

# Second agriculture in Belarus and Ukraine: subsistence or leisure?

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# Social policy in Belarus: successes and challenges

1. Inequality in Belarus from 1995 to 2007
2. Second agriculture in Belarus and Ukraine: subsistence or leisure?
3. Long-run sustainability of pension system in Belarus

# Motivation

Major shocks in former Soviet Union:

- 1991 – collapse of the USSR
- 1998 – Russian financial crisis
- 2008 – current world crisis

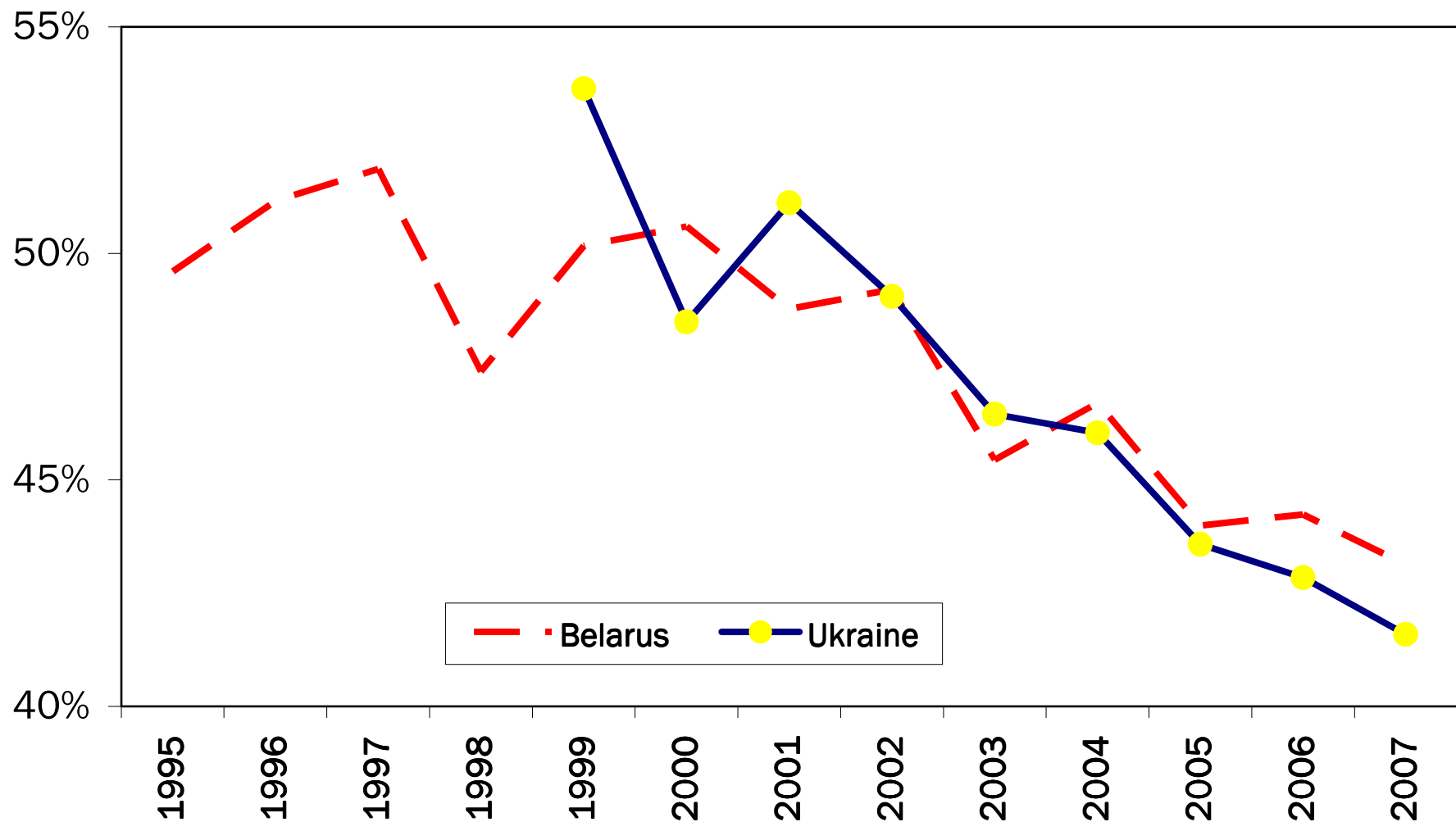
Small land plots – potential mechanism for  
consumption smoothing and insurance.

