

- towards economic, social and environmental Sustainability, University “Federico II” of Naples, January 22-24, pp.219-221. ISBN 9788890824265 <http://bslab-symposium.net/Napoli-2018/BOA-BSLAB-Symposium-2018.pdf>
33. Natsvlishvili, I., Kharashvili, E. and Lazariashvili, T. (2020). “[Bio-products market in Georgia: current challenges and development perspectives](#)”. *International Journal of Markets and Business Systems*. Vol.4 No.1, pp.81 – 98. <https://doi.org/10.1504/IJMABS.2020.107305>
 34. Natsvlishvili, I., Kharashvili, E. and Lazariashvili, T. (2020). “[Impact of agro tourism on economic development of related sectors in the context of sustainable well-being \(case of Georgia\)](#)”. *International Journal of Markets and Business Systems*, Vol.4 No.2, pp.120 – 139. DOI: [10.1504/IJMABS.2020.113122](https://doi.org/10.1504/IJMABS.2020.113122)
 35. Churchelauri, M. (2018). “Perspectives of transport cluster development in Georgia.” IV International scientific and practical conference “Strategic Imperatives of Modern Management” (SIMM-2018), KNEY, Kyiv, 2018, pp.279-283. <https://core.ac.uk/download/pdf/197267024.pdf>
 36. Tepnadze, M. (2019). “Agriculture and Rural Development Policies and Institutional Frameworks; Proposed Mapping for Wine Tourism in Georgia.” Proceedings of the 9th International Scientific Conference Rural Development, pp. 492-496. <https://ejournals.vdu.lt/index.php/rd/article/view/616/898>
 37. Polodashvili, A. (2020). “International scientific links of Georgia for the innovative development of economy.” V International scientific and practical conference “Strategic Imperatives of Modern Management” (SIMM-2020), KNEY, Kyiv, 2020, pp. 347-350. <https://ir.kneu.edu.ua/handle/2010/32958>

Merab Khmaladze

Associate Professor,
Ivane Javakhishvili Tbilisi State University
Merab.Khmaladze@tsu.ge

Maia Giorgobiani,

Associate Professor,
Ivane Javakhishvili Tbilisi State University
Maia.giorgobiani@tsu.ge

Ketevan Chitaladze

Assistant Professor,
Ivane Javakhishvili Tbilisi State University
Ketevan.chitaladze@tsu.ge

COVID-19 AND LIVING STANDARD OF THE POPULATION OF GEORGIA

Annotation

For the second year the humanity has been living in a pandemic, which, by its scale, has no analogues in the history. The most obvious negative consequence of the pandemic is the sharp decline in the living standards of the population. The paper deals with the dynamics of the volume of Georgia's gross domestic product (GDP) in 2019-2020 and, identifies both “visible” and “real”

GDP losses as a result of the pandemic. The rise in unemployment too plays a certain role in the deterioration of living standards. The paper studies and statistically determines also the increase in the overall mortality rate of the Georgian population and the decrease in life expectancy, as a result of the pandemic.

Keywords: COVID-19; Georgia; GDP; Unemployment; Life expectancy

The GDP Dynamics

The standard of living is based on the Gross Domestic Product (GDP). GDP in Georgia was growing steadily until 2020, however, the pandemic has slowed its growth. GDP for current prices in 2019 amounted to 49.3 billion GEL, while according to preliminary data for 2020 - in fact the same - 49.4 GEL.[1] (Geo) In comparable prices of the year 2015, GDP in 2019 amounted to 40.3 billion GEL, and in 2020 - 37.8 billion GEL.

The GDP losses during 20119-2020, at comparable prices, amounted to 2,5 billion GEL. This is, so to say, a “visible” loss , but, a real loss is higher. According to our calculations, in the absence of COVID and if maintaining the GDP growth rate for 2018-2019, the volume of GDP at comparable prices by 2020 would reach 42.3 billion GEL. From this we can conclude that as a result of COVID-19 in 2019-2020 the “real” **loss of Georgia's GDP is 4.5 billion GEL (42.3-37.8) and not 2.5 billion (40.3-37, 8).**

If we calculate the living standard indicator, the volume of GDP per capita (at comparable prices), in 2020 was equal to 10170 GEL, while in the absence of COVID it would equal to 11380 GEL, i.e. 11.9% more.

