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***In Russian, East European,
and Central Asian Studies***

The Labor Market, Wages, Income, and Expenditures of the Population of the Republic of Uzbekistan

**Alexander Agafonoff,
Dilnara Isamiddinova,
and Galina Saidova,
editors**

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About the editor of this issue.....

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About this series

The *Donald W. Treadgold Papers* publication series was created to honor a great teacher and great scholar. Donald W. Treadgold was professor of history and international studies at the University of Washington from 1949 to 1993. During that time, he wrote seven books, one of which — *Twentieth Century Russia* — went into eight editions. He was twice editor of *Slavic Review*, the organ of the American Association for the Advancement of Slavic Studies, and received the AAASS Award for Distinguished Contributions to Slavic Studies, as well as the AAASS Award for Distinguished Service. Professor Treadgold molded several generations of Russian historians and contributed enormously to the field of Russian history. He was, in other ways as well, an inspiration to all who knew him.

The *Treadgold Papers* series was created in 1993 on the occasion of Professor Treadgold's retirement, on the initiative of Professor Daniel Waugh. Professor Treadgold passed away in December 1994. The series is dedicated to the memory of a great man, publishing papers in those areas which were close to his heart.

Sabrina P. Ramet
Editor

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Finally, my deepest debt is to my friends who gave me the courage and assistance to complete this paper, and to my parents who have always supported me.

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on behalf of the team of authors*

Summary

This monograph has been designed to bring together in one volume a comprehensive collection of data and information on the labor and income situation in the Republic of Uzbekistan. It was prepared under the auspices of the UNDP Macroeconomic Policy Analysis and Training Project. The contributors' team included Dilnara Isamiddinova (Chapters 4-7), Omon Ergashev (Chapter 1), Zavikhulla Nasritdinkhodjaev (Chapter 2), and Galina Saidova (Chapters 1-4). Statistical assistance was provided by Yulduz Abduganieva.

The period covered comprises the years 1991 to 1995, inclusive; we also provide an indication of trends and developments during the first phase of transition by the Republic to a market economy. The study largely allows the facts to speak for themselves, and we have not, at this stage of the program, engaged in deep analysis on particular issues. Major issues have, however, been identified and listed at the end of each section.

Uzbekistan has adopted the gradual approach to economic reform. For this reason the effort has been made to bring about the necessary changes in the structure and conditions of the work force gradually and with minimal - although, in some cases, unavoidably serious - dislocation in the short term. Sufficient information is available to identify the following major issues deserving further research and analysis, and for the development of strategic and policy options for consideration by the government.

- * Although population growth rates are lower than they have been, further effort needs to be directed at family planning, particularly in rural areas.

- * Employing organizations have had to carry surplus labor; so the real situation regarding the level and extent of unemployment in Uzbekistan is somewhat obscured. This raises at least two issues: the production of more accurate information on unemployment and under-employment, and programs for dealing with excess labor.

- * Job creation programs need to take account of the need to both relocate and retrain surplus labor as well as to absorb net additions to the labor force. This is a particularly serious issue as it relates to the rural sector.

- * So far, the authorities have attempted to deal with aspects of

the labor market problem through special arrangements which have limited labor mobility and wage differentials, rather than relying on market forces to provide solutions.

* Income structure by source is being changed due to transformational changes. The wage influence as a source of income is decreasing. Relevant wage policies can improve disproportions and contradictions in both wage distribution and income formation.

* The income differentiation is deepening in Uzbekistan. It is especially significant in rural areas, and the main remedy of this problem is to develop an effective agricultural sector.

* The savings of population have been negatively influenced during the transformational period. Factors of instability, like banking situation, changes of national currency, inflation, decrease of living standards and others led to sharp contraction of savings which is the internal source of investment.

Statistical data and calculations are based on the information provided by Goskomprognozstat, which is the statistical body of the government of Uzbekistan.

Notes on terminology

The terms used in this study necessarily reflect the definitions of the State Committee on Statistics and Forecasting (Goskomprognozstat). Set out below are the main items.

Industry - includes heavy and light manufacturing, power production and mining.

Material services - transportation related to production, communications, trade and commerce, information services.

Non-material services - refers to housing services, health, education, culture, science, finance and State administration, as well as public transport.

Construction - refers to industrial as well as housing construction. Construction of economic infrastructure is accounted within transport and communications.

Agriculture - conventional coverage, but includes forestry and fishing.

State sector - comprises state owned enterprises and organizations.

Non-state sector - refers to enterprises and organizations with other than state ownership, including collective, mixed, joint enterprises and individuals.

Employed - refers to persons who receive wages in cash or in kind for labor.

Unemployed - for definition see section 3.1 in the text, below.

Hidden unemployed - covers two groups of population: first, those who want to work but are not actively searching for work; and secondly,

Under-employed - people who are involuntary working part-time or those on involuntary leave without pay or paid partly.

Balance of money income and expenditure - is an official source of information on income and expenditure of the population. Until 1991 this balance was included as a part in the integrated macro-economic balances system of USSR planning economy. Currently this balance is used as macro-level information source on income and expenditures of population and also for elaborating indicators and accounts of household sector. Total income comprises income of the population from different sources: as wages, money income from collective farms, income from sales of agricultural productions, income from transfers to population, and other income from labor. The amount of income and their sources are determined on the basis of macro-level statistical and financial information. Total expenditures include population purchases of goods including retail trade items and services: as rent and municipal services, transport and communications, health care, transfers from the population and savings, and other purchases. [Household Budget Survey¹ data is a base for analyzing real income of the population, calculating consumer price indices and other calculations in regard to household sector. The survey sample is fixed and it includes 4,500 households on the entire territory of the Republic. Information on money income and expenditures is taken on a monthly basis.]

Data regarding employment in the state sector and in large enterprises such as corporations, unions, associations and others, are based on comprehensive surveys and fully reflect the present situation. On the other hand, data regarding employment in the non-state sector, especially in small enterprises and in the sphere of individual labor activity, is imperfect. For these reasons, employment analysis in this report is based on both official data and unofficial estimates.

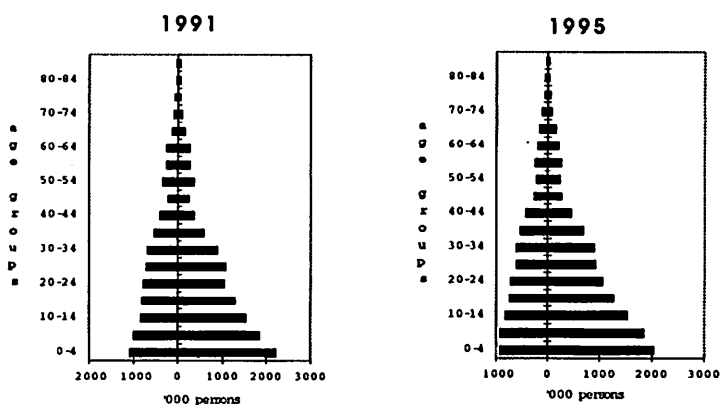
1. Demographic developments and their consequences for the labor market

1.1. Changes in the number, sex and age composition of the population²

The population of the Republic of Uzbekistan stood at 22.9 million at the beginning of 1996. The average annual population growth rate fell from 2.3 per cent during 1980-1989 to 1.8 per cent for 1990-1995. Population numbers during the last six or seven years were affected significantly by migration. During 1990-1995 the outflow of population from the Republic was 632,700.

Of the total population in 1996, 8.8 million people (38.1 per cent) lived in urban areas and 14.1 million (61.8 per cent) in rural areas. During 1990-1995, the population grew by 11.1 per cent, the rural population grew by 14.8 per cent and the urban population grew by 5.6 per cent (Appendix, Table 1.1). Figure 1.1 shows the age pyramids for urban and rural areas in 1991 and 1995.

Figure 1.1: Age Pyramids according to Place of Residence



The 1989 census indicated that women made up 50.6 per cent of the population and men, 49.4 per cent.

The number of children under sixteen years of age in 1995 was 9.8 million or 43.1 per cent of the total population, against 8.8 million in 1990, or 43.0 per cent of the total (Appendix, Table 1.2). Goscomprognostat forecasts suggest that the proportion of the population under sixteen years of age will fall to 41.9 per cent by the year 2000 and 40.6 per cent by 2005.

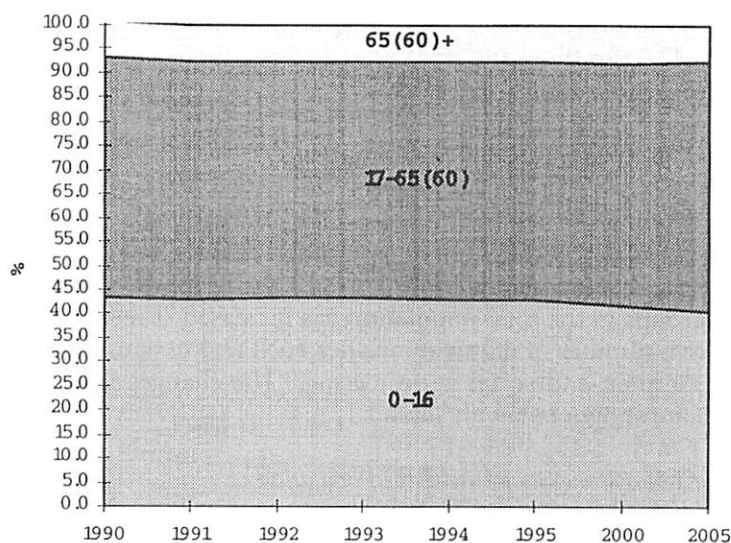
1.2. Working age population

The working age population³ stood at 11.2 million people in 1995 or 49.3 per cent of total population, compared with 10.0 million in 1990 (48.8 per cent). During 1990-95 the number of people under working age grew by 11.4 per cent, which was a higher rate than the growth rate of the working age population (11.2 per cent) and considerably higher than the growth rate of the older than working age population (9.3 per cent). In contrast, in rural areas, the working-age population grew by 16.0 per cent, the under-working-age population by 12.8 per cent and the older than working age group by 13.9 per cent. The number of people at higher than working age in 1995 was 1.9 million or 8.3 per cent of the total population, against 1.6 million people (7.9 per cent) in 1990.

During 1970-79, the average annual growth rate of the working age population was 4 per cent, while total population grew at an average rate of 1.95 per cent. However, during 1990-95, these rates stood at 1.9 per cent and 1.8 per cent, respectively. The decrease in the working age population growth rate during the most recent years reflects a large outflow of population from the Republic; 73 per cent, or more than 460,000 of those who left the Republic during 1990-1995, were of working age.

Official forecasts indicate that the share of the population older than the working age will decrease to 8.2 per cent by 2000 and 7.8 per cent by 2005. At the same time, the share of the working age population will increase to 50.2 per cent by 2000 and 51.6 per cent by 2005. These forecasts also indicate that by the year 2000, the working age population will increase by 1.1 million people over the level for 1995; the increase will be 1.7 million over the period 2001 to 2005.

Figure 1.2: Age Structure of the Population



1.3. Birth rate

From the 1970s to the early 1990s, the birth rate averaged 33 to 34 per thousand, peaking at 37.8 per thousand in 1986. Although in 1995 the birth rate stood at 29.9 per thousand, it still remains high. The birth rate in urban areas was 24.0, and 33.5 per thousand in rural areas. Each year, 660,000 to 680,000 people are born in Uzbekistan.

The fertility rate of women 20 to 24 years of age remains high at 290-295 births per thousand women, in the age group 25 to 29 years it stood at 250-255 births, while in the remaining fertile age group (30 to 49 years), it decreased considerably. It has been estimated that in 1995 there were 3.7 live births per woman, 2.7 in urban areas and in rural areas, 4.3. This is lower than in previous years (Appendix, Table 1.3), but it is higher than in developed countries.⁴

1.4. Mortality rate

The death rate in the Republic stood at 6.3 per thousand in 1995 and grew by 0.2 points compared with 1990. In rural areas, death rate indicators according to both sex and age are considerably higher. Infant mortality remains high, in spite of its considerable decrease from 47.0 per thousand in 1980 to 25.7 per thousand in 1995 (Appendix, Table 1.4).

1.5. Ethnic composition of the population

The ethnic structure of the Republic has changed during the last five years as a result of both emigration and the relatively higher birth rates among local ethnic groups. The proportion of local ethnic groups in the total population has increased. The absolute and relative number of ethnic minorities such as Russian, Tatars, Jewish, German and so on is decreasing. The changes from 1989 to 1995 are shown below in Table 1.1.

Table 1.1: Ethnic Structure of the Population

Ethnic groups	1989		1995	
	Thousands	per cent	Thousands	per cent
Total	16,600.8	83.8	19,819.5	88.2
Uzbeks	14,142.5	71.4	17,018.7	75.7
Russians	1,653.5	8.3	1,355.5	6.3
Tatars	467.6	2.4	352.2	1.6
Jewish	65.5	0.3	28.0	0.1
German	39.8	0.2	15.4	0.07

1.6. Major issues

1. The high annual growth rate of the labor force, currently about 1.9 per cent per annum, determines the minimum rate for annual production growth needed to generate the number of new jobs required to keep employment rates at least at their current levels.

2. Forecast of working age population growth by the years 2000 and 2005 pose the basic problem of providing economic growth and creating new labor opportunities in Uzbekistan in the years to come.

3. Labor supply growth creates the most pressure on the labor

market in rural areas, where the annual growth rate of working age population requires a minimum rate of new job creation of 3 per cent per annum.

4. The high population growth rate of 1.8 per cent also determines the minimum rate of production growth needed for maintaining present levels of per capita income; for rural areas, this indicator is 2.5 per cent.

5. The relatively high proportion of under working age population creates a growing demand and employment potential for qualified specialists in pre-school and primary and secondary education.

6. This also creates a high demand and high employment potential for qualified specialists in pediatrics and maternal services.

7. Special attention is required on training local people in order to replace losses by emigration of Russian-speaking people who were mostly engaged in highly technical branches of industry.

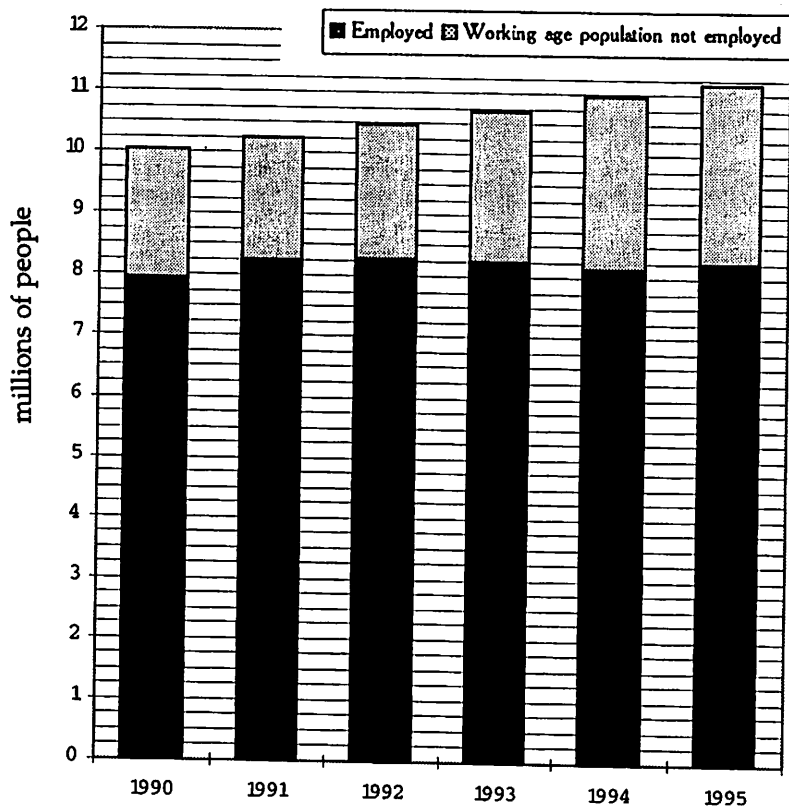
2. Employment

2.1. General indicators

The working age population comprises 49 per cent of the total population, reflecting the large number of children in Uzbekistan. Official statistics show that almost three-quarters of the working age population is considered to be employed.

