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POST-CRISIS DEVELOPMENTS IN ARMENIA



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IN ARMENIA**

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This book attempts to investigate how the global financial crisis impacted the structure of the Armenian economy and the significance of GDP components, as well as the channels (crisis social impact income transmission channels) that significantly affected households (HHs). The findings presented in this book could be used by policy makers in designing economic development and social protection and labor policies, for planning and implementing various measures and programs, and by scholars interested in post-crisis social and economic developments.

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Abstract: *In this book we attempt to investigate how the global financial crisis impacted the structure of the Armenian economy and the significance of GDP components, as well as identify the channels (crisis social impact income transmission channels) that significantly affected households (HHs). The authors classify the industries causing significant changes in GDP growth rates over 3 periods (quarter first 2001 to quarter 2 2008; 2001-2009; and 2001-2011) by estimating the GDP production method equation using real growth rates. Manufacturing, agriculture, and construction all proved to be significant in explaining GDP growth over all the periods. We found that the large percentage of GDP that is concentrated in these industries, combined with their high productivity, are the main reasons they have such a significant impact on real GDP growth. By estimating GDP by expenditure the components' equation using real growth rates over the same periods, we show that HH final consumption causes major changes in GDP growth rates after the crisis. The authors investigate the role (rank) various income sources HHs report have on total HH income over three years (2008-2010) for various strata by estimating generalized ordered probabilistic equations and relying on CRRC Data Initiative/Caucasus Barometer datasets of 2008, 2009, and 2010. In addition, by surveying 384 HHs in Yerevan in November 2011, we identify income sources that caused significant changes in HH income over four years (2008-2011), and provide a short snapshot of their social impact (nutrition, debts, and social capital) on Yerevan HHs. The results presented in this book could be used by policy makers in designing economic development policies, social protection and labor (SP&L) policies, and various measures and programs.*

Key Words: Armenia, the global financial crisis, post-crisis developments, shifts in the structure of economy, household welfare, the role of income sources, transmission income channels and mechanisms, crisis social impact.

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