Still, SLPs in transition countries – NOT like in  
Asia or Africa!

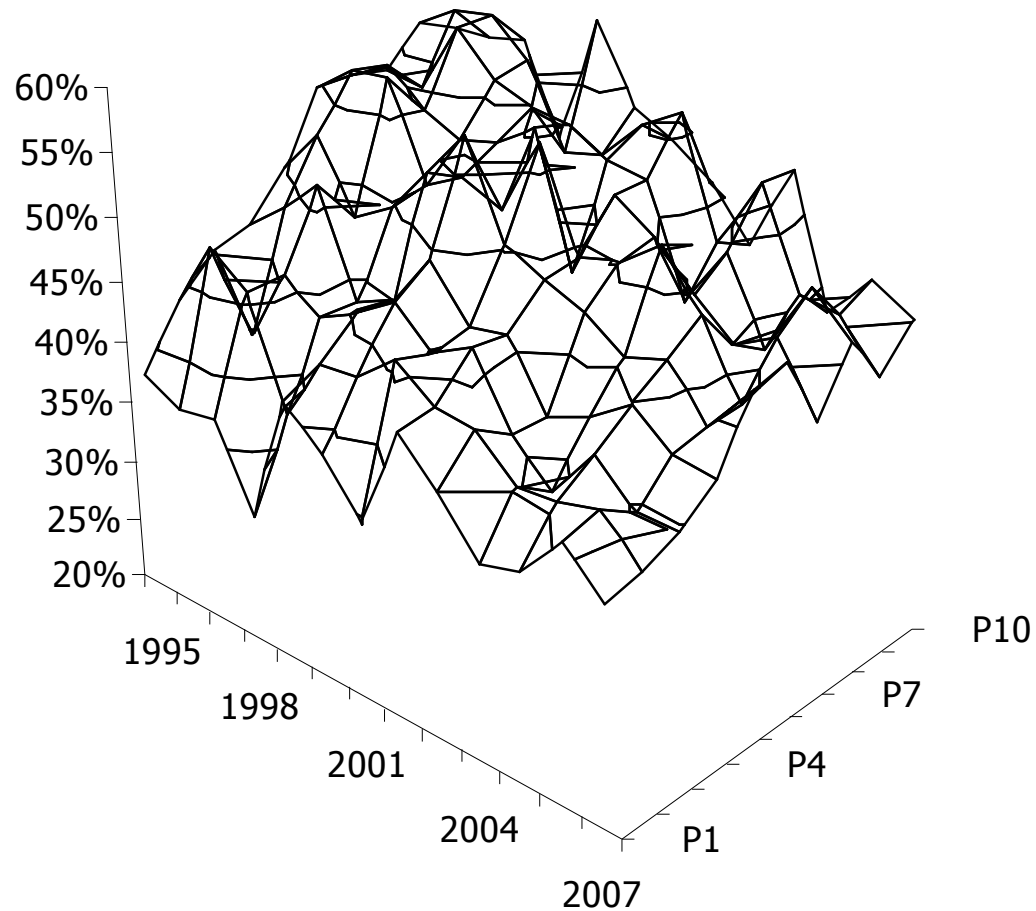
# Motivation

- Belarus
  - 44-52% of urban\* households; decreasing role on avg.
- Ukraine
  - 48-54% of urban\* households; decreasing role on avg.
- Russia
  - 44-50% of urban\* households
  - important insurance mechanism for urban and rural population – Gerry and Li (2007 WDI WP), Notten and de Crombrugghe (2006 MPRA WP), Skoufias (2003 E of Tr)