Since 1992, the absolute level of employment in Uzbekistan has tended to decline somewhat. However, the decrease in employment has been considerably lower than the production decline. This is reflected in the growth of under-employment (see section 2.3, below). Changes in employment are shown in Figure 2.1, below, while the data on the number employed are given in Appendix Table 2.1.

Figure 2.1: Participation of Working-Age Population in Employment



By 1995, employment in industry⁵ had decreased to 84.1 per cent of the 1990 level, and in construction to 69.4 per cent. At the same time, employment has grown in agriculture, transportation, communications, trade and public catering. These decreases in levels of employment have led to the decrease in the proportion employed of the working age population from 78.4 per cent in 1990 to 73.4 per cent in 1995, as well as the share of employed in total population from 38.8 per cent to 36.0 per cent, respectively.

Table 2.1, below, suggests that between 1990 and 1995, the share of employed persons under 18 years of age has grown both absolutely and relatively. At the same time, the share of employed at ages exceeding the pension age, has decreased. Although in 1994 the number of employees of under-working age exceeded the level of 1991 by 2 times (78,900 against 37,400), the level of unemployment among young people in the age range of 14-18 was very high (see also section 3.2, below).

The growth in teenage labor supply has been influenced by the introduction of the Law on Education in July 1992.⁶ According to this law, students for the 10th grade must be selected on a competitive basis, so that the number of students in grades 10 and 11 has decreased, while the number of the young people at the under-working age level increased at the labor market. The Law on Employment and the Labor Code of the Republic establishes the minimum working age at 16 years. At the same time, the Law on Education of the Republic establishes an obligatory education period of only nine years, which means that, apart from those who are selected on the basis of ability to continue through the last two years of secondary schooling, some 20,000 to 25,000 people leave school annually at the age of 15 years. These people are not ready to enter the labor force because they lack the skills and experience to do so, nor can they accept legal employment because they are under age in terms of the relevant legislation.

A possible solution is the introduction of amendments to the laws on employment and education in order to retain more students in the last two years of secondary schooling, as well as to establish training and production structures for 15 year olds, which cater to various levels of mental and physical abilities.

Table 2.1: Number and Share of Teenage⁷ and Pension Age Employees

	1990	1991	1992	1993	1994
Total Employed	7,941	8,255	8,271	8,244	8,150
Under/above working age, in thousands	233	194	176	201	227
Per cent in total employment	3.0	2.4	2.2	2.4	2.8
Of pension age, in thousands	189	157	112	127	148
Per cent in total employment	2.4	1.9	1.4	1.5	1.8
Under able age, in thousands	43.9	37.4	63.4	73.4	78.9
Per cent in total employment	0.6	0.5	0.8	0.9	1.0

2.2. Employment by sector

While the overall level of employment has been decreasing, employment in the non-government sector has increased almost 1.7 times by 1995 as compared with 1991. The share of employed in the non-state sector accounted for more than 66 per cent in 1995 (see Figure 2.2, below). This at least partly reflects the on-going process of privatization, as formerly state enterprises move into the non-governmental sector.

Figure 2.2: Employment Dynamics according to Property Form

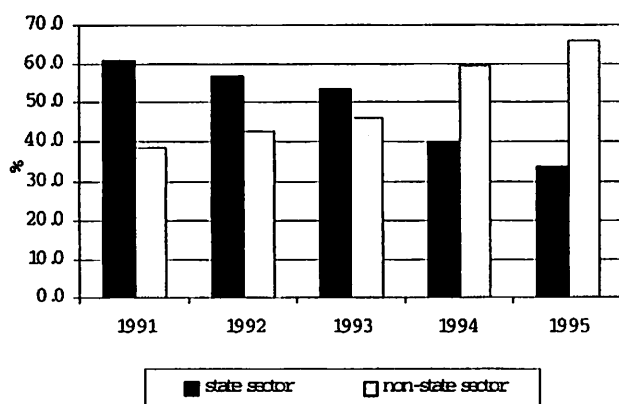


Table 2.1 in the Appendix sets out details of employment by industrial classification.

The number employed in industry has decreased from 15.1 per cent of total employment in 1990 to 12.4 per cent in 1995. Some growth has taken place in both the absolute and relative numbers of people employed in the priority sectors of energy, fuel and non-ferrous industries (see Appendix, Table 5.5).

The largest share of employment in the non-government sector is in agriculture and in service industries. The share of employed in agriculture increased from 39.3 per cent of the total employed to 45.2 per cent between 1990 and 1995. The number employed in material service industries has decreased from 33.5 per cent of total employed to 31.9 per cent, while the number employed in non-material service activities also fell, except in science.⁸ Over this period, an increase in the relative share of employment in agriculture has occurred while the share of agricultural output in the gross domestic product has declined, demonstrating the growing degree of under-employment in this sector.

Sectoral changes in employment so far, and the present profile of employment, are likely to change even more as they necessarily responding to the structural changes in the economy during the transition period.

2.3. *Under-employment*⁹

The economic decline during 1991-95 resulted from the collapse of the unified economic system established by the former Soviet Union and the subsequent implementation of economic reforms. Contrary to the expectations of foreign experts, economic decline in Uzbekistan has not been accompanied by a corresponding employment decline and has not led to open unemployment. The main reasons for this are:

1. reforms have been undertaken gradually;
2. there has been relatively little bankruptcy and closure of state and privatized enterprises;
3. a willingness on the part of the heads of the enterprises to keep the skilled staff while awaiting economic stabilization and growth;
4. the unwillingness of management to aggravate the social situation;
5. traditional thinking that the heads of the enterprises cannot permit the mass dismissal of employees.

In these circumstances, hidden unemployment and under-employment have grown rapidly. Although the formal definition of under-employment in Uzbekistan includes only those taking obligatory long vacations or those who have moved to part-time jobs, the reality may embrace a wider class. One way of measuring under-employment is to relate changes in the levels of employment with changes in levels of output. This is presented in Table 2.2, below. The first line shows annual rates of change in employment levels and the next line, annual rates of real change in the level of GNP. The latter is subtracted from the former, giving a rate at which levels of employment rise or fall more rapidly than relevant levels of output.

The table suggests that rates of under-employment during 1993-1995 in industry exceeded 2 per cent, in agriculture 3.5 per cent and 14 per cent in construction, while there was a relative insufficiency of labor in the area of services. On the whole, taking into account the production decline, the relative labor surplus in 1995 exceeded 18 per cent of the labor force.¹⁰

*Table 2.2: Under-employment Indicators*¹¹

	1991	1992	1993	1994	1995	1990-95
% change in employment	+3.45	+0.2	-0.3	-1.1	0.0	+2.7
% change in real GDP	-0.5	-11.1	-2.3	-4.2	-1.2	-18.5
Economy as a whole	+3.95	+11.3	+2.0	+3.1	+1.2	+21.2
<i>including</i>						1993-95
Industry	N/A	+5.9	-1.9	-1.4	+2.1	
Agriculture	N/A	N/A	-1.2	+3.8	+0.8	+3.5
Construction	N/A	N/A	+7.3	+9.7	-1.0	+14.0
Services	N/A	N/A	-2.8	-7.9	-0.2	-11.2

It is believed that the economic losses arising out of holding surplus labor might be less than the future costs of training and re-hiring qualified and experienced labor. This view may be supported by the fact that the decrease in the rate of economic decline over the past two years has been associated with a decline in the rate of increase in the level of surplus labor; in 1992 the under-employ-

ment indicator stood at 11.3 per cent, compared with only 1.3 per cent in 1995 (see also Appendix Table 2.1).

Under-employment results, of course, in a decline of labor productivity. During 1990-1995 overall labor productivity in Uzbekistan declined by 21.7 per cent, according to calculations shown in Appendix Table 2.1. The biggest annual decrease occurred in 1992, when it reached 11 per cent. Since then, the decline in labor productivity has been stabilized at around 2.5 per cent per annum.

The main concern is the under-employment and hidden unemployment in agriculture. This was rather high in the Soviet Union as well. According to Goscomprognozstat calculations, under-employment and hidden unemployment during 1995 in agriculture totalled 875,000 persons, or almost 33 per cent of those employed in this sector. If ILO statistical techniques are used, then more than 26 per cent of the labor in rural areas may be unemployed.

2.4. Major issues

1. The supply of labor during 1991-95 continued to increase under the influence of demographic factors and changes in legislation regarding education.

2. The economic decline resulted in a decreased real labor demand. In a free market economy this should have caused some reduction in the wage level and a considerable decrease of employment. However, as a result of policy initiatives to suppress open unemployment, a considerable decline in real wage levels, as well as a slowing down of the employment rate and under-employment growth, occurred.

3. The structure of employment has undergone some changes and will continue to change as part of the transition process. Part of the surplus labor has been absorbed by the newly appearing non-state sector, especially in services. However, the employment problem in agriculture remains serious, as employment growth in this sector has not been accompanied by increased production and labor productivity rates. Economic reform is proceeding more rapidly in the major urban areas than in the provinces, and this is reflected in higher urban rates of job creation by emerging new small and medium-sized business enterprises.

4. Under-employment is an important reason for low income rates and low labor efficiency, as well as of high cost of products, especially in agriculture.

5. In order to avoid further increases in under-employment and

hidden unemployment, job creation needs to take place at rates that both absorb existing under-employment, as well as providing real employment opportunities for new entrants to the labor force.

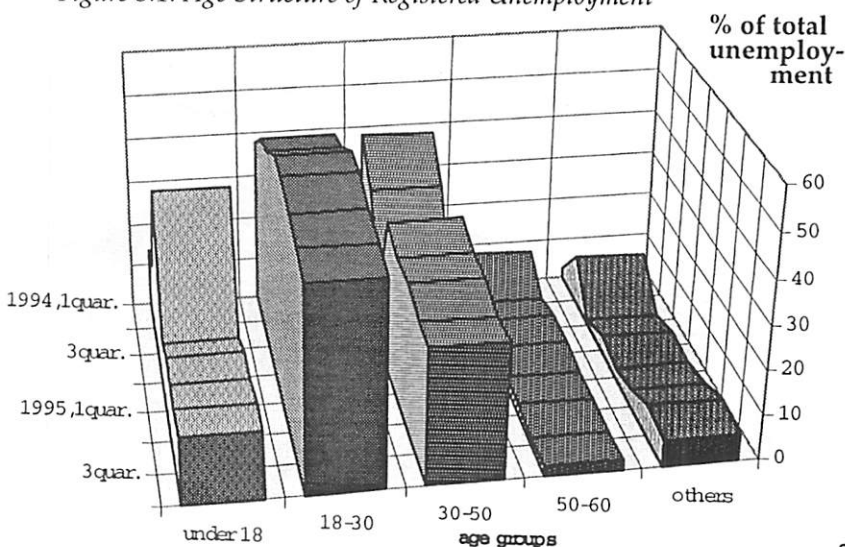
3. Unemployment and its structure

3.1. Unemployment definition in Uzbekistan

The technique used for identifying unemployment in Uzbekistan, differs from that which is recommended by the International Labor Organization (ILO). According to ILO standards, all people who have reached the able working age set by law and who are jobless, are ready to work immediately and have actively looked for work during the accounting period, are statistically classified as unemployed.¹²

According to the Code on Labor of the Republic of Uzbekistan, an unemployed person is considered to be "an individual at the able working age of from 16 up to the age of retirement, who does not have a job and wage ("labor income"), is registered at the local labor bureau as a person looking for a job, and is ready to work or to be trained." The essential difference between the two definitions is that, under the methodology adopted in Uzbekistan, to be considered "unemployed", a person must be registered at a labor bureau as an individual looking for a job. Thus, the level of official unemployment in Uzbekistan is equal to the number of people looking for work *and* registered at labor bureaus. On this basis, the rate of unemployment in Uzbekistan over 1992-95 did not exceed 0.3-0.4 per cent of the labor force.

Figure 3.1: Age Structure of Registered Unemployment

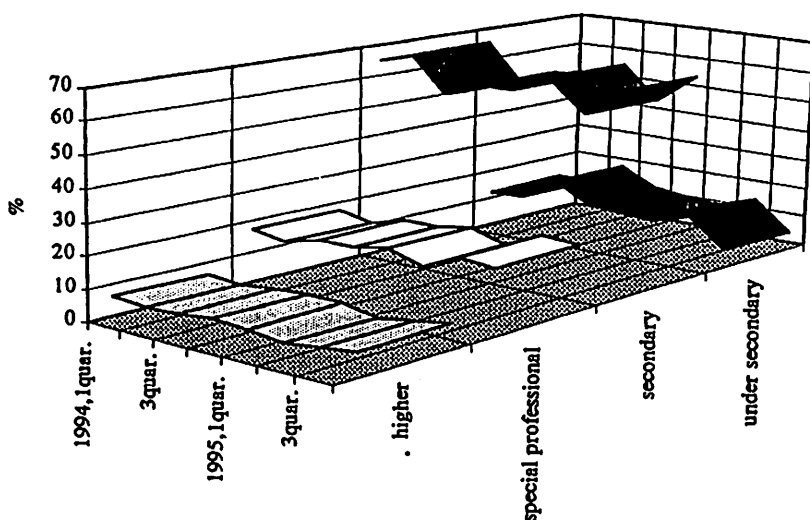


Projected labor force aggregates based on the technique used in the Republic, and according to the technique recommended by ILO, are presented in the Appendix, Table 2.2. The survey, conducted under the Ministry of Labor in 1995, has been taken as the basis for the calculation of unemployed using the ILO technique. That calculation shows that in 1995 the actual level of open unemployment exceeded the officially calculated one by 430,000 people, or almost 15 times as much, making the unemployment rate almost 5.3 per cent. Even this level of unemployment does not reflect the real situation, as it does not take into account those who are employed in non-registered economic sectors, and surplus employment (or hidden unemployment.)¹³ Taking the mentioned factors into account, the rate of unemployment in fact might be as high as 12-14 per cent.

3.2. Registered unemployment

The data on the registered unemployment reflects all the shortcomings indicated above. People of working age, 18 to 50 years, make up the majority of the registered unemployed, or 75 to 76 per cent of the total. Those unemployed between the ages of 18 and 30 years predominate. The structure of the unemployed is shown in Figures 3.1 to 3.3.