As a result of the pandemic, both the volume and structure of the population incomes and expenditures have changed, namely:

- Cash and non-cash resources decreased by 4.5%, which was mainly due to the reduction of other cash (by 34.5%);
- Most of all, by 70.5%, decreased the revenues from the sale of property, as the real estate market was significantly limited in the conditions of economic stagnation. Borrowing money and using savings from other funds decreased by 32.0%, which can be explained by the same economic stagnation;
- Two items of the income are characterized by a positive trend: non-cash income, which increased by 106.1%, and pensions, scholarships, benefits, which increased by 120.7%. The increase in the

latter was caused by the financial aid provided by the state (government) to the population and legal entities to compensate for the damage caused by the pandemic

- “Social capital” - the money received as a gift, decreased the least in the expenditures of the population - only by 1%. [2](Maia 2014)

The pandemic caused also drastic changes in the volume and structure of the population's spending. Before CODID,, the average monthly income of the population in Georgia was steadily increasing. In 2001-2019, it increased from 263 million GEL up to 1132 million GEL, i.e. 4.7 times. [3] (Khmaladze and Giorgobiani 2018)

Our analysis showed that in 2019-2020, the following changes took place in the volume and structure of consumption of the population of Georgia:

- Decreased as consumer cash (by 5%), especially non-consumer cash expenditures (by 9%), while there is an increase in non-cash expenditures (by 6.1%). Such changes in expenditures resulted in a reduction in total expenditures by 7.6%;
- Expenditures on food, beverages and tobacco increased by 5.3%, while expenditures on clothing and footwear decreased by 15.3% and on property purchases by 35.4%. The latter is a clear proof of the decline of the standard of living under Engel's law;
- Attention is to be drawn to the reduction of expenditures on transport - by 22.4%, which is the result of several lockdowns in the country, and the transition to distance learning has led to a reduction in public spending on education by 30.4%;
- The lockdown carried out by the government during the pandemic caused a reduction of "other consumer expenditures" by 16.0%, of course, this fact is lawful, as this article includes expenditures on leisure, entertainment, culture, hotels, cafes and restaurants;
- In general, before the COVID pandemic, the volume of expenditures of the population of Georgia was steadily increasing due to the increase in living standards. In particular, the average monthly volume of consumption that was 219.6 million GEL in 2001, in 2019 [4](Giorgobiani and khmaladze 2018) increased up to 1220,1 million GEL, i.e. 5,6 times

Employment and Unemployment

Negative shifts have occurred in the employment and unemployment levels of the country. In 2019-2020, the unemployment rate increased from 17.6% to 18.5%, while the employment rate decreased from 42.7% to 41.1%. Unemployment rate in Georgia before the pandemic in 2019 was quite high in Georgia, however, until 2019, unemployment was calculated according to the old

methodology and it ranged from 13-14% in 2014-2018. [5] (Khmaladze, Giorgobiani and Ghitaladze, Economic Activity and Employment of the Population of Georgia 2019) Unemployment was particularly high among men, which rose from 18.9 to 20.2%, as to women, this indicator changed from 16.0% to 16.2%.

When discussing the unemployment-related issues by city-village distribution, we got an interesting picture: in particular, the unemployment rate in urban areas increased from 18.2% to 20.3%, while in rural areas it decreased from 16.7% to 15.8%.

During the period under review, COVID has led to certain changes in the structure of employment and unemployment, namely, unemployment increased and employment decreased among the young people aged 15-24, although such changes had no significant impact on the reduction of employment and the increase of unemployment on the economically active population, as a whole.

Population Mortality and Life Expectancy

The most obvious traces of the impact of COVID-19 is observed in the mortality and life expectancy of the population, which is manifested in an increase in the mortality rate and a decrease in life expectancy.

