

## MINIMUM LIVELIHOOD IN GEORGIA: POLITICAL WEAPONS TO COVER REAL POVERTY

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### Abstract

*This analysis examines the growing disconnect between official subsistence figures in Georgia and the lived economic reality of its citizens. By comparing the current 2003-based methodology with the British "Minimum Income Standard" (MIS), this paper argues that the state's reliance on a "biological survival" model serves as a political tool to mask deep-seated poverty. The findings suggest that a transition to modern, social-inclusion-based metrics would likely reveal a poverty rate of 60%, tripling current official estimates.*

**Keywords:** Georgia; cover real poverty; minimum income standard; political weapons.

### INTRODUCTION: POLITICAL WEAPONS TO COVER REAL POVERTY

If the methodology of calculating the minimum wage is changed to the European (Living Wage) standard, the official number of poor people in Georgia may statistically increase from 20% to 60%. It is to avoid this statistical change that they keep this theoretical, preventable, outdated, inhumane, and illogical formula.

In Georgia, the term "minimum livelihood" does not represent economic reality, but rather political manipulation, constant debate, social dissatisfaction, and harsh criticism. It is completely incomprehensible to most of society how a person can survive on the absurdly small amount of money that the National Statistical Service publishes every month.

For example, the minimum livelihood of a working-aged man as of November 2025 is 288.4 GEL. This indicator immediately raises the question: is this money worthy of existence, or is it for maintaining a bureaucratic illusion?

The purpose of this preliminary analysis is to prove that this indicator does not reflect the economic reality of the country. It is an outdated, distorted, and politically motivated tool used to artificially distort official poverty statistics and mask real social problems.

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## THE MYTH OF MINIMUM LIVELIHOOD: THE LIMIT OF BIOLOGICAL SURVIVAL

The Georgian model of minimum livelihood is based on an extremely ancient and anachronistic philosophy: it considers humans not as social creatures, but as "biological machines that consume calories." This is a theoretical limit below which only physiological survival can be achieved for the purpose of maintaining labor.

Classical methodology tries to put human needs into one universal mathematical formula. From an economic point of view, this approach cannot withstand criticism: the value of demands is individual and subjective. It is not possible for a central bureaucratic body to treat the different needs of all citizens with a single number. This concept describes a ratio more minimal than the decent life of a citizen in a free society.

## CALCULATION DEFORMATION: 2003 METHODOLOGY

The methodology for calculating the minimum wage in Georgia has remained unchanged for decades, based on the 2003 N111/N order of the Minister of Labor, Health, and Social Protection of Georgia. This methodology is outdated and deformed.

A) A "theoretical" diet consisting of 40 products

The indicator is based on the well-known data that a hard-working man should consume 2,300 calories per day.

**Composition:** The "grocery basket" consists of 40 named products selected on one principle: to be as cheap as possible while covering the calorie requirement.

**Structure of the food basket (physiological norm - daily share):**

- **Bread, grains, and legumes:** 560g (~40%) (cheaper types of bread, pasta, rice, beans).
- **Vegetables:** 430g (~30%) (potatoes (the largest share), cabbage, carrots, onions).
- **Meat and meat products:** 100g (~7%) (chicken, by-products, pork, or cheap beef cuts).
- **Milk and dairy products:** 200g (~14%) (milk, cheap types of cheese, sour cream).
- **Fats and other products:** 50g (~3%) (vegetable oil, eggs, sugar).
- **Fruit products:** 80g (~6%) (seasonal, cheap fruit like citrus or apples).

This basket does not represent healthy eating, real human choices, taste, or healthcare. This is a "bureaucratic minimum diet" that is enough only to survive theoretically, not to truly exist. The cost of this basket makes up 70% of the minimum living.

B) The absurd principle of 70/30

Based on the cost of food, in Georgia, a 70/30 split is applied: 70% of the minimum livelihood is allocated to food, and only 30% to all other costs (clothing, utilities, transport, hygiene, education).

This formula values humans as just food-oriented creatures and ignores all the vital costs of living in a modern society. It is practically impossible for a member of modern society to cover all non-food costs with only 30% of their budget.