Figure 3.2: Structure of Registered Unemployment according to Educational Level



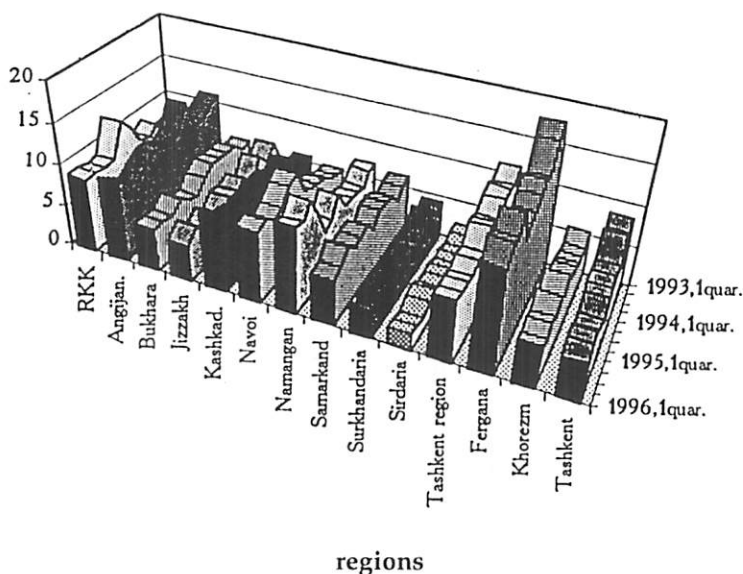
The share of unemployed teenagers and women is disproportionately high. Unemployment among teenagers accounts for 12-15 per cent of the total, according to the official data. The majority of the unemployed live in the Fergana province and Karakalpakstan Republic regions. In terms of the level of education, the largest number of unemployed is among those not having higher education or special education.

3.3. Labor release and vacancies

Appendix Table 4.1 provides the available information on these matters, but the time series is not long enough to arrive at any serious conclusions. Data released since the last quarter of 1994 fluctuate widely, as high as 33,233 in the fourth quarter of 1994, but only 6,667 in the first quarter of 1996. This does not appear to be a declining trend, although there might be an element of seasonality involved, as the number released in the first quarter of 1995 was only 7,627.

Figure 3.3: Structure of Registered Unemployment by Region

% of total registered unemployment



The official data show that at the end of 1994 and the beginning of 1995 more than 70 per cent of the released people had worked at the enterprises of state sector. Since then releases from the state sector have declined, while releases from the non-state sector have increased correspondingly to levels of 42 to 48 per cent. This might be explained by the continuing process of privatization under which firms move from the state to the non-state sector. Releases by sector are not remarkable, except that releases from agriculture, where the largest share of under-employment is evident, are relatively low as compared with other sectors, confirming the impression already formed that labor hoarding in agriculture is relatively high.

The number of vacancies recorded each quarter has ranged between 25,000 and 38,000 since late 1994, and constantly exceed the number of released people and unemployed. By sector, with the exception of agriculture, the number of vacancies roughly corresponds to the profile of released employees. In agriculture, the number of released exceeds the number of vacancies by two times. It is notable that in construction the number of vacancies very substantially exceeds the number of workers released.

3.4. Labor legislation

A listing of the laws, decrees and regulations relating to the labor market is provided in the Appendix, together with very brief descriptions of the relevant provisions. It can be seen from this that Uzbekistan has evolved a very comprehensive set of rules and procedures for dealing with labor issues. This is a much more complex set than is normally found in the developed market economies and in at least most developing economies based on market principles. There is scope for the view that the degree of official involvement in determining labor market conditions, and the requirements that this body of legislation places upon employers and prospective employers, may in fact have the effect of not only reducing labor mobility, but also of impeding the creation of new job opportunities by saddling employers with complex and costly bureaucratic requirements. There is also the fact that at least some elements of the legislation are contradictory.

3.5. Major issues

1. Statistical accounting relating to employment in Uzbekistan retains much that was used under the former centrally planned sys-

tem; so it needs to be fundamentally reformed along the lines suggested by ILO methodology, which would be more appropriate to the needs of a modern market economy. This should include, as a priority, labor surveys of households and enterprises.

2. Although questions arise as to its quality, the data on the number of persons released from employment, job vacancies and unemployment levels, and their relative magnitudes, suggest that there is considerable scope for action at both the enterprise and government levels, aimed at enhancing labor mobility.

3. Employment in rural areas is one of the most important current social issues in Uzbekistan. Programs for creating employment in rural areas should be a priority and will require external sources of financing in addition to those already available from internal sources.

4. Mandatory contributions by firms to the Fund for Employment Promotion¹⁴ should be reduced for those firms which create additional jobs, especially in rural areas.

5. The legislation relating to the labor market needs to be reviewed, consolidated and simplified.

4. Wages

4.1. *Real wages and the wage bill*

Figure 4.1, below, provides indications of the relative real changes in the total wage bill and average annual wage rates from 1991 to 1995.

For the economy as a whole, average wage rates in 1994 were about half the levels of 1991, in real terms. This reflected the sharp fall of about one-third in the economy's output due to the dislocations resulting from the break up of the former Soviet system, and the accompanying high rates of inflation. With the reduction to under two percentage points of the decline in output during 1995, as well as a result of the decline in overall inflation to an average monthly rate of about 7 per cent, overall wage rates more or less maintained their 1994 level in real terms, except in agriculture, where it continued to decline.

This pattern was essentially repeated in all sectors of the economy other than agriculture. In agriculture, wage rates and the wage bill have continued to decline in real terms. The data on wages in agriculture possibly seriously understate the extent of the decline because the survey data do not include agricultural workers as such, whose wage rates tend currently to be lower than those of other workers, and among whom the level of under-employment is very high (for details see Appendix Tables 5.1, 5.2 and 5.2a).

Figure 4.2 illustrates the relative movements during 1995 of the consumer price index, average real wages and minimum wage rates. Average wages in real terms have reflected periodic official adjustments (in March and September) to the minimum wage. Over the year, therefore, there has been a steady improvement in the overall level of average earnings by workers, although gains have gone primarily to non-agricultural workers. This has occurred despite the legislative restriction on the growth of nominal wage rates to employees of non-state enterprises which limits increases in any one period to 0.7 per cent for each one percentage point increase in the value of respective enterprises' output.

Figure 4.1: Percentage Changes in Wages

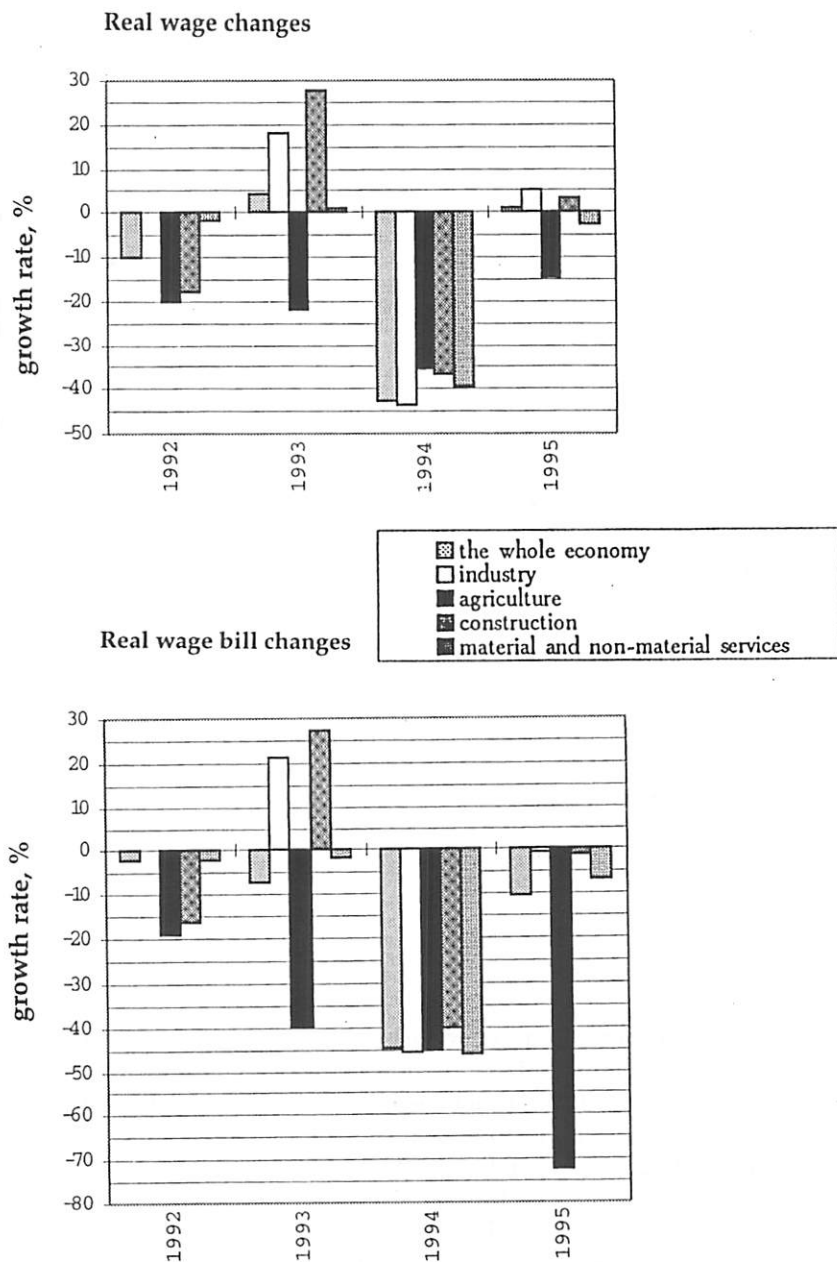
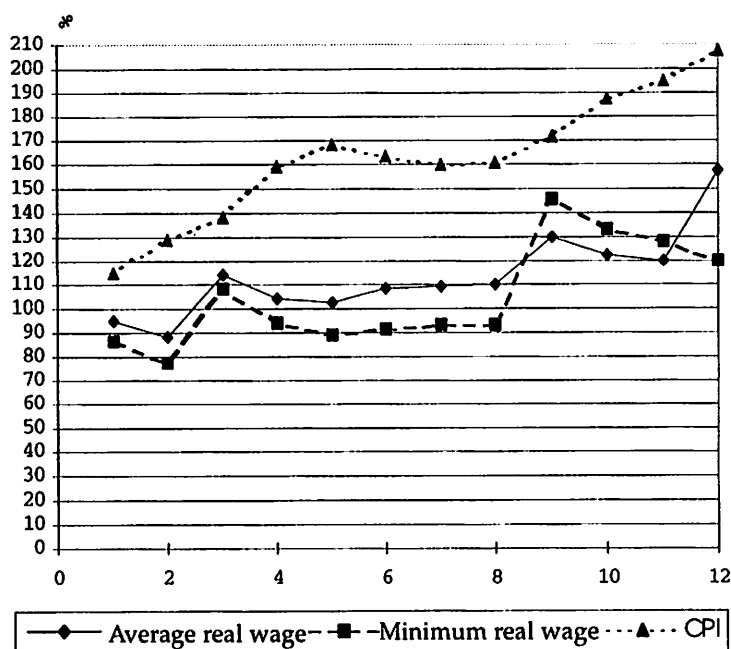


Figure 4.2: Real Wage and Price Changes during 1995
December 1994 = 100%



4.2. Relative wages

The level of the nominal wage by region varies considerably compared with the overall situation in the Republic (data are given in Table 4.1). In 1991, nominal wage levels in regions ranged from 80 per cent of the average to 105 per cent, but in 1995 it ranged from 70 per cent to 200 per cent, the deepening of wage income differentiation over regions reflecting relative differences in economic transformation. During the 5 years 1991 to 1995, the average nominal wage increased only in the provinces of Navoi and Tashkent, and in the city of Tashkent.

Table 4.1: *Relative Wages by Region*¹⁵

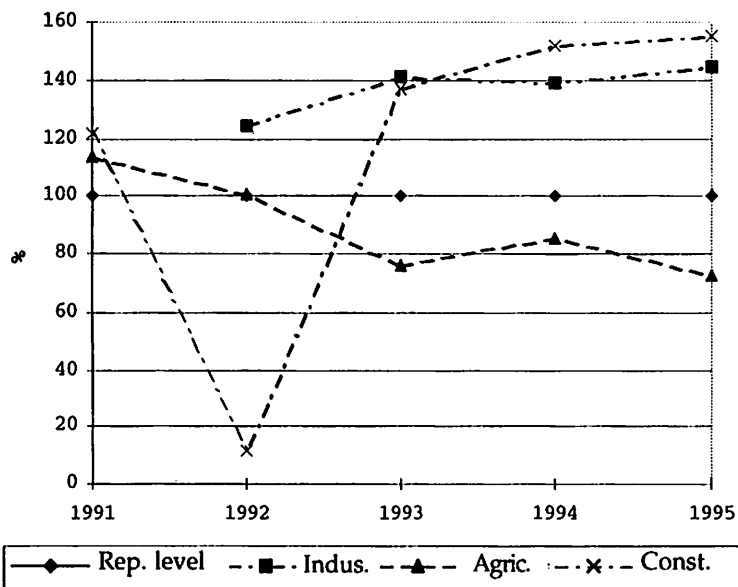
	1991	1992	1993	1994	1995
Avg. nominal wage rate ¹⁶	345.6	2541	30.2	280	1070
	(rbl)	(rbl)	(s/c)	(sm)	(sm)
Average nominal wage rate = 100					
Regions					
Karakalpak	97.0	89.2	86.8	76.8	81.6
Andijan	90.3	88.1	81.8	79.3	71.3
Bukhara	103.8	99.1	100.7	95.7	99.8
Jizak	103.5	96.5	85.1	90.7	75
Kashkadaria	103.2	95.0	86.4	86.8	84.0
Navoi	109.6	142.5	173.2	193	200.8
Namangan	92.4	85.0	77.8	74.9	78.0
Samarkand	82.8	78.9	74.8	71.9	69.8
Surkhandaria	104.1	93.3	86.1	79.3	81.3
Sirdaria	105.4	105.1	103.0	102.4	96.5
Tashkent	105.2	118.2	119.5	121.5	131.2
Fergana	92.9	91.7	94.7	88.8	87.1
Khorezm	92.1	87.1	78.5	74.5	81.2
Tashkent city	112.4	118.5	129.1	141.5	140.4
Min. wage	23.1	39.8	30.5	24.9	16.4

Although nominal wage rates in agriculture were about 10 per cent above the national average in 1991, they have declined relatively and stood at about 20 per cent below the average level in 1995. In industry and construction, the nominal wage was about 40 per cent above the average for the Republic, and it continued to grow relatively (Figure 4.4, below and Appendix Table 5.3). Other notable relative movements in nominal wage rates are the decline and relatively low levels of wages in education and health sectors. There is also an unexplained sharp drop in 1995 of the relative nominal wage in state administration where, until that year, wage rates appear to have increased steadily and remain well above the average level.

4.3. *Wages and Labor productivity*

In this paper, labor productivity is defined as real GDP divided by the official number of people employed.

