Coping with the crises in the periphery: The social and political costs of dollarization in Georgia

Ia Eradze

Dollarization and crisis

The US dollar has been an integral part of everyday life and political-economic order in Georgia for more than three decades. Thinking and planning in two currencies – the Georgian lari and the dollar – is common not only for local companies and the government but also for households. The dollar hegemony in Georgia is manifested in its high share in the currency composition of loans (45%) and deposits (51%), as well as in prices. From real estate companies to private tutors, prices are set and payments are made in US dollar, even though the only legal tender is the national currency, the lari.

The emergence of dollarization coincides with Georgian independence in 1991. The phenomenon was accepted as a norm for decades and not problematized by political and economic elites, civil society groups, or international organizations until the 2015 currency crisis. Drastic devaluation of the Georgian lari and protests by households who were indebted in foreign currency made the government and the central bank initiate de-dollarization policies in 2017–2018. Even though the dollarization rate has been decreasing since then, the phenomenon remains an important political-economic challenge for Georgia. A more recent crisis – Covid-19 – demonstrated a broader palette of risks linked to dollarization: vulnerability of the whole economy to exchange rate fluctuations during a recession, exchange rate-inflation pass-through, and limited space for fiscal and monetary policies. Both crises uncovered the materiality of dollarization risks and displayed underlying power relations on the local and global levels. This paper unfolds the socioeconomic and political implications of foreign currency domination in the periphery and untangles related power tensions during the two crises.

Asymmetrical relations between the countries in the core and the periphery are inherent to the phenomenon of dollarization. The very fact that sovereign states with their own national currencies use dollar instead of their own currency underlines the global currency hierarchy (Strange 1971; Priewe and Herr 2005; Helleiner 2008; Cohen 2011). Crisis unfolds and exacerbates these asymmetries even further. However, it also has the potential to politicize what had before been considered a natural phenomenon. Therefore, it serves as a good vantage point to observe and study subordination and power tensions in the periphery.

Financial dollarization is a worldwide phenomenon with a long history. It refers to the replacement of national currency functions by another currency (very often, but not only, US dollar). Dollarization can be official or unofficial, but the latter is more common, as most dollarized countries have their own national currencies (Levy-Yeyati 2006, 63–64). Dollarization is commonly measured in terms of deposit and loan dollarization, yet foreign and government debt dollarization, as well as price dollarization, can also be important indicators.

Georgia is an example of an unofficially dollarized economy. The Soviet ruble remained as a currency in Georgia after 1991 independence, as it did in most former Soviet states. In 1992, Russia stopped providing Georgia with ruble banknotes due to the inflationary process in the ruble zone and the decision to replace the Soviet ruble with the Russian ruble, among other reasons. Consequently, the Georgian

Ia Eradze is a political economist with a PhD in social and economic sciences from the University of Kassel. She is currently an associate professor at the Georgian Institute for Public Affairs (GIPA) and a researcher at Ilia State University. Eradze was a junior fellow at the Leibniz Centre for Contemporary History, Potsdam (ZZF), after finishing her PhD. She was also a visiting scholar at Harvard University, Trinity College, Sciences Po, and the University of Vienna. Her monograph, *Unravelling Dollarization Persistence: The Case of Georgia*, was published by Routledge in 2023. Her research interests are finance in post-socialist states, currency hierarchy, central banking in peripheral states, crypto currencies, financialization, and state theory. *i.eradze@gipa.ge*

government and the central bank issued a temporary currency coupon and postponed the introduction of the national currency due to the ongoing political-economic chaos in the country and the lack of financial means for such a reform. Despite its attempts, Russia failed to establish a common currency zone in the post-Soviet space. Former Soviet states gradually introduced their own national currencies (Eradze 2023a, 75–79). Georgia issued the lari as its national currency in 1995, in the aftermath of the 1993–1994 hyperinflation of, with the financial assistance of the International Monetary Fund (IMF). However, the Georgian economy was already highly dollarized before the introduction of the lari. While the Russian ruble was mostly used for smaller transactions, the dollar was used for bigger transactions and savings (Kakulia 2008, 182; Khaduri 2005, 30). The level of dollarization was 67% in 1994 (de Nicolo, Honohan, and Ize 2003, 33). Even though the lari's introduction encouraged de-dollarization, the Russian financial crisis of 1998 had negative impacts on the Georgian economy, as well as on the lari exchange rate (see Kakulia 2008). The level of deposit dollarization almost doubled from 1998 to 1999, reaching 80% (Kakulia and Aslamazishvili 2000, 23).