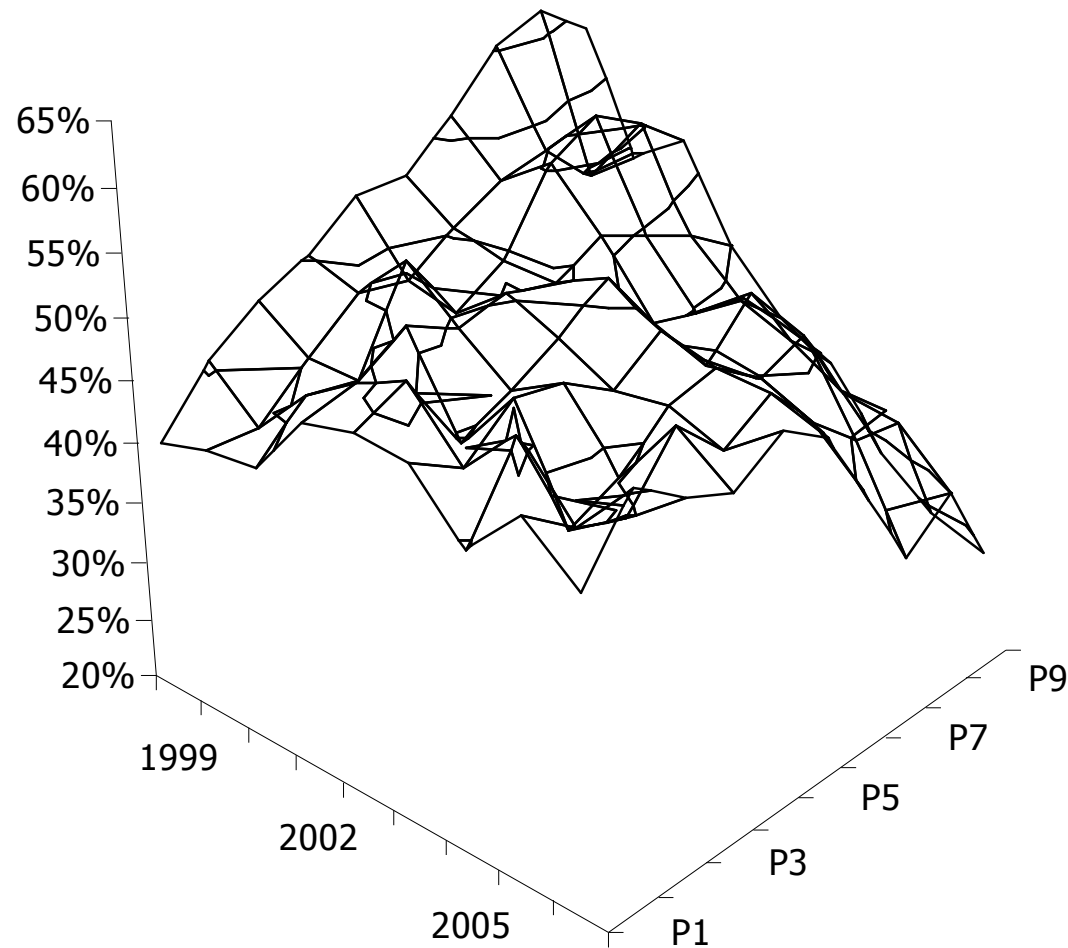
# Share of urban households that use small land plots