*Figure 4.3: Relative Wages by Sector:
Republican Level, Industry, Agriculture, and Construction*

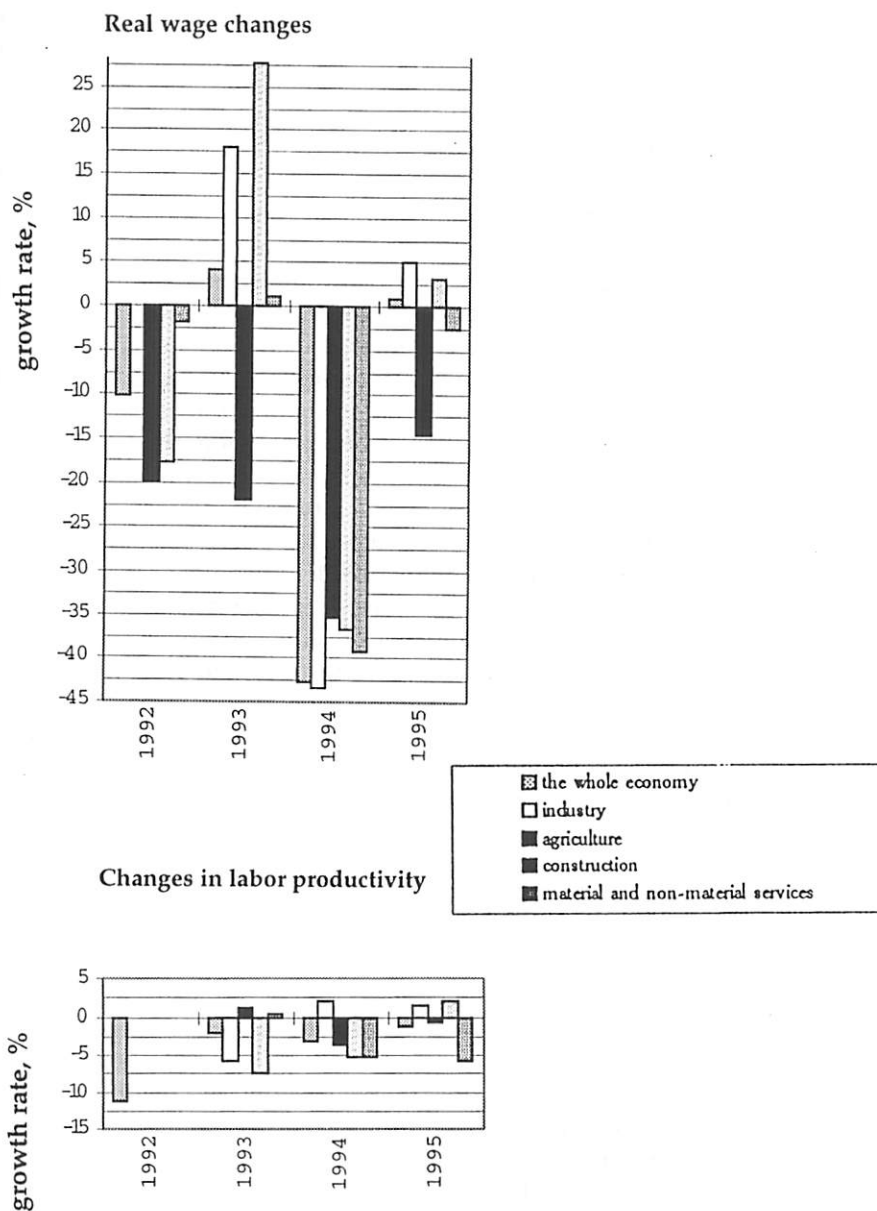


Over 1991-95 as a whole, labor productivity declined, reflecting the continued effect of falls in output and the maintenance of surplus employment by production units. The real wage declined, although it grew in 1995 because of the decrease in the inflation rate. Over this period, real wages fell faster than labor productivity, as shown in Figure 4.4, below, providing further evidence of the reluctance of managers of enterprises to shed labor. It is clear that Uzbekistan has not yet managed to overcome the situation of the former Soviet Union, when the real wage in many enterprises did not promote labor efficiency.

4.4. Impact of wages on employment

A number of reasons can be identified for the apparent lack of mobility in the labor market in Uzbekistan.

Figure 4.4: Wage and Productivity Changes



These would include the absolute shortage of jobs, psychological reluctance to move into situations of relative insecurity, a degree of restraint - particularly in organs of state administration - on people moving to more remunerative employment in the private sector, and the generally low levels of real wages across the economy which make it unattractive for people to move from one poorly paid situation to another. Thus, no significant correlation between the size of wages and redistribution of the employed has been observed. The relative growth of employment in the non-state sector reflects structural change (and possibly more opportunities for avoiding income tax) rather than the impact of relative real wage growth.

Data on the changes in the number and structure of employed in industry branches are given in Appendix Tables 5.3 to 5.6.

Even in the relatively poorly paid sector of non-material services, and particularly of health services and education, the relative decline has not been such as to support a view that wage levels have had much of an effect on labor mobility. What might have happened in these sectors, is that the losses have been sustained by the relatively small cohorts of highly qualified people, or people with entrepreneurial talents and initiative, who have migrated or joined the private sector. This is a matter of some concern as such losses have in fact affected the quality of service provided by the health and education services. Some mitigation of losses may have occurred in these areas as some - possibly many - specialists have undertaken second and even third jobs, or have provided professional services on a private basis. In the short-run this may permit some moderation of the social consequences of the insufficient financing of the social sphere. But this cannot be relied upon in the long-run to support the quality of life and of human development.

4.5. Major issues

1. In the course of market transformations the real wage has not yet become a regulator of demand and supply at the labor market. This means that there is still some way to go in creating a labor market in the Republic in the form which other countries with market economies have.

2. Low real wages holds back improvements in production efficiency of labor productivity. There is a dilemma in facing economic policy makers: either to attempt to encourage output growth at rates that exceed employment growth, or to adopt policies that might decrease employment to the levels of actual production.

3. The practice of wage regulation in the non-budget sector does not settle the problem of reducing wage differentials among economic sectors, due in part to a great number of exceptions that are given privately on the decision undertaken by the Monetary and Credit Commission.¹⁷ Wages, like prices, need to be open to the free interplay of market forces in order to ensure optimal distribution of labor resources.

4. In order to ensure that important areas of human and social development are properly supported with appropriate personnel, the state must be prepared to pay market determined wage levels, effectively competing directly with other sectors of the economy for qualified labor supplies.

5. Monetary income of the Population

5.1. General Indicators

Table 5.1 shows the dynamics of nominal and real per capita income according to the Balance of Household Income and Expenditure and Household Income Survey. Both statistical sources show similar picture of the real income. On average during 1991-95 real per capita income annually has decreased for 20% except 1993.

Table 5.1: Changes in Per Capita Income, relative to previous year, %

	according to Survey	according to Balance
1991	100.0	100.0
1992	68.8	68.4
1993	104.6	110.3
1994	72.0	88.7
1995	83.3	81.1

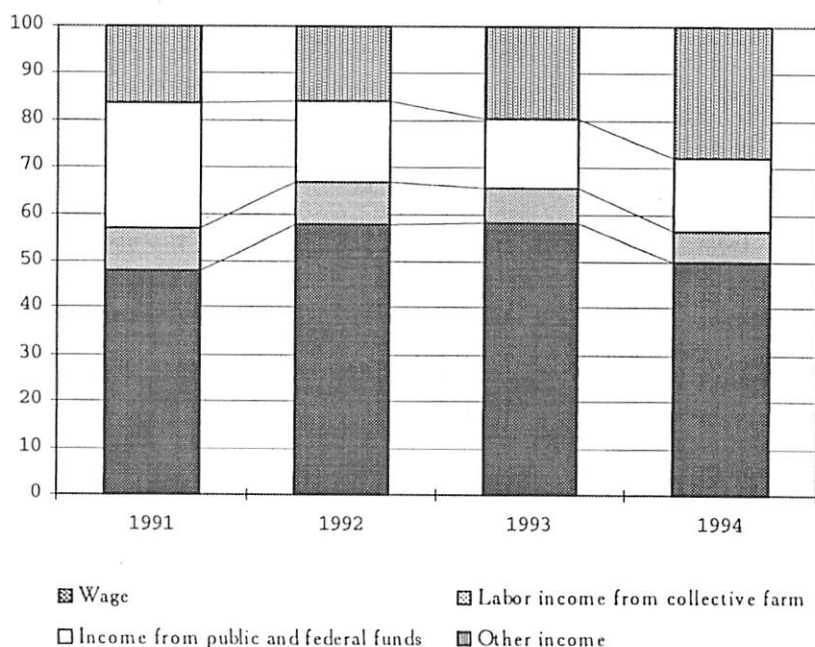
As is shown in Figure 5.1 and Table 5.2 below, during 1991-95 wages have remained the most important element in the composition of total income of the household sector. However, the share of wage in total income has declined from 50 per cent as it was before 1991 to 40 per cent by 1995. Within this period the share of transfers to population has decreased from 27 per cent in 1991 to 16 per cent in 1994. At the same time the diminishing role of the wage and transfers in income composition is being replaced with the item "other income" which has increased significantly by 1995.

Table 5.2: Composition of Money Income, according to Balance

Indicators	1991	1992	1993	1994	1995
<i>Total income from labor</i>	69.6	77.4	79.1	70.0	65.1
including					
Wage of employees	47.8	56.1	64.8	40.3	39.7
Income from sale of agricultural production	9.8	4.9	12.1	28.3	24.4
Other income from labor		12.0	16.4	2.2	1.4
1.0					
<i>Income from transfers</i>	25.2	19.7	18.7	15.7	34.9
<i>Other income</i>	5.2	2.9	2.3	14.2	N/A ¹⁸
<i>Total income</i>	100.0	100.0	100.0	100.0	100.0

Other income may be from the sale of agricultural production, investment (which currently is extremely low), entrepreneurship, rent, compensation for injuries and damage and so on. Although this item seemed to be important for policy issues, official statistics do not go into details explaining its structure and value.

Figure 5.1: Composition of Household Sector Money Income, according to Survey, per cent



5.2. Statistical Analysis of Per Capita Income Distribution During 1991-95

Statistical indicators of per capita income distribution during 1991-93 and three quarters of 1995 are shown in Table 5.3. The base year for comparison is 1991. Although average real money income by 1995 recovered to the approximate level of 1991, after reaching its minimum in 1993 income differentiation has increased during

this period as it is illustrated with average deviation increase in real terms. The population share below average income level has also increased from 68 per cent to 71 per cent.

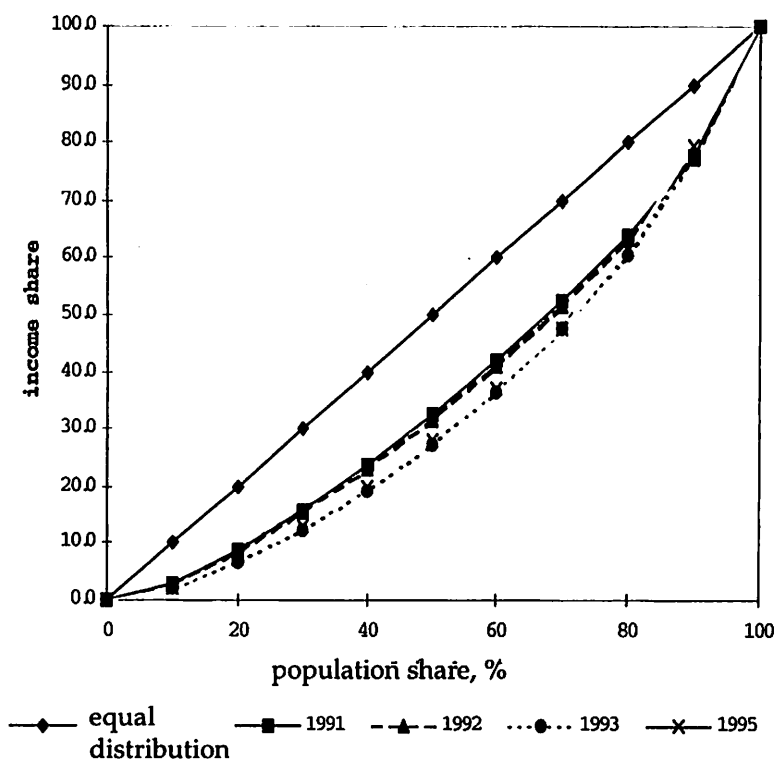
By 1995 real mean of per capita money income made 172 in 1991 rubles and begun significantly exceed both the median and the mode of the distribution which were 122 and 92 respectively, while in 1991 the average was equal to 189 rubles and lay between the median which was equal to 173 and the mode which was equal to 225. This data evidence illustrates the process of growing income differentiation with the formation of new category of poor population and income of which is two times less than the mean.

Figure 5.2 presents Lorenz curves for per capita income distribution according to Survey as a graphical illustration of income differentiation. Gini coefficient based on decile income distribution initially rose significantly from 0.26 in 1991 to 0.32 in 1993 and stabilized at that level during next two years.

Table 5.3: Statistical Indicators of Per Capita Money Income Distribution according to Survey

	1991	1992	1993	1995
Average real money income ¹⁹	189.0	134.5	104.2	172.0
Standard deviation (real)	71.9	56.2	3.7	107.8
Share of population with income less than average %	68	65	64	71
Median (real)	173.0	113.2	82.7	122.3
Mode (real)	225.0	91.5	58.8	92.3
Income distribution by decile groups (cum) %:				
1	2.7	2.6	2.0	2.2
2	8.7	8.4	6.5	7.2
3	15.8	15.2	12.2	13.1
4	23.7	23.1	19.1	20
5	32.5	31.6	27.1	27.8
6	42.0	40.8	36.4	36.9
7	52.5	51.4	47.4	47.5
8	64.1	63.2	60.5	61.7
9	77.5	77.1	77.1	79.4
10	100.0	100.0	100.0	100.0
Ratio of first to tenth decile	8.5	8.8	11.6	9.3
Gini coefficient	0.26	0.27	0.32	0.31

Figure 5.2: Lorenz Curves for Per Capita Money Income Distribution



5.3. Wage Distribution Statistical Analysis for 1995²⁰

The number and structure of employed for wage analysis and employment consideration differ significantly. This difference in numbers can be explained by the underlying assumption for wage analysis. The sample for wage analysis covers only those categories of employed who work for wage and does not include several other categories like self-employed, family farmers and collective farmers who supposedly work for other kinds of labor income like profit or share in revenue, while employment data includes all employed that are reported by the organizations and enterprises.