Dollarization remained high in Georgia after the 2003 Rose Revolution. If dollarization was beneficial for the shadow economy throughout the 1990s, after the revolution it became compatible with the foreign direct investment-oriented accumulation regime, a dollarized real estate sector, and a financial sector with a high share of foreign-owned banks. Foreign ownership of banks was encouraged by international organizations, such as the IMF and the World Bank (WB), after the 2003 revolution (Eradze 2023b). Due to the liquidity of the Georgian banks in foreign currency and the absence of regulations on foreign currency lending, commercial banks started to issue loans in foreign currency both at corporate and retail levels from 2004 onwards. The lari to US dollar exchange rate was relatively stable and the interest rate on foreign currency loans was lower compared to loans in the national currency, until the 2008/09 crisis. This is why loans in dollar were popular in Georgia and household borrowers did not pay attention to the exchange rate risk, which they had to bear. Moreover, as the real estate prices were set in US dollar, for many it was more convenient to take out mortgages in dollar; the level of dollarization in mortgages was therefore very high (more than 80%) (Eradze 2023a, 164–69).

Even though official dollarization has supporters in political and academic debates, it is a phenomenon that is mostly perceived as problematic (see Eradze 2023a; Aslanidi 2008; de Nicolo, Honohan, and Ize 2003; Mecagni et al. 2015). Dollarization limits its monetary sovereignty, diminishes the effectiveness of monetary policy, and prevents central bank from being a lender of last resort. It causes higher financial risks, especially during a currency crisis, negatively affects output volatility, and hinders economic growth (Levy-Yeyati 2006, 108–09). Dollarized countries practically lose the exchange rate as a policy tool (Priewe and Herr 2005, 175–76). Denomination of corporate, retail, and government debt in foreign currency increases vulnerability to exchange rate fluctuations for households, firms, and the government. In the event of a depreciation of the national currency against the US dollar, those who are indebted in dollar but earn in the national currency are exposed to currency risks. This might lead to solvency issues and an increase in poverty rates. These economic issues can unfold into a political crisis. Georgia is a good example for such developments.

Dollarization has widely been recognized as an economic phenomenon in academic debate (Kubo 2017; Arellano and Heathcote 2010; Versal and Stavytskyy, 2015; Rappoport 2009; Winkelried and Castillo 2010; Valev 2007), but it is also a social, cultural, and political process that cannot be explained through economic models only (see Eradze 2023a; Wilkis and Luzzi 2023). Moreover, dollarization is not a natural phenomenon that unfolds in developing economies due to the underdevelopment of financial sectors and high inflation, but is also a result of a certain set of policies. For post-Soviet states like Georgia, this phenomenon is directly linked with the policies of transition from planned to market economy, be it early liberalization of the exchange rate and current account, deregulation of financial markets, absence of rules on foreign currency lending and payments, or the inflow of foreign capital into the banking sector (see Eradze 2023b). Therefore, the political economy of dollarization can be explained by understanding the state, as argued in Eradze (2023a).

The moment of crisis displays the complexity of conflicts of interests among households who are indebted in foreign currency, the dollarized banking sector with excess liquidity in foreign currency, local producers who depend on imports in the production process, owners of assets with prices in dollar (for e.g., real estate), and the broader public that suffers under increased prices. These conflicts are translated into policy dilemmas and disagreements among the government, central bank, and international organizations. Moments of crisis therefore serve as fruitful terrain for studying local political and economic conflicts, as well as hierarchical global relations, in the context of dollarization. And it is important to ask who has the power, who profits from a foreign currency hegemony, and who bears the losses.

