**

Modern globalization tendencies, international competition, difficult processes of building the market economy enhanced outflow of national labour force abroad from post-Soviet countries, including Georgia. Investigation of factual materials revealed that emigration of Georgian citizens abroad in seek of employment and their remittances to Georgia play both negative and positive roles in the improvement of the national economy. Namely, emigrants cannot participate in creating of wealth in their native country; many of them receive foreign citizenship after certain period of time; remittances sent from foreign countries by our citizens are important for the national economy and also, for large part of population to purchase means of subsistence, etc.

In general, proceeding from the topicality of the issue, the utmost goal for the government to improve the economy and its competitiveness should be the creation of new jobs in our native country and recruitment of Georgian citizens.

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