Figure 5.3: Real Wage Distribution Across Sectors During 1995, prices of January 1995

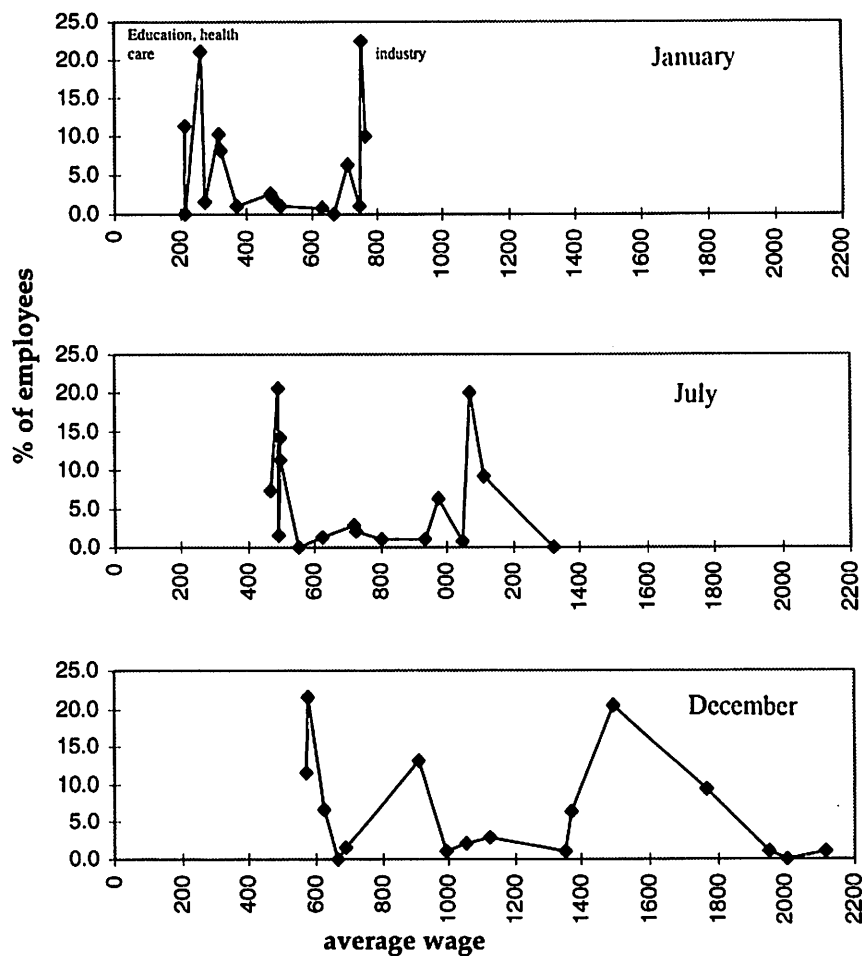


Figure 5.4: Wage Distribution Across Provinces During 1995, prices of January 1995

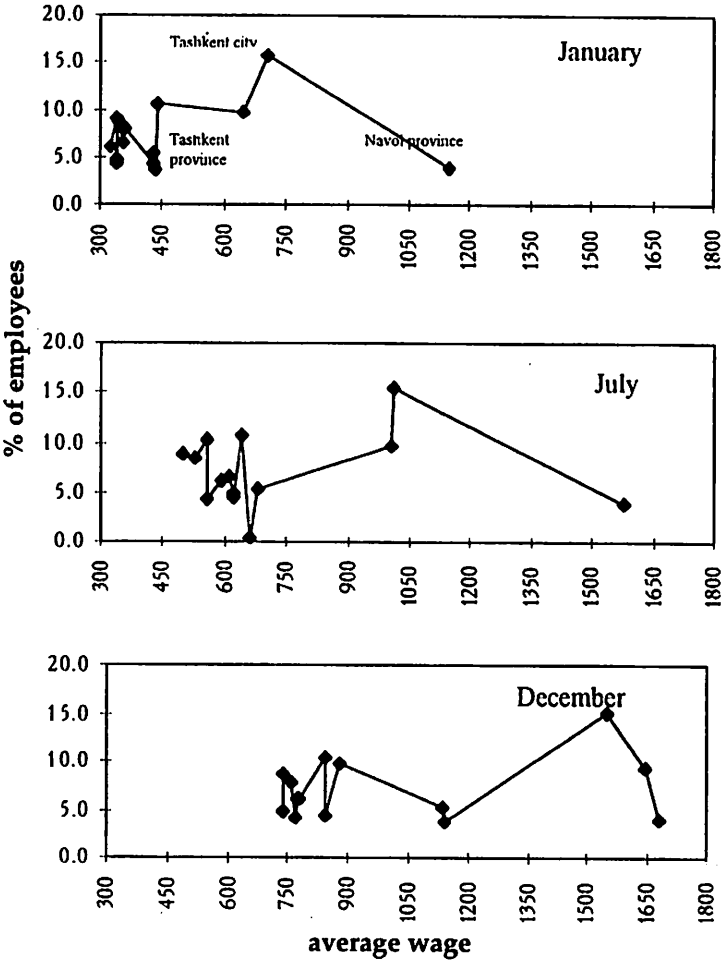


Figure 5.3 illustrates wage distribution by sector during 1995 with deepening differentiation among wage rate by sector. Real average wage more than doubled during 1995, and price increases in April and September have effected this process greatly. Average deviation in wage distribution by sector in real terms doubled in comparison with December 1994. Sixty per cent of employees received below average wages in 1994. Median wage distribution has tended to its mean. Presence of two modes in the wage distribution is the specific feature of current economy of Uzbekistan. Health care, education, and agriculture sectors form the consistent lower mode of wage distribution, yet the sectors like industry, finance, and information services form the higher mode. It should be mentioned that wage in sectors with lowest wage rate was rather sticky while the difference between lower and higher mode has increased significantly. The first group comprises primarily employees of state sector so the wage rigidity in this group (and therefore existence of the lower mode) is connected with the tariff system of compensation for labor and its low flexibility and adjustment for market changes.

The wage distribution by provinces, as shown in Figure 5.4, also shows a big difference between the Tashkent metropolitan area and Navoi province,²¹ which have the highest wage rates, and the other provinces of Uzbekistan, with lower wage rates.

5.4. Major issues

1. Current statistical information practice which adequately reflects income and expenditure, consumption and saving of the population in fact remained unchanged since 1991. Numerous changes in the economy raised the necessity of adjusting the household survey system. In addition, elaboration of the accounts of household sector would eliminate ambiguities in the presentation of the information from different sources.

2. Distortions and contradictions in the wage distribution affects the formation of general income level of the population. It requires the improvement of tariff system in labor compensation, particularly in the state sector.

3. Income differentiation among various groups of the population of Uzbekistan according to social categories and territorial aspect is increasing lately. The problem of decrease of income from labor is especially urgent in the rural areas.

6. Expenditure and Consumption of the Population

6.1. General Indicators

Table 6.1 presents the composition of expenditures and savings of the population²². Until 1991, taxes comprised about 9 per cent of the total income, but during 1991-95 the tax rate fell to 5 per cent of total income. The share of disposable income has grown accordingly, from 91 per cent to 94.2 per cent of total income. This change may be explained by the following reasons. From one side, the share of wage in total income went down, while the share of low wage income employees with low tax rates, which is close to tax free minimum income, is increasing. From another side, since 1991 the share of other income sources, which has been briefly mentioned in Section 5.1 is growing simultaneously with the fall in wage income share. It is obvious that there are problems with taxation and with tax management of the new types of income which have appeared during the transition.

Total savings are shown in the table as an aggregate of savings of the population (or household sector) and a balance item which results after subtracting consumer expenditures and savings from disposable income. Total savings comprise two different components. The first component is shown in the balance as savings. It includes growth of deposits in saving banks and commercial banks, as well as purchases of shares of enterprises. This value may be interpreted as a voluntary savings of population. The second component is a balancing item, i.e. an excess of expenditures over income or an excess of income over expenditure. In general, these items show either decrease or increase of cash holdings of the population, but also may indicate demand and supply situation in the market of goods and services. Moreover, an excess household income over expenditures might also reflect partial income spending outside the region where it was received. The changes of the second component of the total savings reflect the involuntary origin of cash holdings of the population²³ and their distrust to the policy of the banks in regard of deposits of the population.

The behavior of the population regarding savings in the period 1991-95 was very unstable. Before 1991 the share of savings in total income had been steadily increasing annually by 10 per cent on average. But during the same period, the minimum share of savings was recorded at 1 per cent of total income in 1994, and the maximum share came to 21 per cent in 1993.

Table 6.1: Structure of Expenditures and Savings of the Population, per cent

Indicators	According to Balance		
	1986	1987	1988
<i>Purchases of goods</i>			
Share in total expenditures, %	90.7	90.0	89.3
Share in total income, %	78.7	74.6	72.8
<i>Purchases of services</i>			
Share in total expenditures, %	9.3	10.0	10.7
Share in total income, %	8.0	8.3	8.8
Share of savings ²⁴ in total income	4.7	4.7	5.3
Share of total savings in total income			
Share of savings in GDP			
Share of total savings in GDP			
GDP in current prices ²⁵			

*Sources: Statistical Handbook "Narodnoe khoziaistvo SSSR," (Moscow: Finansy i statistika, 1991).
Country Report (Uzbekistan), (New York: IMF, 1996).*

Table 6.2: Structure of Expenditures of the Population

	Expenditures		
	Total	Share of consumer expenditures	Total
All households	100	88.0	100
in urban area	100	87.1	100
in rural area	100	90.2	100
<i>Categories:</i>			
workers and employees	100	86.7	100
collective farmers	100	90.3	100
cooperative workers	100	74.7	100
farmers and entrepreneurs	100	83.2	100
pensioners	100	95.4	100

*Sources: Statistical Handbook "Narodnoe khoziaistvo SSSR," (Moscow: Finansy i statistika, 1991).
Country Report (Uzbekistan), (New York: IMF, 1996).*

1989	1990	1991	1992	1993	1994	1995
89.2	90.2	91.5	87.0	88.3	86.6	84.3
69.6	67.3	61.3	51.3	44.0	71.0	65.7
10.8	9.8	8.2	12.6	11.5	11.2	15.7
8.4	7.3	5.5	7.4	5.7	9.2	12.2
7.1	8.1	18.7	5.9	20.7	1.1	5.5
		27.3	35.6	44.7	13.0	15.9
		14.9	3.8	12.7	0.8	2.7
		21.8	22.7	27.6	9.0	7.7
		61.5	443.9	5.09	64.8	298.5

Consumer Expenditures Share of				
Foodstuffs	Non-food commodities	Drinks	Fuel	Services
69.6	19.3	1.9	0.1	9.2
70.1	16.8	1.7	-	11.3
69.3	21.9	2.0	0.2	6.6
70.4	17.3	1.8	0.1	10.5
67.6	23.4	2.1	0.2	6.7
59.7	26.5	1.4	-	12.4
71.5	13.5	0.7	-	6.5
78.0	13.3	1.1	-	7.5

Of course, this behavior of the household sector was a result of factors like numerous changes of national currency, and repeated impositions on the population to increase their deposits in saving banks as well.²⁶ The share of savings of the household sector reached its minimum of 0.77 per cent of GDP and comprised 3 per cent of GDP by 1995. The ratio of income-expenditure balancing item to GDP largely characterizes a situation of rising demand by the population for supply of consumer goods. In 1992 and 1993, influenced by the rapid drop of GDP and high inflation, the money holdings of the population went up to 15-19 per cent of GDP, illustrating the deficit situation in the economy. However, due to the improvement of macroeconomic situation in the republic it decreased to 5 per cent in 1995.

6.2 Consumer Expenditures

The Balance of Money Income and Expenditure of the Population (see Appendix, table 6) presents the general structure of income and expenditures. Table 6.2 presented in section below contains percentage structure of the total expenditures of the population.

Until 1991, the ratio between the expenses for purchasing goods and services was stable, but by 1995 the share of services has increased two times and the share of goods has fallen by 8 per cent. However this change in pattern of expenditures occurred rather because of rise in the cost of paid services, particularly housing, rent, and municipal services than because of extension in supply of services. Consumer expenditures comprised about 90 per cent of total household expenditures as it is shown in the table 6.2 which has been designed according to Survey data. The share of consumer expenditures for households in rural area is higher than that in urban area. Across the social categories pensioners have the highest share of consumer expenditures, which made more than 95 per cent. New social categories like entrepreneurs or cooperative farmers have the lowest share of consumer expenditures, forming between 75 per cent and 83 per cent of their total expenditures.

In the structure of consumer expenditures food expenditures are the most important item, comprising about 60-70 per cent. In comparison with the urban population, the rural population spends less for foodstuff and services. They spend 69.3 per cent of total expenditure for foodstuff and 6.6 per cent for services, while urban population spend 70.1 per cent and 11.3 per cent respectively. But expen-

ditures for nonfood commodities in rural area are 5 per cent higher than those in urban area. Higher expenditures of urban households for services may be explained due to expenses on living conditions, rent, transportation, etc. Also there is a significant difference in consumption patterns among social categories. For example, foodstuffs made up 80 per cent of total consumption expenditures of pensioners. It is predictable that among social categories the higher is the level of income the higher is the share of expenditures for nonfood commodities and services in total consumption expenses.

6.3 Major issues

The following major issues can be pointed out based upon analysis of government expenditures on the social sphere:

1. The necessity of investigating the poverty problem and introducing indicators like, for instance, the poverty line, which can serve as a base for elaboration of social policy directions emerged in Uzbekistan.

2. Direct subsidies, social welfare payments, and tax deductions aimed at specific targets for risky categories of the population, like nutrition improvement, lower cost of food and child care, medicine, and utility services, should be evaluated based upon their target efficiency. Section 7 provides more information on subsidies.

3. General subsidies aimed at nutrition and income improvement could be replaced by direct monetary social payments or in kind.

4. Tax transfers from population and personal saving appeared to be the most unstable elements of household expenditures during the transition. Improvement of taxation and tax management system and the banking policy will take regulatory effect to them.

5. Clear and stable banking policy with safety and payment guarantee of deposits is most essential to stimulate saving of population. Only upon these guarantees may the population decide to deposit their savings in the banks.

6. It is reasonable to develop the practice of public hard currency accounts.

7. It is necessary to liberalize the security market for the population. Such a measure will help to attract a significant amount of personal savings to banking system, especially when the share of savings in GDP is low and public trust in the banking system is lost.

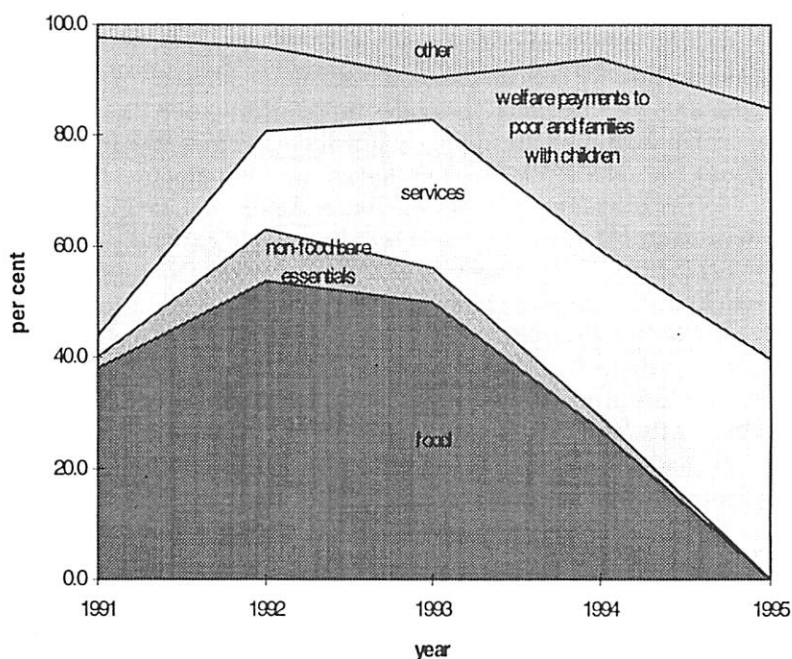
7. Subsidies, Welfare Payments, Privileges and Tax Deductions

During 1991-95 transfers to population from the federal budget include the following items:

- * subsidies for foodstuffs,
- * subsidies for non-food bare essentials,
- * subsidies for housing, municipal services, heating and public transportation,
- * welfare payment to the poor families and families with children,
- * general transfers including transfers to social security fund.