The lari crisis: Politicization of dollarization

A high level of dollarization persisted in Georgia throughout the 1990s and 2000s. One of the factors that contributed to its persistence was the stability of the lari to US dollar exchange rate from the early 2000s until 2013, with the exception of the 2008/09 crisis. Between 2004 and 2008, the lari was constantly appreciating to the US dollar due to the inflow of foreign capital after the 2003 Rose Revolution (National Bank of Georgia 2024). Exchange rate stability encouraged the rise in foreign currency loans at the beginning of the 2000s. The National Bank of Georgia adopted a floating exchange rate in 1998, and its interventions in the currency market were further reduced from 2009, after the shift to inflation targeting. The long-term stability of the exchange rate was disturbed by the 2015 currency crisis.

Lari devaluation started at the end of 2014; the currency gradually lost its value against the US dollar between 2015 and 2017, depreciating by 50% in this period (WB 2018, 6). The currency crisis had multiple drivers, from external shocks to internal causes. The crisis evolved alongside the Russian invasion of Crimea (2014) and falling oil prices, as well as dollar appreciation under the US Federal Reserve's quantitative easing policy. Moreover, due to political and economic turmoil in Russia, Turkey, and Greece (key destination countries for Georgian emigrants) at the time, remittances declined and the inflow of foreign currency decreased. In addition, diminished Georgian exports to its neighboring countries and expansive fiscal and loose monetary policies contributed to the lari's depreciation (see Anguridze, Charaia, and Doghonadze 2015, 19).

By the time the currency crisis broke out, more than 90% of Georgia's foreign debt, 50% of retail loans, and 70% of corporate debt were denominated in foreign currency (National Bank of Georgia 2016a). In 2015, Georgia had the highest rate of foreign currency debt in the non-financial private sector among emerging economies, which was around 55% of GDP (Kliatskova and Mikkelsen 2015, 7). The accumulation of debt in foreign currency at different levels aggravated the implications of currency devaluation and consequently led to the problematization of dollarization. Georgia's external debt (government debt, intercompany debt, and debt of commercial banks) increased from 81% of GDP in 2014 to 108% of GDP in 2015 (National Bank of Georgia 2016b, 44–45). While corporate borrowers were also hit by the lari crisis, the most vulnerable group were households – unhedged borrowers, who earned money in national currency and had to pay interest on loans in dollar. Moreover, the currency crisis of 2015 led to a rise in prices and widening of the current account balance.

The currency crisis also crystalized the issue of over-indebtedness, as by that time more than 30% of retail borrowers spent more than half of their income on servicing loans (IMF 2015a, 18). This was a problem for the Georgian banks as well, as the solvency of their borrowers was questioned (IMF 2015b, 5). Thus, the debt burden, along with increasing prices, worsened the socioeconomic situation of Georgian households and the level of poverty was exacerbated. A 2018 report by the United Nations Children's Fund (UNICEF) stated that the poverty level had increased primarily because of the 2015 currency crisis. Almost 22% of the population and around 28% of children lived in absolute poverty in 2017. More than 40% of the surveyed population declared that their economic condition had worsened since the lari crisis and they needed credit to cover daily expenses (UNICEF 2018, 8–14).

Lari depreciation led to public unrest, protests, and hunger strikes. As parliamentary elections were coming up in 2016, the public pressure on the government increased. Opposition parties used the momentum and politicized the issue to criticize the governing party. While the government tried to portray lari depreciation as yet another natural process, it soon realized that the issue could not be disregarded any longer. The National Bank of Georgia (NBG) was also criticized for not being able to handle the issue, as it stood firm on not selling foreign currency reserves to stabilize the lari exchange rate. The NBG justified this policy with its inflation targeting mandate, which obliged the central bank to control price stability. The NBG increased the interest rate to fight inflation, raising it from 4% to 8% between May 2015 and March 2016, despite the harmful effects of such a decision on the economy (Eradze 2023a, 195–97). Consequently, the interest rate spread between lari and dollar loans increased and national currency loans became even more expensive compared to dollar loans. The level of deposit dollarization also increased, as people converted their lari deposits into dollar and commercial banks continued lending money in foreign currency due to their excess liquidity in foreign currency (National Bank of Georgia 2015, 75–76).