# Share of urban households that use small land plots in Belarus



# Share of urban households that use small land plots in Ukraine



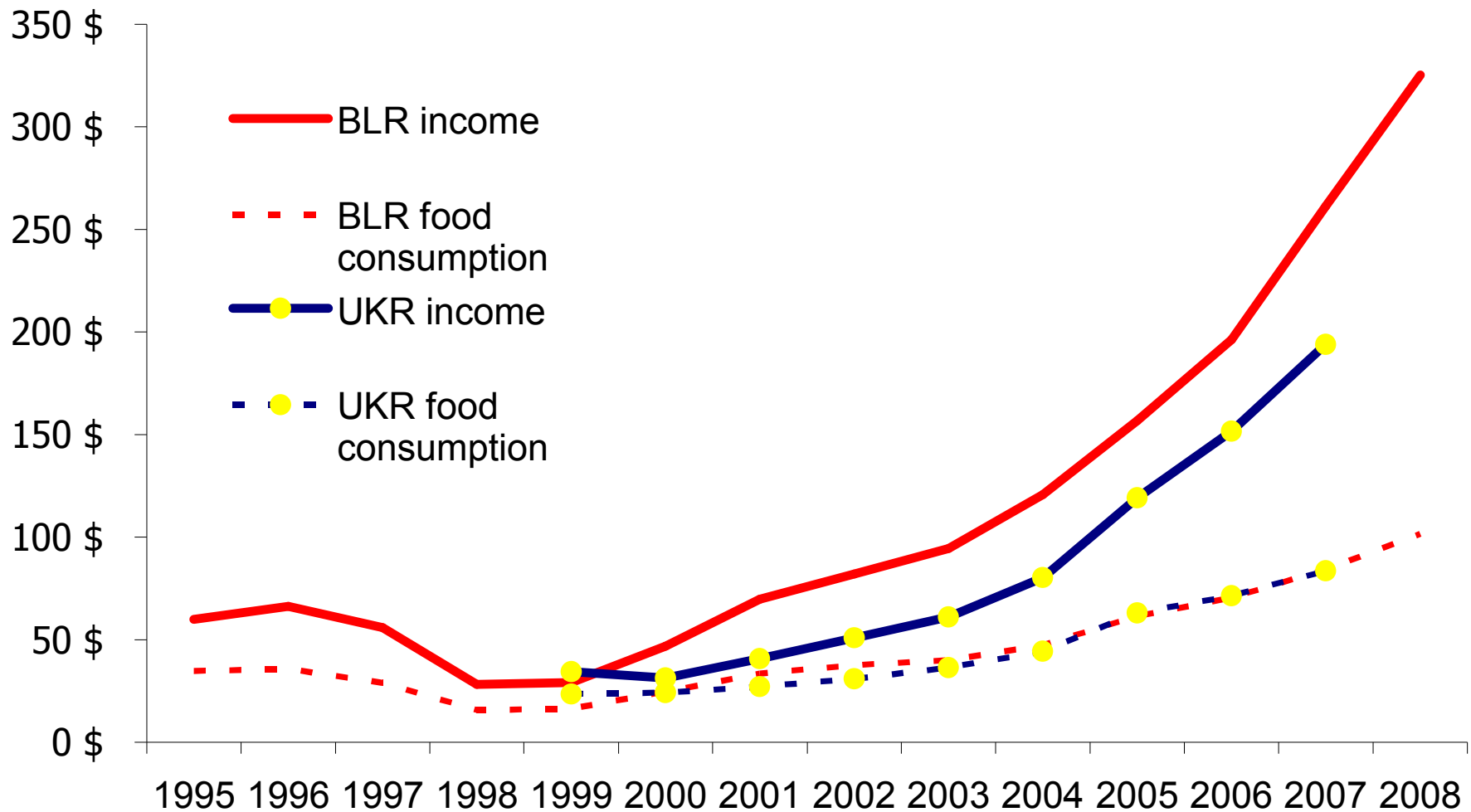
# Motivation

- Belarus: “...a comprehensive social security and good basic health and education services [that] have been sustained since independence and remain available”.
- Ukraine: “The set of government transfers still require better coverage of the poor and better targeting of transfers... There are major gaps in terms of coverage and targeting of the poor”.