The total amount of transfers to the population and their structure are presented by Figure 7.1 and Table 7.1. The share of total social transfers to the population in the budget has declined from 14 per cent of the GDP to 3 per cent of the GDP during 1991-95.

Figure 7.1: Structure of Subsidies and Social Payments



*Table 7.1: Subsidies and Social Payments
in current prices²⁷*

	1992	1993	1994	1995
GDP	443.9	5,095.2	64,877.6	298,529.7
Federal budget expend.	52.7	1,995.3	21,680.0	98,582.4
Total expend. for subsidies	48.4	387.3	1,723.0	10,071.3
Expend. indirect subsidies, %	39.2	321.4	1,022.5	4,003.9
Share of subsidies in GDP	10.9	7.6	2.7	3.4
Expend. for social payment	7.2	28.9	595.2	4,553.6
Social expend. as per cent of GDP	1.7	0.6	1.1	1.5

Source: Ministry of Finance of the Republic of Uzbekistan

Until 1993, subsidies for foodstuffs and bare essentials, including subsidies for heating, housing services and public transportation, dominated in the total social payments. Since 1994-95, subsidizing foodstuffs and necessities was eliminated and since 1995, subsidies to public transportation were stopped. Since 1995, welfare payments to poor families and families with children, as well as subsidies for services,²⁸ became the principal component in social budgetary payments.

Subsidies for purchasing foodstuffs and necessary commodities, as well as subsidies for housing and municipal services, are indirect subsidies, which are the payments from the budget to producers or sellers of these commodities in order to maintain low and stable level of their prices. Until 1991, fixed prices for food and necessities for the population actually were subsidized by the government. Therefore, the government of Uzbekistan took the step of subsidizing food and bare essentials.²⁹ During 1991-93, foodstuff subsidies made up one-half of all payments. These subsidies were intended to support all of the citizens of Uzbekistan regardless of their income and, therefore, they were not aimed to support poor categories of the population. Furthermore, there were significant outward flows of low-priced subsidized commodities from the Republic. On top of this, payment to producers and sellers led to distortions in relative prices and, thereupon, to ineffectiveness both for supply and demand sides.

Table 7.2: Structure of Expenditures on Subsidies for Food Commodities

Subsidized items	1991	1992	1993	1994
Foodstuffs	100	100	100	100
bread	57.6	22.7	51.6	76.3
flour	-	38.1	20.4	11.7
rice	-	5.4	0.7	-
meat	24.2	19.2	11.8	-
milk	12.1	3.1	1.2	-
tea	3.0	-	2.2	-
free breakfasts for schoolchildren	3.0	6.5	5.1	11.9
food subsidies for students	-	2.3	7.0	-
other	-	2.7	-	0.1

In 1991-94, there were indirect food subsidies for food commodities, like bread, flour, rice, meat, milk, tea, free breakfasts for school children, and food subsidies for students. The main items among food commodity subsidies were expenditures of bread and flour, which made more 60 per cent of the total. Unlike indirect subsidies, direct food subsidies for school children and students provided them with an additional meal. This type of direct subsidies existed until 1994 and its weight in the total subsidies was about 10 per cent. Subsidies beyond general subsidies for heating and other utility expenses include 50 per cent discount payments for above mentioned services for certain categories of the population, and subsidies for purchasing medicine and certain medical services by pensioners and war veterans. Such privileges are provided according to social status of mentioned population categories, regardless of the value of their income. It is supposed that categories which enjoy this right for discount payment have a low income level and, evidently, their gain from discounted payment for services is significant. However, the efficiency of these subsidies can hardly be evaluated because it is impossible to determine their effect on expenditure of targeted groups.

Welfare payments are the only directly targeted payments to the population from the budget, which include payments for poor families and families with children. The level of income for receiving welfare payment for poor is established upon the level of income

per family member is no more than minimum wage, and in income calculation only income from wages is considered. Welfare payments to families with children are paid to one of the parents by the place of her/his job attachment in the fixed amount of 40 per cent of minimum wage for each child under 16 in the family, regardless the income level of the family.

During the period from 1991 to 1995 the proportion of direct social payments to GDP declined from 7.6 per cent to 1.0-1.5 per cent. In average real content of payments per one payment receiver dropped in 1993, when subsidies made over 80 per cent of all expenditures of federal budget for social measures. In spite of the elimination of food and non-food subsidies the average amount of social payments per one receiver grew insignificantly. In 1995 the ratio of monthly average amount of social payment for one receiver and the average of per capita money income³⁰ was about 4.5 per cent.

Tax relief is also an instrument which may increase the disposable income of different categories of the population. The list of such population categories is determined by the Law of Income Tax from the Population of the Republic of Uzbekistan. The following are the currently existing types of tax relief:

- * full tax exemption for income which does not exceed the minimum income not due to tax imposition;³¹

- * full tax exemption is provided for following categories for all income if its total amount does not exceed four nontaxable income minimums:

1. veterans, disabled, and prisoners of World War Two and the Afghanistan War,

2. disabled from childhood,

3. mothers with many children,

4. participants of elimination Chernobyl disaster,

and others.

- * partial tax relief is provided

1. up to 50 percent - for disabled of first and second groups;³²

2. up to 30 per cent - for single mothers with children

and others.

Notes

¹ Further in the text the Balance of Money Income and Expenditure of the Population is called "Balance" and the Household Budget Survey - "Survey".

² All demographic and employment data has been obtained from Goscomprognozstat sources.

³ Working age population is regarded as including women between the ages of 16 years and 54, men between 16 and 59 years of age.

⁴ In modern conditions, for simple renewing of generations, it is sufficient to have 2.2 children for each family.

⁵ See notes on terminology.

⁶ The basis for labor relations is established in the Constitution of the Republic of Uzbekistan, in the laws on property, enterprises, privatization, entrepreneurship and on foreign investments, and the Labor Code of the Republic. A more detailed review of the legal basis is given in the Appendix.

⁷ Under 18 years of age.

⁸ See notes on terminology for definitions of material and non-material service industries.

⁹ See notes on terminology for formal definition.

¹⁰ Goskomprognozstat estimation based on technical standards of labor productivity by industries.

¹¹ Calculations are based on the method suggested in *Obzor mirovogo / konomicheskogo i socialnogo polozhenia za 1995 god.* (New York: United Nations, 1996), p.166.

¹² Rolf Hussmans, et al, *Surveys of economically active population, employment, unemployment and under-employment: an ILO manual on concepts and methods*, (Geneva: ILO, 1990).

¹³ Anecdotal evidence shows that people working without formal attachment consider themselves not having a job.

¹⁴ The Fund for Employment Promotion was established by order of the Cabinet of Ministers in 1992. All employing organizations, with certain

humanitarian exceptions, are required to contribute 2 per cent of their wage bill to this Fund. The proceeds are used to finance the creation of new job opportunities, to provide unemployment benefits, to finance public works, to retrain unemployed workers, and to finance employment service agencies throughout the Republic.

15 Ratio of average nominal wage rates in provinces to average nominal wage rates in the Republic as a whole.

16 Wage rates for 1991 and 1992 are quoted in rubles, in soum-coupon for 1993 and soum for 1994. The soum-coupon was introduced during 1993 at a rate of one soum-coupon for 1,000 rubles.

17 The Monetary and Credit Commission is a high level official body that deliberates on various aspects of economic policy, particularly its financial aspects.

18 Income structure in 1995 is distorted because data for item "other income" was not available.

19 For measuring real indicators here we used prices of 1991 which we take as a base year.

20 Wage distribution analysis is based on the data of Goskomprognostat on wage and the number of employees across sectors and territories. This data is provided by monthly statistical reports by the organizations and enterprises.

21 The wage rate in the Navoi region is the highest in Uzbekistan. It is provided by joint American-Uzbek enterprise in gold mining situated here. However high wages do not significantly affect the income of the local population because for this production employees are usually residents of Tashkent city or other urban areas.

22 *Statistical Handbook "Narodnoe khoziaistvo SSSR,"* (Moscow: Finansy i statistika, 1990); *Country Report (Uzbekistan),* (New York: IMF, 1996).

23 The mechanism of transition to national currency restricted the amount of cash to be exchanged and the amount of new deposits saving banks and led to the exchange of deposits for the new national currency.

24 Here savings include bank deposits and purchasing shares and total savings represent the sum of savings and the item balancing income and expenditures. Detailed explanation is given below in this section.

25 The description of changes of current prices was given above, for ex-

ample, in section 4.2 of this paper.

²⁶ High inflation and inconsequent banking policy made saving in the form of bank deposits unattractive and as an alternative people prefer hard currency as a means to save. Hard currency accounts could help both population to save and banking system to operate, but this practice is very limited and strongly regulated.

²⁷ See footnotes for table 4.1.

²⁸ In 1995, 70 per cent of heating expenditures was financed by the Uzbek government, and 30 per cent by the population; expenses for housing and municipal services were paid 40 per cent by the government and 60 per cent by the population. According to the subsidies elimination scheme, the share of population payment for these services annually increases by 10 per cent.

²⁹ These subsidies include subsidies for foodstuff: bread, flour, rice, meat, tea, and non-food commodities: laundry soap, goods for children, fuel and medicine.

³⁰ Per capita income distribution was considered in section 5.2.

³¹ According to existing practice nonimposed income minimum is equal to zero grade of tariff system which is designed to set wage rates. In 1996 it was initially equal 550 sum, and later from September 1996 - 600 sum.

³² This requires a medical examination and approval.

Legislation related to the labor market

The Constitution of the Republic of Uzbekistan, adopted on 8 December 1992, is the base for the development of all economic relations in the republic. The right of every citizen for labor, for free choice of work, for fair labor conditions and for unemployment protection in the manner fixed by the law is established therein.

Forced labor is forbidden except in cases of punishment according to the court sentence or in some other cases, envisaged by the law (article 37). The right of hired workers to paid vacation is established. Working hours and the duration of paid vacation are determined by the law (article 38).

The Law on Property, adopted on 31 October 1990, determines the objects of property, the subjects of property rights and the forms of property. The following kinds of property are envisaged: personal, private, collective, state, mixed property forms, and property of Joint Ventures, foreign citizens, organizations, states, and foreign juridical entities.

The Law on Enterprises, adopted on 15 February 1991, determines the general legal, economic, and social base of creation, activity, reorganization and liquidation of enterprises of all property forms in the conditions of a market development. The law formulates principles of enterprise management, the essentials of determination of the enterprise worker's labor incomes, the sphere of an enterprise's activity in the provision of social guarantees to workers, as well as the content of labor staff authorities and the collective agreement.

The Law on Privatization and Demonopolization, adopted on 19 November 1991, establishes the organizational and legal base of the state property reorganization in the Republic of Uzbekistan. In particular, it determines the rights of citizens to obtain a share of the property, as well as the rights of the workers of the enterprises being privatised and demonopolized.

The Law on Entrepreneurship in the Republic of Uzbekistan determines the legal basis of the entrepreneurship in Uzbekistan. The forms of entrepreneurship are individual labor activity, private entrepreneurship with attraction of hired labor, collective entrepre-

neurship (a group of citizens), joint entrepreneurship carried out by juridical entities and citizens on the basis of united property and property rights. There are described the rights and duties of an entrepreneur in the aspect of the workers' being hired or fined in accordance with the legislation, labor payment of hired workers.

The Law on Foreign Investments, adopted on 1 June 1991, determines the legal and organizational basis and order of foreign investment implementation on the territory of Uzbekistan. The law provides guarantees to international capital and is directed at attraction and efficient use of foreign financial, material and other resources, modern foreign technologies and management experience.

The Law on Employment, adopted on 13 January 1992, determines guarantees of human rights for getting a job in the conditions of a market economy and equality of different property forms, in accordance with the the Constitution of the Republic of Uzbekistan and taking into account the norms of international law. It formulates the main principles of state policy in the sphere of employment of population, determines state guarantees for labor, describes directions of regulation and organization of employment of the population: in particular, the functions, duties and rights of the state employment service. For the first time in the Republic of Uzbekistan, the law gives a definition of an unemployed person, the order of the registration of the unemployed, social guarantees, and in particular, guarantees of material support in case of losing one's job.

The following changes and amendments were introduced into the present law:

- *on the registration order of the unemployed and on the payment terms of unemployment allowances, specifying the definition of an unemployed person and the payment terms of unemployment allowances (1992);

- * on the organization of paid social work in the Republic of Uzbekistan, determining the terms of organization and implementation of social work, the order and sources of their financing;

- * on terms and order of licensing the ministries and establishments

of activity connected with the employment of Uzbek citizens abroad, as well as commercial agencies and other establishments providing paid training services to citizens and their job placement in the Republic (App. 2 to the resolution of the Cabinet of Ministers, dated 13 May 1992, No. 235);

* on the order of training system formation, retraining of the released workers and non-employed ones, on the organization of the professional training of the released workers and non-employed ones (App. 5 to the resolution of the CM, dated 13 May 1992, No. 4);

* on the material support of the workers released as a result of staff cuts, reorganization and liquidation of enterprises, establishments and organizations (Approved by the Ministry of Labor of the Republic of Uzbekistan, Resolution No PC-3, dated 24 June 1992). The guarantees of the material support are given, first of all, to the workers released from enterprises, establishments and organizations due to staff cuts, reorganization or liquidation of the latter as well as of those the equivalent of them. The regulation determines the order of gratuity payments, duties, rights and responsibilities of the released workers.

The Law on Labor Protection of the Republic of Uzbekistan (No 839-XII, dated 6 May 1993) states a single order of labor protection organization irrespective of production means, property forms and is directed at health and labor protection of the citizens. See note 1.

The specifications and amendments were included in the Labor Code of Uzbekistan which was introduced from 1 April 1995. Labor relations in Uzbekistan are regulated by the Labor legislation, collective agreements as well as collective treaties and other local legal acts. Labor legislation consists of the Labor Code, the laws of Uzbekistan and the resolutions of Oliy Majlis, the decrees of the president of Uzbekistan and the government of the Republic of Karakalpakstan, decisions of other representative and executive bodies of state power.

The Labor Code describes the rights and duties of an employer and an employee, the content and rights of the representative bodies of employees and the representative bodies of employers. It considers concept, principles of collective treaties and agreements conclusion, their types and the order of negotiation on the conclusion of

collective treaties and agreements. The part on job placement determines guarantees of labor right realization and establishes bodies promoting job placement. The criteria of an unemployed include: able age, lack of work (as a source of wage or labor income), search for work by applying to the local employment body and readiness to work (to be trained and retrained). The Code determines the guarantees of material support, terms of unemployment allowances payment. The parts devoted to labor treaties give determination of the term, consider its content, forms and terms of conclusion. Conditions of labor treaty conclusion, order of job admittance, order of amendment introduction into labor treaty, as well as conditions and order of labor treaty cancellation are described there. Separate parts deal with working hours, extra work, the order of compensations, and pay for extra work.

The Code specifies that the size of labor payment is agreed between an employer and an employee. The pay cannot be lower than the minimum set by law and cannot be restricted by any maximum. The form and the system of labor pay is set in collective treaties. Duties of an employer on on-time labor pay are determined. The order of change in labor pay is envisaged, labor pay terms are set and some other questions are included into it.

