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## In short

■ by Glenn C. W. Ames

# Georgia to Georgia: Teaching agricultural economics in Transcaucasia



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**T**here is Kuwait, with its rich subterranean deposits of petroleum reserves and abundant supplies of gasoline, and then there is "Little Kuwait" in downtown Tbilisi, capital of the Republic of Georgia, where gasoline is sold directly from tanker trucks to motorists on a cash-only basis. The thriving black

market for gas in Little Kuwait is a clear indication that most Georgian gasoline stations are empty.

The energy crisis in the Republic of Georgia typifies the difficult conditions encountered throughout the Former Soviet Union (FSU). Fuel shortages almost prevented my wife and me from reaching Tbilisi. We were here because I had volunteered to teach microeconomics and marketing at the Center of Environmental Management and Planning under an agreement between the Center and the University of Georgia's College of Agriculture and Environmental Sciences. Due to fuel shortages neither Aeroflot nor the airlines established by the newly independent states keep regularly scheduled flights.

"There are no flights to Tbilisi this weekend," said the communications secretary at the Hotel Ukraine in Moscow when I asked her to confirm my flight with Aeroflot. "Maybe you can call back on Monday." We discovered that planes depart only when filled with people and cargo. We waited several hours at the Vnukovo airport near Moscow before boarding and then several more hours before the plane departed for Tbilisi.

## Teaching in Tbilisi

After arriving in Tbilisi on October 4, 1992, I began teaching an introductory course in microeconomics to about 25 students. The students had no textbooks other than a Russian translation of Samuelson, purchased by one of the students. I supplemented these meager resources with an En-





**Above:** Sparkling wines are produced at the Mukhrani bottling plant in Tbilisi

**Below:** Gasoline delivery truck at "Little Kuwait" in downtown Tbilisi



**Vakhtang (Vaho) Lashkhi (left) and Gocha Kereselidze (right), two students at the Center for Environmental Management and Planning, buy gasoline at "Little Kuwait" for 60 rubles per liter in downtown Tbilisi**

glish and Russian copy of Samuelson and another microeconomics textbook by Amacher, which I had brought with me. We worked this way: students copied my lecture notes from the blackboard to use in place of textbooks, a situation more expected in underdeveloped countries.

The students, who ranged in age from 24 to 32, worked regular jobs in the morning and attended class in the afternoon. Their educational background ranged from college level mechanical, chemical, and electrical engineering to cybernetics, mathematics, and physics. Only three students had a background in economics, food processing, or forestry. Nevertheless, they all shared a common trait: a desire to learn English and market-oriented economics.

Georgian students easily understood the basic concepts of marginal utility theory, consumer behavior, elasticities, and costs of production. I tried to reinforce certain marketing concepts that Americans consider basic, by conducting consumer surveys in class. Other topics, such as commodity markets, futures, and international trade, students found extremely difficult to understand, given their background in central planning.

It is not easy to break the mold of Soviet economics. I interviewed an older Soviet-trained economist who was under consideration by the Center as a teacher. His vocabulary was still in the Soviet mold. Economics, to him, was the study of physical input-output coefficients, tractor horsepower per hectare, and so on. Never once did he mention the

role of price incentives or entrepreneurs in the economic system. Prices were only accounting mechanisms in the Soviet system. The students later told me, "We will not attend his lectures if the Center hires him, his concepts are completely obsolete."

### Georgian cultural heritage

Throughout our stay in Georgia, our hosts impressed upon us their rich cultural heritage, the strength of the Georgian Orthodox Church, and the multi-ethnic nature of their society. Jews, Abkhazians, Armenians, Azerbaijanis, Russians, and a host of other nationalities live in Georgia. Georgian Churches are now being restored after decades of neglect. Workers are removing the plaster to expose frescos for the first time since the revolution. Georgians take great pride in the founding of Tbilisi by Vakhtang Gorgasali in the second half of the 5th century and they recognize the potential for tourism as a source of growth but realize it must wait for economic and political stability.