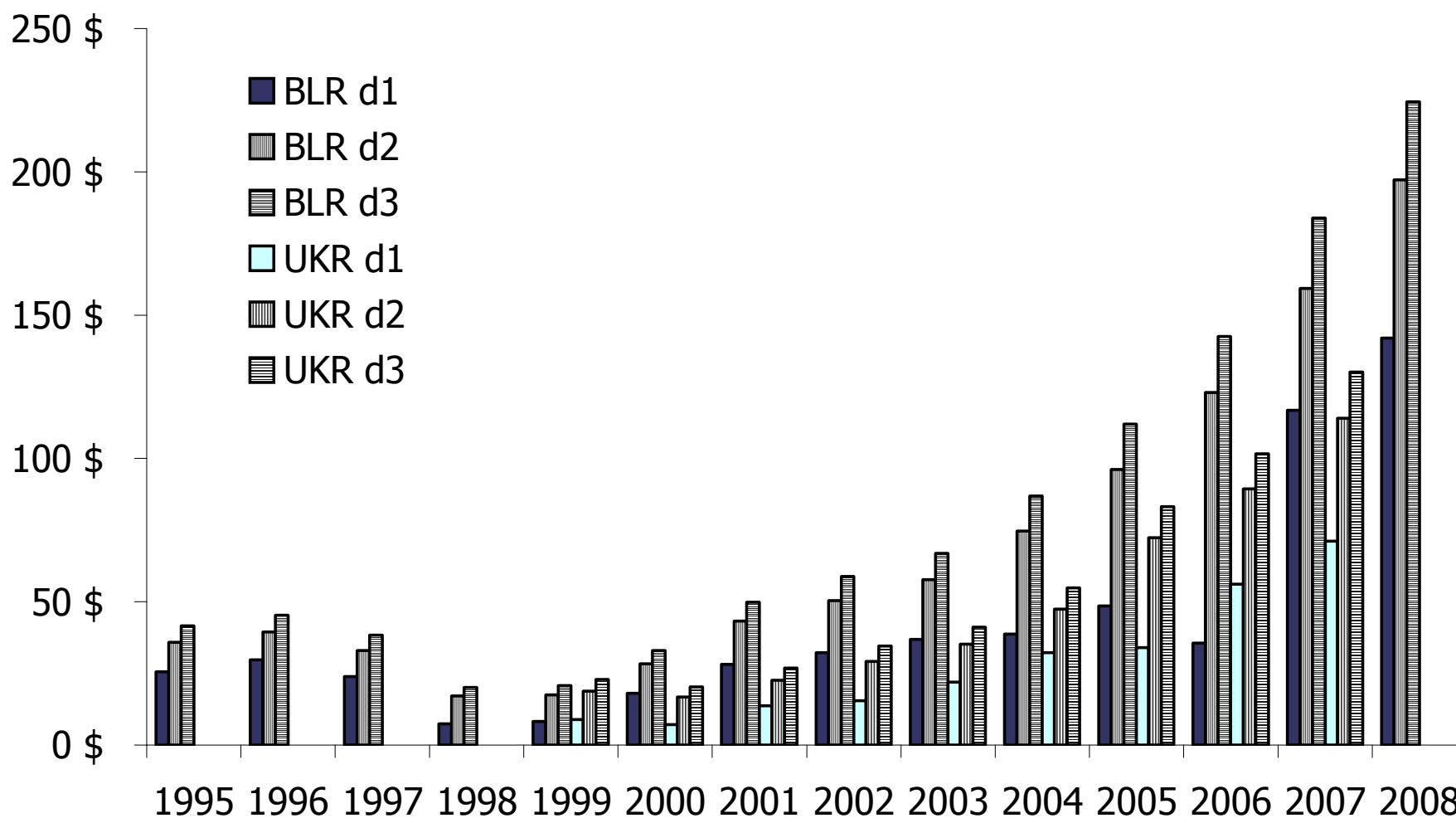
# Literature

- livelihood sustainability and consumption smoothing under conditions of economic uncertainty (mostly in developing countries)
- "informal economy" in transition and other countries
- "second agriculture" in transition countries and former Soviet Union