The Code summarizes the accumulated experience and formulates main positions on labor discipline, on material responsibility of an employer and an employee, on labor protection, on settling labor disputes, on state social guarantees and pensions as well as many other issues.

Notes:

Regulation on the order of attestation and granting qualification to the workers, having been trained and retrained at professional centers of the Ministry of Labor and educational establishments of some other ministries and departments of Uzbekistan (Confirmed by the Ministry of Labor of the Republic of Uzbekistan, order No. 45, dated 26 June 1992).

Regulation on the order and conditions of granting economic privileges to enterprises, establishments and organizations of all property forms, creating additional jobs for the individuals, who are in need of social support (invalids and young people). (Con-

firmed by the Ministry of Labor of the Republic of Uzbekistan, Resolution No PC-3, dated 24 June 1992).

Regulation on the appointment order and payment of pensions to the workers of pre-pension age, liberated from enterprises, institutions and organizations because of their re-organization, liquidation or personnel reduction. (approved 10 July 1995, No 05- 1209/ 50).

Regulation on quoting order while employing people in need of social protection and facing specific difficulties in employment (Appendix 3 to the resolution of the Cabinet of Ministers dated 13 May 1992, No 235).

Regulation on organization of works to assist employment and provide social guarantees of the workers liberated as a result of enterprises bankruptcy (Approved in 1995).

Regulation on the order of appointment and payment of allowances according to the state social insurance (Ministry of Labor of the Republic of Uzbekistan, 10 February 1994, 148.03).

Instruction on the order of charging and paying insurance payments, expenditures and accounting of state social insurance means.

Regulation on the fund of material stimulation of the workers belonging to budget establishments and organizations (approved on 8 October 1995).

Decree of the President of the Republic of Uzbekistan, dated 20 November 1995: "On payments of pensions to working pensioners", N DP-1289.

Resolution of the Cabinet of Ministers of the Republic of Uzbekistan about the introduction of the tariff scale on the labor payment for the workers of state, management, judicial bodies and notarial offices, dated 12 October 1996, No. 147.

Table 1.1: Population growth and location

*Table 1.1a: Dynamics of the whole population of Republic of Uzbekistan
(for beginning of the year, in thousands)*

	1990	1991	1992	1993
Republic of Uzbekistan including provinces	20,227.3	20,613	21,111.8	21,607.7
Republic of Karakalpakistan	1,241.5	1,270.6	1,307.5	1,339.6
Andijan	1,754.8	1,789.0	1,832.6	1,893.3
Bukhara	1,167.0	1,195.1	1,227.8	1,257.4
Jizzak	755.4	775.0	801.2	825.7
Kashkadaria	1,643.6	1,694.4	1,752.9	1,808.7
Navoi	670.8	682.0	698.8	712.4
Namangan	1,508.5	1,551.8	1,598.1	1,645.6
Samarkand	2,155.3	2,200.9	2,256.1	2,313.6
Surkhandaria	1,288.8	1,332.0	1,380.8	1,432.6
Sirdaria	571.0	576.3	583.1	595.8
Tashkent	2,151.8	2,164.3	2,190.9	2,221.9
Fergana	2,176.3	2,214.6	2,270.4	2,326.0
Khorezm	1,036.7	1,066.0	1,097.8	1,133.0
Tashkent city	2,105.8	2,101.2	2,113.8	2,102.1

*Table 1.1b: Dynamics of the urban population of Republic of Uzbekistan
(for beginning of the year, in thousands)*

	1990	1991	1992	1993
Republic of Uzbekistan including provinces	8,212.3	8,273.9	8,413.7	8,489.2
Republic of Karakalpakistan	595.7	610.3	630.6	650.3
Andijan	568.4	574.7	584.9	585.3
Bukhara	403.9	409.5	419.6	423.7
Jizzak	222.6	225.8	235.5	266.2
Kashkadaria	433.2	442.8	456.1	464.6
Navoi	277.1	280.7	285.7	289.0
Namangan	576.5	591.3	612.2	629.5
Samarkand	672.2	674.2	680.5	681.3
Surkhandaria	248.5	254.5	261.6	266.8
Sirdaria	185.4	184.5	183.2	185.2
Tashkent	947.0	948.3	959.9	950.6
Fergana	691.8	686.2	693.6	708.8
Khorezm	284.2	289.9	296.5	285.8
Tashkent city	2,105.8	2,101.2	2,113.8	2,102.1

1996 as % of

1994	1995	1996	1990	1995
22,097.5	22,467.3	22,912.1	113.3	102.0
1,368.5	1,393.5	1,414.9	114.0	101.5
1,945.4	1,987.0	2,034.2	115.9	102.4
1,285.9	1,310.7	1,335.4	114.4	101.9
847.7	863.4	886.1	117.3	102.6
1,864.8	1,914.6	1,971.9	120.0	103.0
726.6	736.6	745.2	111.1	101.2
1,693.4	1,735.2	1,780.4	118.0	102.6
2,368.9	2,423.0	2,479.9	115.1	102.3
1,485.5	1,532.0	1,578.4	122.5	103.0
613.0	622.0	629.9	110.3	101.3
2,250.7	2,225.4	2,249.4	104.5	101.1
2,386.1	2,432.6	2,487.7	114.3	102.3
1,167.0	1,195.9	1,223.5	118.0	102.3
2,094.3	2,097.4	2,095.2	99.5	99.9

1996 as % of

1994	1995	1996	1990	1995
8,583.3	8,662.7	8,761.1	104.1	101.1
663.7	673.8	682.1	108.2	101.2
584.3	596.8	609.0	104.1	102.0
427.6	428.8	431.1	102.7	100.5
273.6	278.1	281.5	119.5	101.2
480.0	488.6	513.3	112.5	105.1
293.7	291.6	299.2	104.7	102.6
644.7	657.2	673.2	110.0	102.4
686.0	698.4	704.3	103.5	100.8
279.9	316.9	322.5	123.3	101.8
193.2	191.9	193.4	105.6	100.8
952.5	928.8	928.7	96.7	100.0
718.0	718.1	726.6	104.8	101.2
291.8	296.2	300.9	101.5	101.6
2,094.3	2,097.4	2,095.2	99.1	99.9

*Table 1.1c: Dynamics of the rural population of Republic of Uzbekistan
(for beginning of the year, in thousands)*

	1990	1991	1992	1993
Republic of Uzbekistan	12,015.0	12,339.0	12,698.7	13,118.5
Republic of Karakalpakstan	645.8	660.3	676.0	689.3
Andijan	1,186.4	1,214.3	1,247.7	1,308.0
Bukhara	763.1	785.6	808.2	833.7
Jizzak	532.8	549.2	565.7	559.5
Kashkadaria	1,210.4	1,251.6	1,296.8	1,344.1
Navoi	393.7	401.3	413.1	423.4
Namangan	932.0	960.5	985.9	1,016.1
Samarkand	1,483.1	1,526.7	1,575.6	1,632.3
Surkhandaria	1,040.3	1,077.5	1,119.2	1,165.8
Sirdaria	385.6	391.8	399.9	410.6
Tashkent	1,204.8	1,216.0	1,231.0	1,271.3
Fergana	1,484.5	1,528.4	1,576.8	1,617.2
Khorezm	752.5	776.1	801.3	847.2

Table 1.2: Age-gender composition of the population of Republic of Uzbekistan

including	Whole Population	Under Working Age	In Working Age	Above Working Age
1990				
Both sexes	20,420.3	8,787.4	10,036.7	1,596.2
males	10,093.9	4,445.4	5,113.0	537.7
females	10,326.4	4,342.0	4,923.7	1,058.5
1991				
Both sexes	20,862.5	9,004.9	10,233.9	1,623.7
males	10,318.8	4,561.8	5,223.0	534.0
females	10,543.7	4,443.1	5,010.9	1,089.7
1992				
Both sexes	21,359.7	9,239.1	10,462.6	1,658.0
males	10,572.3	4,657.1	5,370.7	544.5
females	10,787.4	4,541.5	5,140.2	1,105.7

1994	1995	1996	1996 as % of	
			1990	1995
13,514.2	13,804.6	14,151.3	117.8	102.5
704.8	719.7	733.1	113.5	101.9
1,361.1	1,390.2	1,425.2	120.1	102.5
858.3	881.8	904.3	118.5	102.6
574.1	588.3	604.6	113.5	102.8
1,384.5	1,426.1	1,458.5	120.5	102.3
432.9	440.1	445.9	113.3	101.3
1,048.7	1,078.1	1,107.2	118.8	102.7
1,682.9	1,724.6	1,775.6	119.7	103.0
1,205.6	1,215.1	1,256.1	120.7	103.4
419.8	430.0	436.5	113.2	101.5
1,298.2	1,296.7	1,320.7	109.6	101.9
1,668.1	1,714.6	1,761.0	118.6	102.7
875.2	899.7	922.6	122.6	102.5

including	Whole Population	Under Working Age	In Working Age	Above Working Age
		1993		
Both sexes	21852.5	9461.5	10707.3	1683.7
males	10787.2	4773.6	5488	525.6
females	11028.3	4642.9	5260.5	1124.9
		1994		
Both sexes	22282.4	9603.7	10962.9	1715.8
males	11038.7	4871.3	5596.2	571.2
females	11243.7	4732.4	5366.7	1144.6
		1995		
Both sexes	22689.7	9787.6	11157.4	1744.8
males	11255.9	4979.6	5685.8	590.5
females	11433.8	4808.0	5471.5	1154.3

Table 1.3: The number of births and general birth rates per million

	1990		1991		1992	
	No.	Birth rate	No.	Birth rate	No.	Birth rate
Total	691,636	33.9	723,420	34.7	710,459	33.3
including						
Karakalpakistan	45,341	36.1	47,732	37.0	44,671	33.8
Andijan	60,403	34.1	63,589	35.1	63,078	33.9
Bukhara	38,188	32.3	40,709	33.6	39,638	31.9
Jizzak	30,431	39.8	31,277	39.7	31,828	39.1
Kashkadaria	66,371	39.8	70,988	41.2	69,227	38.9
Navoi	22,243	32.9	23,165	33.5	22,892	32.4
Namangan	57,576	37.6	59,487	37.8	58,438	36.0
Samarkand	80,315	36.9	84,143	37.8	84,553	37.0
Surkhandaria	55,055	42.0	57,841	42.6	55,204	39.2
Sirdaria	19,971	34.8	20,503	35.4	19,625	33.3
Tashkent	64,340	29.8	64,597	29.7	62,137	28.2
Fergana	71,818	32.7	77,889	34.7	79,542	34.6
Khorezm	37,256	35.4	38,997	36.0	39,479	35.4
Tashkent city	42,328	20.1	42,503	20.2	40,147	19.0

Table 1.4: The number of deaths and mortality rates per million

	1990		1991		1992	
	No.	Mort. rate	No.	Mort. rate	No.	Mort. rate
Total	124,553	6.1	130,294	6.2	140,092	6.6
including						
Karakalpakistan	8,232	6.6	8,818	6.8	8,954	6.8
Andijan	10,471	5.9	11,012	6.1	12,160	6.5
Bukhara	6,537	5.5	6,580	5.4	7,263	5.8
Jizzak	3,870	5.1	4,177	5.3	4,782	5.9
Kashkadaria	8,460	5.1	9,166	5.3	9,993	5.6
Navoi	3,836	5.7	3,876	5.6	4,212	6.0
Namangan	8,697	5.7	9,270	5.9	10,781	6.6
Samarkand	12,967	6.0	13,428	6.0	14,974	6.6
Surkhandaria	7,046	5.4	7,638	5.6	8,190	5.8
Sirdaria	3,492	6.1	3,761	6.5	3,773	6.4
Tashkent	14,272	6.6	14,495	6.7	15,180	6.9
Fergana	13,871	6.3	14,359	6.4	15,704	6.8
Khorezm	6,163	5.9	6,444	6.0	6,757	6.1
Tashkent city	16,639	7.9	17,270	8.2	17,367	8.2

1993		1994		1995	
No.	Birth rate	No.	Birth rate	No.	Birth rate
688,895	31.5	657,109	29.5	677,312	29.9
40,973	30.3	36,377	26.3	35,918	25.6
62,759	32.7	58,952	30.0	63,062	31.4
37,420	29.4	36,838	28.4	36,196	27.4
29,342	35.1	28,853	33.7	30,089	34.3
68,179	37.1	64,490	34.1	70,426	36.2
22,042	30.6	21,309	29.2	19,752	26.7
59,012	35.3	55,926	32.6	58,076	33.0
79,795	34.1	79,360	33.1	81,896	33.4
58,014	39.8	52,843	35.0	57,940	37.3
18,653	30.9	17,375	28.1	17,138	27.4
59,236	26.5	56,269	25.1	57,523	25.7
78,143	33.2	74,705	31.0	76,462	31.1
38,581	33.5	36,432	30.8	35,409	29.3
36,746	17.5	37,380	17.8	37,425	17.9

1993		1994		1995	
No.	Mort. rate	No.	Mort. rate	No.	Mort. rate
144,561	6.6	148,238	6.7	143,539	6.3
9,276	6.9	9,594	6.9	9,012	6.4
12,731	6.6	13,837	7.0	12,398	6.2
7,442	5.9	7,720	5.9	7,112	5.4
4,802	5.7	4,809	5.6	5,022	5.7
9,954	5.4	9,968	5.3	9,698	5.0
4,317	6.0	4,540	6.2	4,615	6.3
11,011	6.6	10,934	6.4	10,293	5.9
15,479	6.6	15,963	6.7	15,188	6.2
9,200	6.3	9,147	6.1	8,823	5.7
3,834	6.3	3,710	6.0	3,663	5.9
15,574	7.0	15,947	7.1	16,076	7.2
15,995	6.8	15,970	6.6	15,048	6.1
7,412	6.4	7,587	6.4	7,152	5.9
17,534	8.4	18,512	8.8	19,439	9.3

Table 2.1: GDP, Employment and Labor Productivity Growth Rates

GDP ^{a)}	1991	1992
GDP in current prices	61.5	443.9
Growth rate,% annually	0.0	-11.1
including branches		
Industry in current prices	16.2	118.2
annual growth rate,%	-	-
Agriculture: share of GDP in current prices	23.0	157.3
annual growth rate,%	-	-
Construction: share of GDP in current prices	6.4	42.2
annual growth rate,%	-	-
Services	16.1	130.2
annual growth rate,%	-	-
Employment, in thousands		
Total employment	8,254.6	8,271.4
growth rate, %	-	0.2
including branches		
Industry	1,179.4	1,147.2
growth rate,%	-	-2.7
Agriculture	3,456.4	3,594.7
growth rate,%	-	4.0
Construction	675.8	597.7
growth rate,%	-	-11.6
Services	2,943.0	2,932.0
growth rate,%	-	-0.4
State sector	5,049.8	4,743.0
growth rate,%	-	-6.1
Non-state sector, '000 person	3,205.0	3,529.0
growth rate,%	-	10.1
Labor productivity of 1 employee, in thousands of sums per person ^{b)}		
Total productivity	7.4	6.6
growth rate, %	-	-10.8
including		
Industry,	13.7	12.4
growth rate, %	-	-9.5
Agriculture, '000 sum/person	6.6	5.3
growth rate, %	-	-19.7
Construction, '000 sum/person	9.5	8.7
growth rate, %	-	-8.4
Services, '000 sum/person ^{c)}	5.5	5.4
growth rate, %	-	-0.9

1993	1994	1995
5,095.2	64,878.0	298,530.0
-2.3	-4.2	-1.2
1,139.7	11,031.2	49,067.9
-4.2	-6.6	-3.9
1,420.9	22,355.5	85,069.9
1.5	-3.4	2.3
457.1	4,703.6	23,227.8
-8.3	-16.9	-3.3
1,596.8	21,447.2	100,804.0
-1.3	-1.4	-6.0
8,243.7	8,150.3	8,157.5
-0.3	-1.1	0.1
1,166.8	1,067.1	1,010.2
1.7	-8.5	-5.3
3,605.0	3,618.7	3,730.7
0.3	0.4	3.1
592.1	519.5	492.9
-0.9	-12.3	-5.1
2,880.0	2,945.0	2,924.0
-1.8	2.3	-0.7
4,424.0	32,84.0	2,763.0
-6.7	-25.8	-15.9
3,820.0	4,866.0	5,395.0
8.2	27.4	10.9
6.5	6.3	6.2
-1.5	-3.1	-1.6
11.6	11.9	12.1
-6.5	2.6	1.7
5.4	5.2	5.2
1.9	-3.7	-0.8
8.1	7.6	7.7
-6.9	-5.8	0.9
5.5	5.2	4.9
0.5	-5.3	-5.9

^{a)} In GDP calculations, 1991 was taken as a basis for comparison.