### IGNORED COSTS: ANATOMY OF REALITY

There is a thin line between reality and official statistics on the cost of living that the methodology completely ignores:

- **Housing:** Apartment rent and mortgages. The methodology assumes that a person already owns their home, which is not true for millions of citizens.
- **Healthcare:** The cost of medicines and private doctors is not taken into account.
- **Communication and Education:** Internet, mobile connections, books, and courses are all considered luxuries.
- **Social Life:** Cultural events, entertainment, or even just drinking coffee with a friend – all of these are excluded from the basket of a decent life.

### POLITICAL MOTIVE: HIDING POVERTY

Keeping the minimum livelihood at an artificially low level has direct and concrete political consequences—and this is the main goal:

- **Political Trick:** Minimize official statistics. If the methodology is changed and switched to the European (Living Wage) standard, which takes into account the full cost of living, the official number of poor people in Georgia may increase statistically from 20% to 60%. The government maintains this age-old formula to prove that poverty is lower on paper than it is on the street.
- **Limiting Social Spending:** An artificially low minimum wage allows the state to keep pensions and social assistance low and keep spending to a minimum.

### WESTERN APPROACH: THE CONCEPT OF THE LIVING WAGE

In Western countries (for example, Great Britain), the notion of a "Living Wage" is used. The European model does not ask, "How many calories are needed to live?", but rather: "How much money is needed for a person to feel dignified in society and to be socially involved?" A Living Wage takes into account rent, childcare costs, healthcare, and transportation, which creates a picture of real expenses.

According to the British methodology (MIS - Minimum Income Standard), the index would be sharply higher in Georgia. Here is why:

- **Non-food costs:** The Geostat basket practically ignores critical costs like rent, transportation, and utilities, which "eat up" much of one's actual income.
- **Social component:** The British approach assumes a "minimal acceptable living" (e.g., buying a book, going to the cinema, modest rest), which does not exist in the Georgian model.

**Table 1. Geostat vs. British Methodology (Living Wage) - 2024**

| Category            | Geostat (Official) | British MIS Methodology |
|---------------------|--------------------|-------------------------|
| 1. Working-aged man | ~254.0 GEL         | 850 - 1,100 GEL         |
| 2. Average user     | ~225.0 GEL         | 750 - 950 GEL           |
| 3. Family of four   | ~450 - 480 GEL     | 1,600 - 2,200 GEL       |

In Georgia, food and utilities alone cost more than Geostat's entire basket for a 4-person family. For a decent life (education, healthcare, clothing), less than 2,000 GEL is unrealistic.

### ALTERNATIVE VIEW: CRITICISM OF THE FREE MARKET

A centralized minimum wage and its use as a policy tool contradicts the fundamental principles of the free market:

- **Theory of Subjective Value:** The value of "sustenance" is individual and subjective. The state will never be able to summarize the subjective needs of millions of people into a single objective figure.
- **"Problem of Knowledge" (Hayek):** No central body (Geostat) can collect and process the dispersed, dynamic, and local knowledge necessary to calculate the "real" minimum. This information is only available on the free market through the price system.
- **Wealth Production, Not Distribution:** The key to overcoming poverty lies in economic growth, innovation, and free production, not in efforts to distribute existing wealth through centrally established minimums.

### CONCLUSION

Georgia's minimum livelihood remains a figure disconnected from reality, serving as a political trick to disguise real social problems. This indicator is:

- **Technically Outdated:** Based on 2003 methodology, a 40-product basket, and an absurd 70/30 split.
- **Does Not Reflect Dynamics:** The growth rate of the index is not in line with real market inflation.
- **A Political Weapon:** It keeps official poverty statistics artificially low. If this approach changes, the official number of poor people in Georgia may increase statistically from 20% to 60%, which is the government's hidden goal.

To gauge real purchasing power, transparent indicators like the Khachapuri Index are much more practical and adequate. The market approach proves that poverty is not solved by central regulation, but only by free markets and wealth creation.

## OFFICIAL DATA & METHODOLOGY LINKS

- **Geostat (Georgia):**

- [Official Subsistence Minimum Data](#) – Monthly updates on the "Minimum Livelihood" figures.
- [Poverty and Living Conditions](#) – Absolute and relative poverty statistics.

- **United Kingdom (British System):**

- [Loughborough University - Minimum Income Standard \(MIS\)](#) – The research center that pioneered the methodology used to define a decent living standard in the UK.
- [The Living Wage Foundation](#) – Details on how the UK's "Real Living Wage" is calculated based on the cost of living (MIS) rather than government-set minimums.