While the government and the central bank shared the same position at the beginning of the crisis, this soon changed. The government blamed the NBG for failing to handle the crisis. Bidzina Ivanishvili, the head of the governing party, criticized the NBG's president, Giorgi Kadagidze, personally for the bank's ineffective policies. Kadagidze, for his part, saw it as the government's responsibility to reduce spending and taxes. The International Monetary Fund also became involved in the conflict and took the side of the central bank. The IMF has been an important actor in Georgian politics since the start of its macroeconomic stability program in 1994, not only in terms of providing funding but also shaping economic policies. It was convinced that lari depreciation would boost Georgia's export competitiveness and was therefore not necessarily a bad thing. The government did not share this view. The government-central bank conflict was exacerbated when the Georgian parliament initiated a law to remove supervisory function from the central bank and shift it to an independent agency. Yet not everyone in the government shared the same position on this matter. The president of Georgia denounced the interference of politics in the economic sphere and vetoed the parliament initiative. The IMF threatened to stop its funding if the government continued to pressure the NBG. The WB, IMF, and European Bank for Reconstruction (EBRD) representatives in Georgia stated that they were against the law to remove the supervisory function from the NBG. Opposition party members, the Business Association of Georgia, the American Chamber of Commerce in Georgia, the EU-Georgia Business Council, the Banking Association of Georgia, and Georgian-based NGOs shared this position, too (Kunchulia 2015). The president's veto was overruled by a majority in the parliament (Gogua 2015) and the law was adopted in June 2015. A separate supervisory agency was established in October 2015, but it only operated for two days before being outlawed by Georgia's constitutional court (Voice of America 2015). The heated conflict between the government and the central bank ended in 2016, as the NBG president term was over and a new president, Koba Gvenetadze, seemed to have a better relationship with the government (Eradze 2023a, 197–200).

This politicization of dollarization translated into a set of de-dollarization policies, which were initiated by the Georgian government and the NBG in 2017–2018. The IMF also supported and participated in the process. Some of the most important de-dollarization measures included the establishment of a pension fund and enhancement of the capital market reform to develop the lari market, introduction of a floor for foreign currency loans (loans up to 100,000 lari had to be issued in national currency), and stricter foreign currency reserve norms for commercial banks, adoption of payment-to-income and loan-to-value ratios for financial institutions (differentiated across currencies), prohibition of real estate transactions in foreign currency, and one-time conversion of foreign currency loans into national currency loans (Eradze 2023, 202–04).

Coping with the pandemic amid dollarization

Nevertheless, dollarization-related issues returned during Covid-19. Along with the widening global inequality gap, high inflation and weak currencies being devalued, existing power asymmetries between the Global North and the Global South, as well as among world currencies, grew further. Rising public and private debt during Covid pointed to the perils of increased borrowing in foreign currency for households, firms, and the state.

The pandemic crisis led to a surge in debt on the government and corporate level, as well as for households, in Georgia. Increased unemployment, 10-year-high inflation rate (13.9%) (National Bank of Georgia 2022), devaluation of the Georgian lari (by 7.4% in real effective terms in 2020), and the lack of social security compelled Georgian households to meet their financial needs through new loans. The debt burden of retail borrowers soared as the unemployment rate exceeded 20% in 2021 (Geostat 2022). The Georgian government responded to the Covid crisis by subsidizing payments of communal bills and paying targeted unemployment assistance. The total support that the government provided to households and business was 3.8% of GDP in 2020 (IMF 2021a, 6). Yet the rate of absolute poverty increased. According to the World Bank, 350,000 people were pushed into poverty and 800,000 people into a lower income group (the total population is 3.5 million) (WB 2021). The number of families who received subsistence allowance also increased by 22% in 2020 and by 19% in 2021 (Geostat 2021).

Rising food and energy prices reduced the purchasing power of the Georgian lari and exacarbated the insolvency of retail borrowers with foreign currency loans. Consequently, non-performing retail loans in foreign currency more than doubled in the first six months of the pandemic (reaching 12% in October 2020) (National Bank of Georgia 2021, 21–22). The level of loan dollarization remained high in 2021 (51%) (National Bank of Georgia 2022), and 37% of household loans were denominated in foreign currencies at that time (National Bank of Georgia 2021, 23).