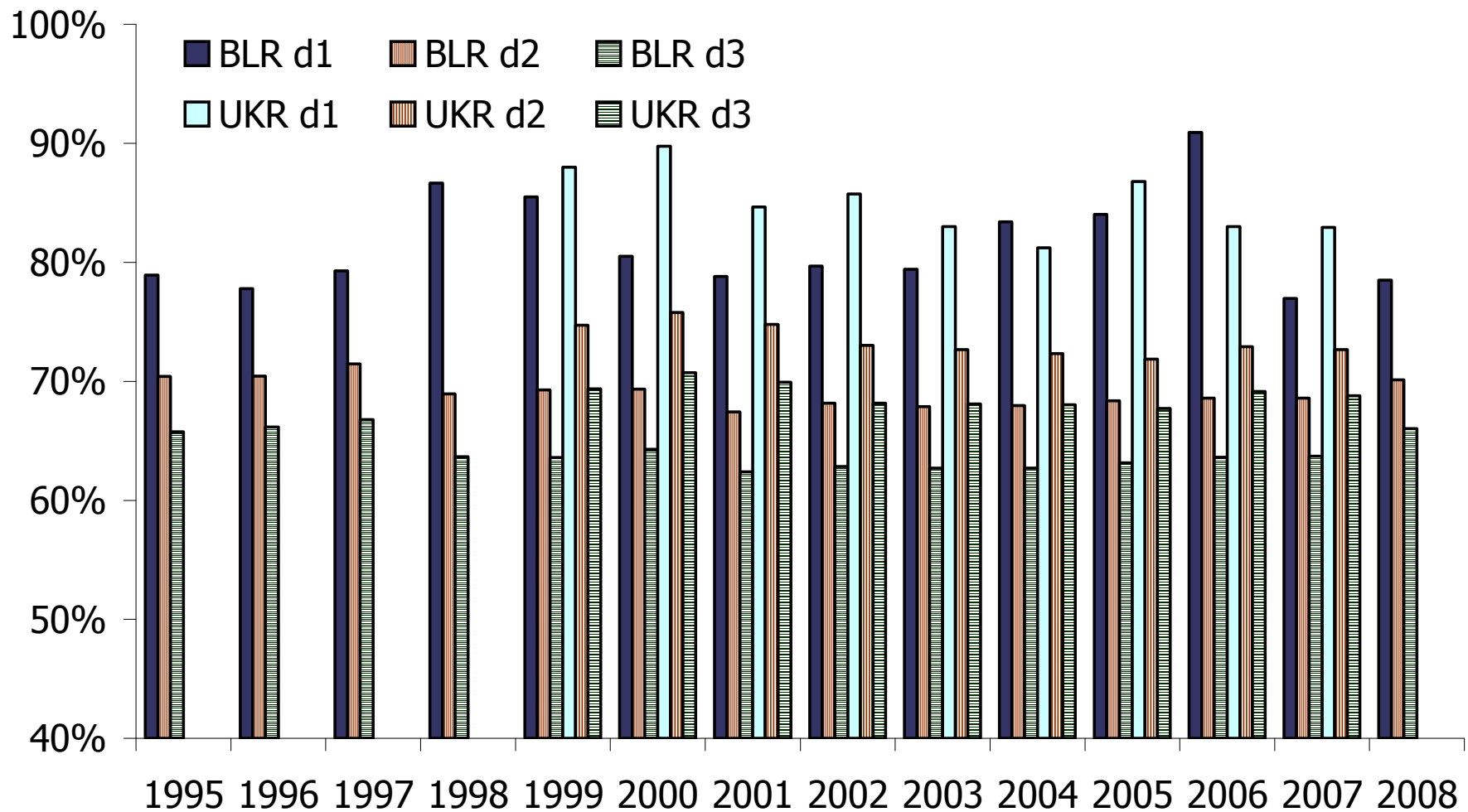
# Average income and food consumption per household in Belarus and Ukraine



