

Section : Economic security

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INDICATORS OF POSSIBILITY OF SUSTAINABLE ECONOMIC DEVELOPMENT IN GEORGIA

National economic security implies such a condition of the economic system during which protection of national interests, sustainability of economy and development is guaranteed even in the conditions of the existing and expected threats. It has a complicated structure and implies a high level of public accord for economic development, implementation of long-term national interests.

For Georgia, which presents a post-Socialist country with small, open economy, it is important to provide positive parameters of economic security.

The system of functional indicators of economic security is most frequently applied in order to characterize the country's economic security. This system includes: the indicators of possibility of the country's sustainable economic development; the indicators of social security; the indicators of financial security; the indicators of food security. At this time, 10, in our opinion, the most important indicators of the possibility of sustainable economic development – one of the components of the functional indicators - will be discussed and the experience of the post-Soviet countries, the values set by the “Copenhagen criteria” and elaborated by the Scientific Research Institute of Social-Economic and Regional Problems of Georgia will be applied to as the basis of defining their marginal values [1, p. 129-133; 2, p. 89-91; 3, P.77].

The directions existing in social-economic development of Georgia also resulted in the indicators of possibility of sustainable economic development.

Table 1

Indicators of Possibility of Sustainable Economic Development.

[4; 5; 6; 7; 8]

#	Names of indicators	Marginal value	Georgia				
			2002	2003	2005	2010	2015
1	The growth rate of GDP (the average of the last four years) (%)	3,1	3,7	6,5	8,0	4,9	4,3
2	Slump of GDP in comparison with the market level (%)	30-40	57	53	48	33	15
3	The purchasing power parity GDP per capita (US dollar)	6 000	3000	3400	4200	5800	9630
4	Human development index	0,80	0,69	-	-	-	0,754
5	Share of investment in equity in GDP (%)	25	5,1	26,7	28,1	19,3	28,4
6	Budgetary deficit - (GFSM-1986) against GDP (%)	3,0	3,0	1,8	2,6	6,7	3,7
7	Share of science appropriations in GDP (%)	2,0	0,2	-	-	0,2	0,2
8	Share of education appropriations in GDP (%)	2,0	-	-	3,3	2,5	2,5
9	Share of export of commodities in GDP (%)	16,2	8,3	9,7	12,7	14,0	15,8
10	Covering import with export (%)	74,6	43,5	40,4	34,8	31,9	28,5

During their analysis, the positive change in almost all the indicators is obvious during the last ten years. At the same time, a number of the said indicators reached the better positions above the marginal benchmark.

It must be noted that **the growth rate of GDP (the average of the last four years)** was already 3.7% for 2002 instead of the envisaged maximum 3.1%, and for 2015 it was at the level of 4.3%. For 2007 the real growth rate of GDP reached 12.3% and the average of the last four years was 9.3%.

Even in the conditions of such a comparatively high rate of growth of GDP, reaching the desirable parameters of development is a long-term prospective which is shown by the high index of slump in comparison with the market level of GDP (1990). In spite of the fact that the tendency of economic slump in Georgia lasted for 5 years, the GDP volume per capita fell down more than 60%. It must be noted that 3.1% growth rate of gross domestic product may be considered as a negative indicator for Georgia as in the conditions of the mentioned parameters a social-economic permutation cannot be carried out in the country. At the same time it shows the level below which significant undesirable processes will take place in economy.

As for one more indicator of economic security, **slump of GDP in comparison with the market level**, we have taken 1990 and GDP 19,218.6 million GEL as the market level. For 2002, instead of the received marginal 30-40% the mentioned index amounted to 57%, for 2007 it went beyond the upper barrier (37%) of the marginal value, and for 2015 it equalled to 15%. It is obvious, Georgian economy will continue going in this direction and in the nearest period the volume of GDP will go beyond the 1990 benchmark.

Among the presented indicators **the GDP volume per capita** envisaging the purchasing power parity (PPP) is especially important. It is worth noting that during the whole analysing period the mentioned indicator was growing, for 2015 it is positive in comparison with the marginal indicator and equals to 9,630 international dollars. Besides, it must be noted that in the last period the acceleration of its growth rate is stipulate by decrease in the number of the population. Particularly, according to the existing data, in 2015 in comparison with the last year the number of the Georgian population is decreased with 776.8 thousand.

The changes in the dynamics of gross domestic product exert influence on **the indicator of human development potential**. It is known that it consists of three components: expected life, the education level of the country's population,

gross domestic product per capita in international dollars. In Georgia the first two components are at the level of developed countries, but the third one is considerably behind it. At present, human development index in the world equals to 0.735, in developed countries – 0.911, in developing ones – 0.663. In Georgia it was 0.697 for 2002 and for 2015 – 0.754.

Share of investment in equity in GDP. 25% is determined as its marginal value. For 2002, in Georgia it equalled to only 5.1%, for 2005 it increased for almost 5 times and amounted to 28.1%, and for 2015 it was 28.4% (approximately 9 billion GEL);

Budgetary deficit against GDP. In the analysing period presented by us, the mentioned indicator varied and sometimes significantly went beyond the marginal benchmark (e.g. in 2010 – 6.7%). For 2015, the budgetary deficit against GDP amounted to 3.7%. The challenges and threats existing in this direction shall be envisaged as maximum as possible in the future in order to avoid negative parameters;

Share of science and education appropriations in GDP. During the analysing period the mentioned indicator had undergone positive changes in total. Though, while differentiating appropriations according to the spheres of science and education, it shows that science appropriations is stable and equals to 0.2% instead of the 2.0% marginal benchmark. We think that periodical growth of the volume of allocated amounts against the growth of GDP is positive. The same positive is characteristic to the education appropriations in GDP. Besides, for 2015 its share in growing GDP equals to 2.5% instead of the marginal 4%.

During the analysis of the indicators of the possibility of sustainable economic development, discussion of the indicators related to **an export of commodities** is one of the important directions as the mentioned indicators characterize the competitiveness of domestic products, the change in the country’s positions in international economic relations. Unfortunately, the data

obtained by us confirm that the existing poor tendency of improvement against the export of commodities has recently weakened. Both export and import have been decreased. At the same time, the indicator of the export volume per capita has increased up to 570 EURO for 2015 from 43.9 EURO in 2002.

The indicator of covering import with export, for 2015, decreased up to 28.5% from 43.5% (the marginal indicator 74.6%) existing in 2002. It is obvious that the competitiveness of Georgia's economy decreases in comparison with other countries; this fades the achievements of the national economy. Despite of the growth, the indicator of export of commodities in GDP, which increased up to 15.8% for 2015 from 8.3% (marginal 16.2%) in 2002, cannot satisfy the permissible level. It is obvious that the export growth rate against GDP growth is not sufficient and does not comply with the dynamics of the country's development.

Thus, by analysing the indicators of the possibility of Georgia's sustainable economic development it has been found out that the potential of sustainable economic development in the country is high. It is clear that, in total, the basis for economic growth is formed. At the same time, the parameters of development, in spite of their positive value, are insufficient for the country such as Georgia. The growth of the real growth rate of gross domestic product and the growth of education appropriations, taking the measures of improving the indicators of export of products are especially significant. During the analysis of the indicators of the possibility of sustainable economic development it must be also noted that in some cases positive quantitative parameters do not mean the acceptability of its quality.

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