^{b)} Calculated as a ratio GDP (in 1991 price): employment.

^{c)} The productivity in services is underestimated because employment in non-material services is accounted but GDP covers only material services.

Table 2.2: Comparative Balance of Labor Force, 1995

Resources	Base methodology	
	used in Uzbekistan	ILO
1. Total population	22,660	2,260
2. The number of economically non-active population	14,205	13,775
including:		
- in not-able age	11,512	11,512
- in able age		
population non-employed in the economy	2,693	2,263
including		
full-time students	840	840
housewives, mothers with many children and other categories of 'nonemployed population in able age	1,853	1,423
<i>The number of labor force</i>	<i>8,455</i>	<i>8,885</i>

<i>Distribution</i>	Base methodology	
	used in Uzbekistan	ILO
Employed -total number	8,424	8,424
1. Employed in the economy including by sectors	8,158	8,158
- in the material production	6,294	6,294
- in the non-productive sphere	1,864	1,864
according to property form:		
- in state enterprises	2,763	2,763
- in non-state enterprises	5,395	5,395
2. Religious ministers	16	16
3. Others	250	250
Unemployed	31	461
<i>Labor force balance</i>	8,455	8,885

Table 3.1: Registered unemployed

Table 3.1a: Registered unemployed by region

	Total	RKK	And.	Bukh.	Jizzak	Kashk.	Navoi
1993, 1 Q	47,518	3,966	5,266	2,785	2,022	2,829	2,491
2 Q	52,092	3,911	5,498	2,872	3,828	2,816	2,733
3 Q	51,096	3,740	4,740	3,435	3,027	3,633	2,928
4 Q	40,882	2,851	3,804	2,751	2,973	3,274	2,714
1994, 1 Q	47,334	4,425	6,208	3,230	1,990	3,323	3,254
2 Q	50,995	4,283	5,286	3,632	3,125	3,941	3,676
3 Q	51,106	4,507	4,746	3,099	2,795	4,058	4,083
4 Q	53,481	6,065	5,287	2,536	3,006	3,875	5,866
1995, 1 Q	61,467	7,914	6,155	3,120	2,709	4,588	6,324
2 Q	69,049	6,104	6,263	4,214	3,703	5,088	5,986
3 Q	59,897	5,284	4,824	3,051	2,689	4,637	4,911
4 Q	55,711	5,005	4,885	2,976	3,313	4,196	5,165
1996, 1 Q	67,137	6,029	6,674	3,582	3,035	6,101	5,910

Table 3.1b: Registered unemployed by age, person

	Total	Under18	18-30	30-50	50-60	others
1993, 1 Q	47,518					
2 Q	52,092					
3 Q	51,096					
4 Q	40,882					
1994, 1 Q	47,334	6,527	17,980	18,033	3,624	1,170
2 Q	50,995	7,997	22,325	15,626	648	5,695
3 Q	51,106	19,677	23,569	7,109	1,488	737
4 Q	53,481	4,990	26,986	18,214	1,515	1,776
1995, 1 Q	61,467	7,631	31,378	19,650	1,365	1,443
2 Q	69,049	8,886	33,556	22,038	1,801	2,739
3 Q	59,897	8,702	28,299	17,647	934	4,315
4 Q	55,711	8,423	25,472	16,783	1,329	3,404
1996, 1 Q	67,137					

Naman-gam	Samar-kand	Surk-hand.	Sird-aria	Tash-kent	Ferg-ana	Khor-ezm	Tashkent city
3,322	3,068	1,987	958	5,249	7,029	2,589	3,957
3,654	3,122	1,770	1,021	5,047	9,557	2,332	3,931
2,979	2,694	2,633	785	5,272	8,688	2,296	4,246
2,513	2,695	1,184	645	4,045	5,649	1,941	3,843
2,945	3,295	1,395	754	4,009	6,785	2,548	3,219
3,202	3,523	1,725	1,069	4,665	6,944	2,507	3,417
4,361	2,909	1,524	1,096	4,969	6,484	3,359	3,316
3,527	3,762	1,581	1,062	4,181	6,605	2,696	3,432
3,681	4,086	2,230	1,754	4,880	6,976	3,972	3,178
6,431	4,488	2,313	1,692	4,948	10,725	3,583	3,511
7,003	4,501	1,861	1,049	4,511	8,441	3,391	3,744
5,737	3,447	1,482	1,042	4,202	8,102	2,826	3,393
7,209	3,897	2,300	1,494	5,178	8,614	3,681	3,381

Table 3.1c: Registered unemployed by education, person

	Total	Higher	Profess- ional	Secondary	Under secondary
1994, 1 Q	47,334	2,867	8,186	30,597	5,684
2 Q	50,995	2,519	7,768	34,762	6,146
3 Q	51,106	2,861	9,130	29,067	10,048
4 Q	53,481	3,627	9,670	32,855	7,329
1995, 1 Q	61,467	3,821	12,375	37,808	7,463
2 Q	69,049	3,258	11,431	46,220	8,140
3 Q	59,897	3,628	13,020	34,059	9,190
4 Q	55,711	4,239	11,497	36,707	3,268

Table 4.1: Vacancies and labor release, person

Vacancies

	total	incl.	industry	Industries agriculture	construction
1994, 4 Q	34,638		8,503	2,683	6,024
1995, 1Q	33,879		6,545	3,683	5,460
2Q	25,758		7,860	4,332	5,549
3Q	34,906		7,231	3,040	6,003
4Q					
1996, 1Q	37,810		8,211	3,898	6,798

Percentage structure,%

1994, 4Q	24.5	7.7	17.4
1995, 1Q	19.3	10.9	16.1
2Q	30.5	16.8	21.5
3Q	20.7	8.7	17.2
4Q			
1996, 1Q	21.7	10.3	18.0

Labor release

	total	incl.	industry	Industries agriculture	construction
1994, 4Q	33,233		6,894	6,608	4,048
1995, 1Q	7,626		2,282	940	922
2Q	20,309		4,874	2,770	2,335
3Q	30,025		8,028	3,624	3,120
4Q					
1996, 1Q	6,667		1,774	1,325	473

Percentage structure,%

1994, 4Q	20.7	19.9	12.2
1995, 1Q	29.9	12.3	12.1
2Q	24.0	13.6	11.5
3Q	26.7	12.1	10.4
4Q			
1996, 1Q	26.6	19.9	7.1

services	other	property forms		non-state
		total	state	
7,301	10,127	34,638	28,254	6,384
6,482	11,704	33,879	25,545	8,334
6,761	11,256	25,758	25,411	347
8,786	9,846	34,906	21,372	13,534
6,994	12,009	37,810	23,833	13,977
21.1	29.2		81.6	18.4
19.1	34.5		75.4	24.6
26.2	43.7		98.7	1.3
25.2	28.2		61.2	38.8
18.5	31.8		63.0	37.0

services	other	property forms		non-state
		total	state	
7,546	8,137	33,233	23,314	9,919
1,633	1,849	7,626	5,385	2,241
4,215	6,115	20,309	10,997	9,312
7,283	7,970	30,025	15,716	14,309
1,080	2,015	6,667	3,892	2,775
22.7	24.5		70.2	29.8
21.4	24.2		70.6	29.4
20.8	30.1		54.1	45.9
24.3	26.5		52.3	47.7
16.2	30.2		58.4	41.6

Table 5.1: Wage bill in real terms, in millions of rubles/sums

	1991	1992	1993	1994	1995
	(rubles)	(rubles)	(sums)	(sums)	(sums)
Wage bill	20,939.2	167,560.3	1,778.1	15,810.9	53,785.2
in branches					
Industry	4,643.6	37,647.1	520.8	4,559.7	17,132.9
Agriculture	4,323.0	28,680.5	1,976.4	1,752.4	18,381.4
Construction	2,570.2	17,618.0	2,562.1	2,477.8	9,274.4
Other	9,402.5	83,614.5	803.4	7,021.1	25,539.7
Wage bill (real),					
ratio to previous year		97.7	93.0	55.1	89.7
in branches					
Industry			121.2	54.2	99.1
Agriculture		81.0	60.4	54.9	27.7
Construction		83.7	127.4	59.9	98.7
Services		98	98.5	53.9	93.4
Real wage bill,					
growth rate, %		-2.3	-7.0	-44.9	-10.3
in branches					
Industry		-	21.2	-45.8	-0.9
Agriculture		-19.0	-39.6	-45.1	-72.3
Construction		-16.3	77.6	-40.1	-1.3
Services		-2.0	-1.5	-46.1	-6.6

Table 5.2: Average real wage rate by sector

	1991	1992	1993	1994	1995
	(rubles)	(rubles)	(sums)	(sums)	(sums)
Average nominal wage	345.6	2,541.2	30.2	279.7	1,069.7
in branches					
Industry		3,166.4	42.6	389.4	1,549.4
Agriculture	391.6	2,569.5	22.9	239.8	776.8
Construction	421.3	2,838.2	41.4	424.2	1,661.4
Services	278.6	2,238.3	25.8	253.5	936.3
 Real wage,					
ratio to previous year		89.8	104.1	57.3	100.9
in branches					
Industry			117.9	56.6	105.0
Agriculture		80.1	78.1	64.8	85.4
Construction		82.3	127.8	63.4	103.3
Services		98.1	101.1	60.8	97.4
 Real wage,					
yearly growth rate,%		-10.2	4.1	-42.7	0.9
in branches					
Industry			17.9	-43.4	5.0
Agriculture		-19.9	-21.9	-35.2	-14.6
Construction		-17.7	78.1	-36.6	3.3
Services		-1.9	1.1	-39.2	-2.6

Table 5.3: Relative wage by industries, per cent
(average wage in the economy=100)

Industries	1991	1992	1993	1994	1995
The whole economy	100	100	100	100	100
including					
Industry		124.6	141.1	139.2	144.8
Agriculture	113.3	101.1	75.8	85.7	72.8
Transport	113.4	105.9	118.9	123.1	133.3
Communication	97.5	96.6	110.9	71.8	142.0
Construction	121.9	11.7	137.1	151.7	155.3
Trade, public catering	81.6	71.6	69.9	71.8	62.1
Housing services	79.2	83.6	96.4	86.5	103.5
Health, physical training,					
social security	73.4	72.9	59.3	52.4	63.3
Education	78.2	84.7	71.9	61.3	62.8
Culture and art	140.1	132.8	142.7	136.4	69.2
Science/scientific services		93.6	103.3	117.5	116.5
Credit and state insurance	178.2	166.8	198.3	187.1	171.2
State administration	108.0	106.3	133.1	121.1	97.9
Minimum wage	23.1	39.8	30.5	24.9	16.4
Avg. nominal wage in the economy in current prices	345.6	2,541.0	30.2	279.7	1,069.7

Table 5.4: Relative wage by industrial branches

	1991	1992	1993	1994
The whole industry	100	100	100	100
including				
Manufacturing industry	96.0	91.9	93.7	93.9
Electroenergetics	148.8	168.3	167.0	146.0
Fuel industry	168.9	196.8	191.9	168.9
Ferrous metallurgy	167.5	241.0	169.5	155.0
Non-ferrous metallurgy	168.5	231.5	219.0	215.6
Chemical and petrochemical industry	127.2	124.9	138.4	142.8
Machine-building and metal-working	103.4	94.6	90.7	93.8
Wood-working, pulp and paper industry	93.1	67.5	74.9	83.1
Industry of construction materials	103.0	92.6	91.6	99.9
Light industry	82.9	77.0	79.9	78.3
Food industry	76.7	75.9	71.8	70.0
Printing industry	93.4	83.9	87.4	112.7

Table 5.5a: The number and structure of employment in industrial branches, in thousands

	1991	1992	1993	1994
The whole industry, including	1,039.0	999.0	940.1	86.1
Manufacturing	31.8	33.3	34.8	35.8
Electroenergetics	16.3	17.3	17.2	18.0
Ferrous metallurgy	8.8	9.0	9.4	8.7
Non-ferrous metallurgy	49.5	52.2	55.2	52.8
Chemical and petrochemical	43.2	42.0	41.4	38.1
Machine-building and metal-working	260.3	233.2	204.3	181.8
Wood-working, pulp and paper	37.6	29.7	24.4	21.5
Construction materials	94.6	91.0	88.8	83.1
Light industry	334.6	334.1	309.0	296.0
Food industry	99.6	95.4	94.3	92.5
Printing industry	8.7	7.6	7.0	6.5

Table 5.6a: The number and structure of employment in the non-material sphere, in thousands

	1991	1992	1993	1994	1995
The whole economy	8,255.0	8,271.0	8,259.0	8,150.0	8,157.5
Health, physical training and social security	478.0	488.0	486.0	474.0	466.6
Education	891.0	906.0	890.0	843.0	858.4
Culture	68.3	67.3	66.8	61.8	62.3
Art	17.6	15.2	12.5	-	-
Science and scientific services	24.9	25.0	28.6	42.2	41.5

Table 5.5b: The number and structure of employment in industrial branches, in per cent

1991	1992	1993	1994
100	100	100	100
3.1	3.3	3.7	4
1.6	1.7	1.8	2
0.8	0.9	1	1
4.8	5.2	5.9	6
4.2	4.2	4.4	4.3
25.1	23.3	21.7	20.5
3.6	3	2.6	2.4
9.1	9.1	9.4	9.4
32.2	33.4	32.9	33.4
9.6	9.5	10	10.4
0.8	0.8	0.7	0.7

Table 5.6b: The number and structure of employment in the non-material sphere, in per cent

1991	1992	1993	1994	1995
100	100	100	100	100
5.8	5.9	5.9	5.8	5.7
10.8	11.0	10.8	10.3	10.5
0.8	0.8	0.8	0.8	0.8
0.2	0.2	0.2	-	-
0.3	0.3	0.3	0.5	0.5

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