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### **Georgia: A road to economically developing the rural cities of Georgia.**

Georgia is a developing country in between Turkey and Russia facing many common challenges that developing countries face. Extreme poverty is a major challenge for many of the country's citizens, as many have not migrated away from the agrarian lifestyle. An average of \$356 is made per person in Georgia's biggest city of Tbilisi (Khelpasebi). One of the most common jobs is working as a farmer, as 41.29% of the workforce was engaged in agriculture in 2021 (Georgia). The foods that are produced are mainly nuts and grapes, with grapes being made for wine most commonly.

Infrastructurally, Georgia has free healthcare, yet many families are unable to access these resources and end up paying for health services (Two Major Causes of Poverty in Georgia). This is a major problem for many low-income families. Transportation to and from urban cities is a problem as well because they are still a new country that formed around 30 years ago. This lack of infrastructure inhibits commerce, communication, and government services. Just for some more background information, education is also free of charge from the ages of 6 - 18 but further education requires pay, inhibiting how many jobs poor folks can get (Education System in Georgia).

Nineteen and a half percent of the country's population is living below the national poverty line (Poverty Data: Georgia). And while Georgia has seen major economic growth recently, that is due to an increase in real estate being purchased as well as an increase in bank loans within the country. This creates a false sense of economic security, as the working class still does not make much money. All that is happening is improving the economy through the benefit of companies, not people. An important factor within Georgia's economy is that almost 50% of the people that are employed are employed in the field of agriculture. However, only 7-8% of Georgia's GDP is made up of food exports (Georgia). This is because much of the agricultural workforce is made up of rural workers, which are people that are unable to use many industrialized methods of farming, due to the lack of infrastructure as well as the poverty that plagues rural Georgia.

My solution to this problem is multifaceted. These solutions should also be funded by the government as an assistant to the welfare state. There are 3 solutions that I will focus on for the rest of this essay. The first will be to implement a more sophisticated commodities exchange market. The second solution will be the government stepping in to lease/subsidize industrial farming methods to increase productivity. The third solution will be done on a local level, with revisions to crop selection and emphasizing crops that are not amenable to industrialized farming. I would like to stress that I do not believe that rural Georgia should be privatized within the process of the production of crops as I believe that will lead to a humanitarian crisis regarding workers rights, as we have seen within the labor exploitation of workers in many developing countries.

My first solution would be to implement a more sophisticated commodities market. The main part that must be implemented are futures contracts, so that farmers can get a consistent price for the crops that they sell. For example, if a farmer sells his corn for \$8 a bushel each season yet one season the market is down and he can only sell his corn for \$2, he will be economically ruined and his economic stability is therefore dependent on the volatility of the market. But, if he signs a contract at the beginning of each season saying that he will sell each bushel for \$6 to a company on the commodity market no matter what happens to the price, the farmer will be guaranteed a price that he can depend on. And if, for example, a company won't sign this contract because the market is down at the beginning of the season, he can switch to a different crop and plant that crop before the season has started. So the development of this market is crucial.

In order to do this, the government must have sufficient enough stability to be able to enforce future contracts. In other words, the company paying the farmer must know that the contract can be enforced in Georgia's legal system. This appears to be happening as a US aid program is looking to hire individuals to help develop a commodities market in Georgia.

My second solution would be to industrialize rural Georgia through government subsidies or leases to farmers. The government should either subsidize agricultural projects or lease industrialized agricultural machinery to increase productivity. This increased productivity would grow markets which would help the Georgian economy in the long run. It would also supply workers with more funds to raise their standards of living, and repay machinery leases.

My third solution is one that should be implemented on a very local basis. By creating a commodity exchange, farmers will have an idea of what crops are likely to be more valuable in the coming year. This will allow farmers to pick crops that are more valuable. In addition, Georgia can take advantage of its lack of industrialized farming by planting crops largely new to Georgia that are not suited for industrial farming, such as avocados (Avocado Market). The Government may need to provide incentives for farmers to make a leap of faith, but Georgia's arable land is perfectly suited for many crops that cannot be farmed with machinery. I will note however, that the need for industrialized farming is still present in the long term and to give Georgian farmers the opportunity to increase their crop production so that excess food can be exported.

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