In spring 2020 the government, together with commercial banks, initiated a loan-restructuring program for households (Government of Georgia 2020, 55). Borrowers realized rather late that this restructuring increased not only the payment schedule but also the monthly interest rate on their loans (Svimonishvili and Loladze 2021; Public Defender of Georgia 2024). A further significant risk that became visible during the pandemic was the issue of evictions of borrowers who were not able to repay their loans. While the government requested its citizens to stay at home and obey quarantine rules, many insolvent families were about to become homeless due to forceful evictions; the Georgian state does not have a housing policy or structural solutions to homelessness (Janiashvili and Chubabria 2022). There is no statistical information available, but it is known from individual cases and interviews that most of these borrowers were also indebted in dollar, which increased the risk of their insolvency. Evictions were temporarily stopped in April 2020 and a moratorium was announced for two years, under the state emergency. Yet auctions on the collateral and freezing of assets continued (see Eradze, forthcoming, 2024).

The pandemic had a negative influence also on Georgia's public debt, which increased by 20% from 2019 to 2021, reaching 60% of GDP – Georgia's fiscal rule threshold for public debt; 80% of this debt was denominated in foreign currency (IMF 2021a, 31–32). Georgia's current account deficit also doubled in dollar terms between 2019 and 2020, when it reached 12.3% (IMF 2021a, 5). The rise in public debt above the legally allowed threshold significantly constrained Georgia's fiscal policy space and spending during the crisis.

Like the lari crisis of 2015, Covid not only showed the fragility of the existing political-economic order but also unfolded power relations among local and global actors. The policy decisions met by the National Bank of Georgia and the role of the IMF in this process are a good demonstration of core-periphery relations. While it was a common sense in advanced economies that spending should have increased during the Covid crisis and the central banks were following loose monetary policy and quantitative easing (Giles 2020; Gaspar and Gopinath 2020; IMF 2021b), the Georgian central bank was supposed to raise the interest rate and the government was called on to exercise caution in fiscal spending. Such an approach is not only a demonstration of double standards in global policymaking but also shows how peripheral countries must follow different rules of the game, while they are most in need of financial support during the crisis.

Despite the economic recession, the National Bank of Georgia started to increase the interest rate in March 2021 and gradually raised it from 8% to 11% by May 2022 to combat inflation. The IMF approved the NBG's strict monetary policy, as fighting inflation was a cornerstone of Georgia's macroeconomic framework, and noted that a further increase in the interest rate could have been necessary (IMF 2021a, 1–2). The NBG expressed readiness to raise the monetary policy rate further in the event of increasing exchange rate pressure on prices (IMF 2021a, 11).

Even though the NBG intervened in the foreign exchange market and sold reserves in autumn and winter of 2020 to stabilize the lari exchange rate (IMF 2021a, 8), local producers were not happy with the central bank policies in Georgia. According to the Business Association of Georgia, local businesses wanted the central bank to stabilize the exchange rate. From the central bank's perspective, it was crucially important to maintain a floating exchange rate, especially at a time of shocks and crises. The prime minister was playing a mediator role in this process. The central bank intervened only if a change in exchange rate negatively impacted prices. According to the former governor of the NBG, Koba Gvenetadze, Georgian business often demanded a fixed or pegged exchange rate for stability, but in his view this would not have been beneficial for the overall economy and the financial sector (Business Media Georgia 2021b).

The IMF called for caution in terms of government spending in 2021. It recommended that the Georgian authorities did not stop all government subsidies immediately but also did not widen the existing fiscal deficit. Its suggestion to the government was to cut capital spending and extend cash transfers to the households most in need of the money (IMF 2021a, 10). The IMF also advised the Georgian government not to take out new loans to cover incresaed social spending but to reprioritize budgetary spending instead (Business Media Georgia 2021a). The Liberty Act of Georgia imposed a fiscal rule according to which the fiscal deficit should not exceed 3% of GDP, which the Georgian government agreed to follow (IMF 2021a, 10).