### Economic conditions in Georgia

The students and faculty faced a daily battle of scarcities. Bread lines were the most obvious expression of shortages in Tbilisi. Georgians have the highest per capita consumption of bread in the former Soviet Union, 184 kilograms per year, or 60 percent more than consumers in Russia. The normal waiting time in the bread queue was two hours. One student told about being in a bread line at



2:10 a.m. when an earthquake struck in the nearby mountains on October 24th. Given Georgians' dependence on wheat imports, they are in a truly precarious political and economic situation.

My students completed a household survey questionnaire as one of their assignments. On the average, Georgian households include five individuals represented by two or three generations living in one apartment. Married students often live with their parents. Housing units range from one- and two-bedroom apartments to older homes, subdivided into living units during the establishment of Soviet power in 1921. Several families share a common kitchen and other facilities in these older houses. On the average, there are less than two children per family.

When I asked the class the population growth rate in Georgia, a student replied "we do not know, they [the authorities] do not tell us these things." Statistical references on Georgia are very difficult to find.

Inflation is rampant in Tbilisi and other parts of the Republic. Gasoline prices rose from half a ruble per liter in 1991 to 60 rubles per liter in October 1992. By April 1993, gasoline prices had climbed to 200 rubles per liter. Sugar prices rose 25 percent in September alone. Students often engage in small trading to supplement their meager salaries.

A visit to the champagne factory in Tbilisi illustrates typical economic problems. Ilia Kurtishvili, a third year student at the Center, arranged a visit to Mukhrani Champagne factory where Mr. Zurab Bactadze, the plant manager, arranged a tour of the ancient factory, built in 1937. The machinery was old and needed constant repair. Halfway down an assembly line, I was startled by a succession of loud explosions. The plant was using recycled bottles, which despite visual and mechanical inspection, exploded because they could not sustain internal pressure. What a waste of quality champagne!

Our hosts wanted us to sample Georgia's best vintages—wine, champagne, and brandy—but most package stores were nearly empty or closed completely. The answer to the empty shelves lies immediately outside of the champagne factory gates. As we left the factory guard post, we met a host of entrepreneurs, ready and willing to buy champagne directly off the delivery trucks for resale throughout the city. "It is my business," one young man explained. "We have to do whatever we can to earn a living."

## Legacy of central planning

There is a lot to learn about the complexities of Soviet centralization and its legacy for the newly independent republics. As in other cities of the FSU, a central plant supplies hot water to Tbilisi for heating apartments and for bathing. If the plant breaks down or lacks fuel, everyone shares in the misery. Entire neighborhoods can be without hot water for days, weeks or months depending upon the severity of the problem. Plumbing problems abound. Because there are no water meters, there are no incentives to fix leaking faucets.

The electric utility company loses a fortune in revenue. Meter readers are bribed to report only half of the actual monthly use. The difference becomes part of their salary. "We cannot afford these rates on our meager salaries," reported a teacher, "everyone has a business here, it is what we do to survive."

Foreign businessmen come to Georgia proposing "deals" with public enterprises but concluding commercial transactions are difficult. I met a representative of International Petroleum Importers at the Metekhi Palace Hotel but he returned to Atlanta without an agreement. "These ministers just do not know how to make a deal," he said as he packed his bags for the airport. "They just do not understand contractual arrangements."

Georgia faces some of the same structural adjustment problems as Russia, the Baltic states, and other former Soviet republics. Food and fuel shortages are common, inflation is rampant, and communications are difficult. But Georgians are making a determined effort to establish cultural, educational, and economic links with the West after nearly 70 years of isolation from the United States, Western Europe and other market economies.

Seven decades of communist rule left Georgia a legacy of near complete economic stagnation, but new institutions like the Center for Environmental Management and Planning are trying to prepare the students for a new role in the country's economic future.

The basic challenge now is to find the resources to continue these educational reforms. "We have to do it," replied George K. Shubladze, Director General of the Center, "Despite these difficult conditions we have to change the educational system and integrate our economy with the West." I wish him luck in this important endeavor. ■