The mortality rate in 2019-2020 (the number of deaths per 1000 inhabitants) increased from 12.5 to 13.6, i.e. By 108.8% (increase of 8.8%). The total number of deaths in 2019 was 46,659, and in 2020 - 50,537, i.e. 3878 more, of which 2587 came from the coronavirus (i.e. 5.1% died). If we calculate the mortality rate without coronavirus, its level will be 12.9. Therefore, we can conclude that as a result of coronavirus in 2019-2020, the mortality rate increased by 0.7 units (13.6-12.9), i.e. By 5.1%.

The increase in mortality rate as a result of the coronavirus has led to a decrease in life expectancy. In 2019, the average life expectancy was 74.1 years, which was reduced to 73.3 years by 2020, i.e. by 0.8 years.

Since our goal is to determine the consequences of the COVID pandemic on mortality and life expectancy, for this purpose we have calculated life expectancy rates by 2020 including all causes of deaths except for COVID. When building the corresponding model, it was found that the average life expectancy calculated for 2020 - 73.3 years, in the absence of the coronavirus pandemic would increase to 73.9 years, i.e. by 0.6 years. Respectively, in 2019-2020, the coronavirus pandemic in Georgia reduced the average life expectancy by 0.6 years, which should be considered a significant loss. One circumstance is noteworthy: the fact is that the average life

expectancy in the country during the period under review has decreased by 0.8 years, of which 0.6 years falls on the COVID pandemic. So, it is clear that the 0.2 year decline comes for the rest of the causes. If we divide the absolute number of deaths by groups, we get that in 2019-2020 the number of deaths increased by 3878, of which 2578 cases were due to the coronavirus pandemic, and 1291 – due to the remaining causes; Thus, 66.8% of the death toll came from the coronavirus pandemic and 33.2% - from other causes.

Conclusion

COVID-19 has had a distinctly negative impact on the living standards. The only positive thing we have found is that in conditions of declining living standards, there has been a reduction in the degree of inequality between different groups of the population, both in terms of incomes and expenditures. In 2019-2020, the Gini Index decreased from 0.39 to 0.37 in terms of total revenues and from 0.43 to 0.41 in terms of total expenditures.

It should be noted that the tendency to equalize the standard of living in Georgia has existed since the 1990s., but has become particularly noticeable since the mid-2000s. [6] (Makalatia 214) At the same time, there is another positive trend: equalization of income levels between urban and rural areas. In particular, the volume of income per capita in the urban population exceeded the similar rate of the rural population: In 2010 – by 33,3%, [7] (Khmaladze, Comparative analysis of the incomes of the urban and rural population of Georgia 2020) in 2019 – by 19,5%, and in 2020 – in terms of the pandemic – by 12,2%, only.

Bibliography

- [1] Geostat.ge, n.d.
- [2] Maia, Mindorashvili. "Stereotypes and Myths in Income Statistics of Georgia." *Globalization and Statistics*. Tbilisi: TSU, 2014. 337.
- [3] Giorgobiani, maia, and Merab khmaladze. "Dynamics and structure of expenses of the population of Georgia." *"Strategic imperatives of modern management"*. Kiev, 2018. 58.
- [4] Khmaladze, Merab, and maia Giorgobiani. "Incomes of the population of Georgia." *Strategic Imperatives of Modern Management*. Kiev, 2018. 117.
- [5] Khmaladze, Merab, maia Giorgobiani, and Ketevan Ghitaladze. "Economic Activity and Employment of the Population of Georgia." *Scientific and practical conference "The sphere of employment and income in the digital economy: Regulation mechanisms, Challenges and dominants"*. Kiev, 2019. 237.
- [6] Makalatia, Irakli. "Statistical Analysis of Income Inequality of the Population of Georgia." *Globalization and Statistics*". Tbilisi, 214. 293-295.
- [7] Khmaladze, Merab. "Comparative analysis of the incomes of the urban and rural population of Georgia." *Strategic imperatives of modern management*. kiev, 2020. 308.