Final reflections

Dollarization is not a purely economic phenomenon. It is embedded in the political and civil societies and within the accumulation regime, and it is underpinned by the positioning of a country in the global hierarchy. The complex character of this phenomenon is best manifested during crisis, when not only winners and losers of dollarization are possible to identify but economic and financial issues also turn into questions of political legitimacy.

The lari crisis of 2015 was a good manifestation of such processes. The depreciation of the lari led to the politicization of dollarization and unravelled complex power relations not only within the Georgian state but also between the core and the periphery. The crisis showed that households who were indebted in dollar were hit worst by the devaluation of the national currency. The combination of public protests and pressure of upcoming parliamentary elections made the Georgian government acknowledge the importance of this crisis. Yet it soon found a solution in shifting the blame towards the central bank, which considered itself primarily responsible for price stability. The involvement of global actors (IMF, WB, EBRD) to protect the central bank from government pressure was yet another clear example of subordinate power relations, as well as protection of a neoliberal inflation targeting mandate in the periphery.

Covid-19 made visible once again that household borrowers who were indebted in dollar were most vulnerable and prone to insolvency risks. The pandemic also demonstrated how volatile entire economies and governments are made by dollarization. In Georgia, local businesses and the government were also affected by the depreciation of the lari, and dollarization notably shrank monetary and policy spaces. Moreover, crises can demonstrate that peripheral countries have to accept different rules of the game, which can be damaging for their economies during crisis. The National Bank of Georgia's strict monetary policy during the pandemic, approved by the IMF, is a demonstration of faithfulness to the price stability mantra in the periphery.

Thus, looking at the two crises, it can be argued that crisis not only aggravates existing socioeconomic issues but also brings them to light, encourages the politicization of these issues, and reveals power relations underlying and shaping the crisis. Moreover, the moment of crisis is an opportunity to question the resilience of socioeconomic and political orders and rethink the existing power asymmetries between the core and the periphery.

References

Anguridze, Otar, Vakhtang Charaia, and Irakli Doghonadze. 2015. *Security Problems and Modern Challenges of the Georgian National Currency*. Tbilisi: Tbilisi State University Press.

Arellano, Cristina, and Jonathan Heathcote. 2010. "Dollarization and Financial Integration." *Journal of Economic Theory* 145 (3): 944–73.

Aslanidi, Olga. 2008. "Dollarization in Transition Economies: New Evidence from Georgia." *Charles University GERGE-EI Working Paper Series* 366, GERGE-EI, Prague.

Business Media Georgia. 2021b. "int'erviu Koba Gvenetadzestan (Interview with Koba Gvenetadze)." *BM.GE*, September 15.

BM.Ge. 2021a. "ra shemtkhvevshi unda gadaikhedos biujet'is kharjebi, rek'omendatsia (In which case should the budget spending be revised. A recommendation)." *BM.GE,* April 12. https://bm.ge/ka/article/ra-shemtxvevashi-unda-gadaixedos-biujetis-xarjebi---imf-is-rekomendacia/80139

Cohen, Benjamin J. 2011. "The New Geography of Money." In *Nation-States and Money: The Past, Present and Future of National Currencies,* edited by Emily Gilbert and Eric Helleiner, 121–39. London: Routledge.

De Nicoló, Gianni, Patrick Honohan, and Alain Ize. 2003. "Dollarization of the Banking System: Good or Bad." *IMF Working Paper* 146, International Monetary Fund (IMF), Washington DC.

Eradze, Ia. 2023a. *Unravelling Dollarization Persistence: The Case of Georgia*. Oxfordshire: Routledge.

Eradze, Ia. 2023b. "Dollarization in the Prism of State Building: The Case of Georgia." *Globalizations,* published online June 19, 2023, doi: 10.1080/14747731.2023.2221096.

Eradze, Ia. Forthcoming, 2024. "¿La calle o la fortuna? Dolarización del crédito y desalojos en Georgia (Fortune or Homelessness? Dollar Loans and Evictions in Georgia after the Pandemic)." In *Dolarizaciones: La caja negra de las crisis y del futuro en el sur global,* edited by Ariel Wilkis.

Giles, Chris. 2020. "IMF Calls on Rich Nations to Boost Public Investment." *Financial Times,* October 5. https://www.ft.com/content/fc7ad858-0fdd-401e-bce5-796a8353ba30

Gaspar, Vitor, and Githa Gopinath. 2020. "Fiscal Policies for a Transformed World." *International Monetary Fund,* July 10. https://blogs.imf.org/2020/07/10/fiscal-policies-for-a-transformed-world/

Government of Georgia. 2020. *Covid 19-is ts'inaaghmdeg saqart'velos mtavorbis mier gatarebuli gh'onisziebebis angarishi (A report on the measures against the Covid 19 implemented by the Georgian Government)*. https://www.gov.ge/files/76338_76338_444796_COVID-19angarishi...pdf

Geostat (National Statistics Office of Georgia). 2021. *Social Protection*. Tbilisi: Geostat.

Geostat.Ge (National Statistics Office of Georgia). 2022. *Employment and Unemployment*. Tbilisi: Geostat.

Gogua, Giorgi. 2015. "P'reziden'is vet'o daidzlia (President's veto was overcome by the parliament)." *Radio Liberty,* September 3. https://www.radiotavisupleba.ge/a/prezidentis-veto-daidzlia/27224424.html

Helleiner, Eric. 2008. "Political Determinants of International Currencies: What Future for the US Dollar?" *Review of International Political Economy* 15 (3): 354–78.

IMF (International Monetary Fund). 2015a. "Georgia: Financial Sector Assessment Program. Macroprudential Policy Framework – Technical Note." *IMF Country Report* No. 15/9, International Monetary Fund, Washington, DC.

IMF (International Monetary Fund). 2015b. "Georgia: Financial Sector Assessment Program. Stress Testing the Banking Sector – Technical Note." *IMF Country Report* No. 15/7, International Monetary Fund, Washington, DC.

IMF (International Monetary Fund). 2021a. "Eighth Review under the Extended Fund Facility Arrangement – Press Release; and Staff Report." *IMF Country Report* No. 21/79, International Monetary Fund, Washington, DC.

IMF (International Monetary Fund). 2021b. *Shifting Gears: Monetary Policy Spillovers during the Recovery from Covid-19*. In *World Economic Outlook: Managing Divergent Recoveries,* 81–99. Washington, DC: IMF.

https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021

Janiashvili, Mariam, and Tamar Chubabria. 2022. *usakhlk'aro jgupebis satskhovrisit uzrunvelkh'opis p'rak't'ik'ebi (Provision of housing for homeless groups)*. Tbilisi: Social Justice Center.

Kakulia, Merab. 2008. "Before and after the Introduction of the Lari: Georgian National Currency in Retrospect." In *Central Eurasia: National Currencies,* edited by Eldar M. Ismailov, 176–87. Stockholm: CA&CC Press.

Kakulia, Merab, and Nana Aslamazishvili. 2000. *dolarizatsia sakartveloshi: masht'abebi, pakt'orebi, daz'levis gzebi (Dollarization in Geogia: Dimensions, Factors, Solutions)*. Tbilisi: Institute of Economy of the Georgian Science Academy.

Khaduri, Nodar. 2005. "Mistake Made in Conducting Economic Reforms in Post-communist Georgia." *Problems of Economic Transition* 48 (4): 18–29.

Kliatskova, Tatsiana, and Uffe Mikkelsen. 2015. "Floating with a Load of FX Debt?" *IMF Working Paper* 15/284, International Monetary Fund (IMF), Washington, DC.

Kubo, Koji, ed. 2017. *Dollarization and Dedollarization in Transitional Economies of Southeast Asia.* London: Palgrave Macmillan.

Kunchulia, Lela. 2015. "erovnuli bank'i, p'arlament'i, lari da gant'evebis vatsi (Central bank, parliament, Lari and a scapegoat)." *Radio Liberty,* May 25. https://www.radiotavisupleba.ge/a/erovnuli-banki-da-parlamenti/27035012.html

Levy-Yeyati, Eduardo. 2006. "Financial Dollarization: Evaluating the Consequences." *Economic Policy* 21 (45): 61–118.

Mecagni, Mauro, Juan S. Corrales, Rodrigo Garcia-Verdu, Patrick Imam, et al. 2015. "Dollarization in Sub-Saharan Africa Experience and Lessons." Washington, DC: International Monetary Fund (IMF).

National Bank of Georgia. 2024. *Exchange Rates 1993–2000 and 2001–2024*. Tbilisi: National Bank of Georgia. https://nbg.gov.ge/en/statistics/statistics-data

National Bank of Georgia. 2022. "Key Macroeconomic Indicators." https://nbg.gov.ge/en/statistics/international-rating

National Bank of Georgia. 2015. *Annual Report.* Tbilisi: National Bank of Georgia.

National Bank of Georgia. 2016a. *Annual Report.* Tbilisi: National Bank of Georgia.

National Bank of Georgia. 2016b. *sakartvelos sagadasakhdelo balansi (Current Account Balance of Georgia).* Tbilisi: National Bank of Georgia.

National Bank of Georgia. 2021. *Annual Report.* Tbilisi: National Bank of Georgia.

Priewe, Jan, and Hansjörg Herr. 2005. *The Macroeconomics of Development and Poverty Reduction: Strategies beyond Washington Consensus.* Baden-Baden: Nomos.

Public Defender of Georgia. 2024. *Public Defender's Proposal to National Bank of Georgia Relating to Protection of Pensioners' Rights.* Tbilisi: Public Defender of Georgia. https://www.ombudsman.ge/eng/akhali-ambebi/sakhalkho-damtsvelis-tsinadadeba-liberti-banks-pensionerta-uflebebis-datsvis-shesakheb

Rappoport, Veronica. 2009. "Persistence of Dollarization after Price Stabilization." *Journal of Monetary Economics* 56 (7): 979–89.

Strange, Susan. 1971. "Sterling and British Policy: A Political View." *International Affairs (Royal Institute of International Affairs 1944–):* 47 (2): 302–15.

Svimonishvili, Mariam, and Shorena Loladze. 2021. *Saseskho da sak'redit'o urtiertobebze p'andemiis gavlenis shedegad kvekh'anashi arsebuli mdzime sotsialuri mdgomareoba (Difficult social conditions due to the impact of the Pandemic on credit relations).* Tbilisi: Georgian Young Lawyers' Association. https://gyla.ge/ge/post/saseskho-da-sakredito-urtiertobebze-pandemiis-gavlenis-shedegad-qveyanashi-arsebuli-mdzime-socialuri-mdgomareoba#sthash.jlWchDTC.dpbs

UNICEF (United Nations Children's Fund). 2018. *Mosakhleobis k'etildgheobis k'vleva 2017: mok'le mimokhilva (Population Welfare Research 2017: A Short Overview).* New York: UNICEF.

Valev, Neven T. 2007. "The Hysteresis of Currency Substitution: Currency Risk vs. Network Externalities." *Andrew Young School of Policy Studies Research Paper Series* 07–23, Andrew Young School of Policy Studies, Atlanta. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=989053

Versal, Nataliia, and Adriy Stavytskyy. 2015. "Financial Dollarization: A Trojan Horse for Ukraine?" *Ekonomika* 94 (3): 21–45.

Winkelried, Diego, and Paul Castillo. 2010. "Dollarization Persistence and Individual Heterogeneity." *Journal of International Money and Finance* 29 (8): 1596–618.

Voice of America. 2015. "sapinanso zedamkhedvelobis saagent'om mkholod ori dghe imushava (Financial supervision agency worked for two days only)." *Voice of America,* October 13. https://www.amerikiskhma.com/a/georgia-constitutional-court-decision/3003730.html

Wilkis, Ariel, and Mariana Luzzi. 2023. *The Dollar: How the US Dollar Became a Popular Currency in Argentina.* Albuquerque: University of New Mexico Press.

WB (World Bank). 2018. *Georgia from Reformer to Performer.* Washington, DC: World Bank.

WB (World Bank). 2021. *Tackling Uncertainty with Real-Time Data: Tracing COVID-19's Impact on Households and Firms in Georgia*. Washington, DC: World Bank.