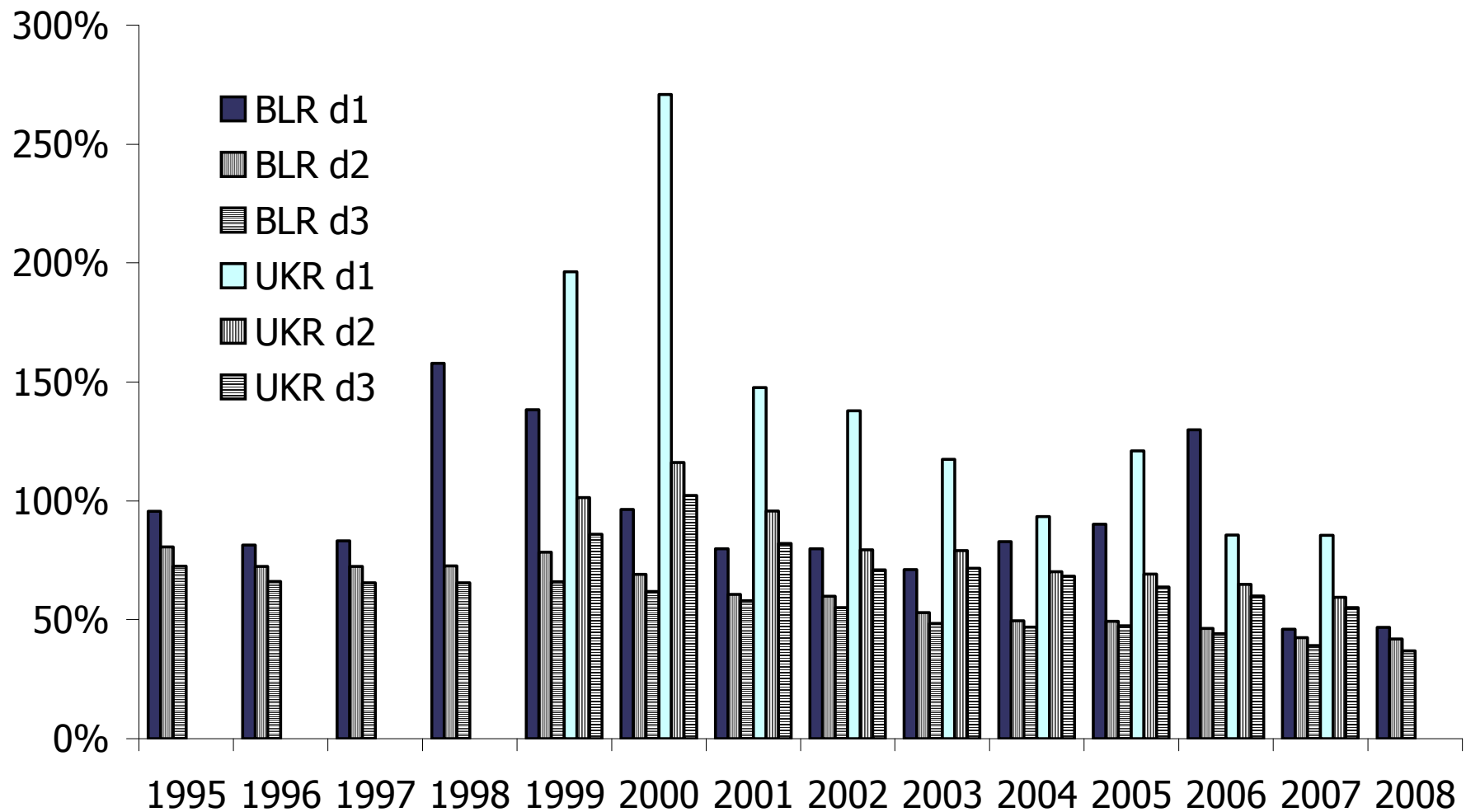
# Income in Belarus and Ukraine by deciles



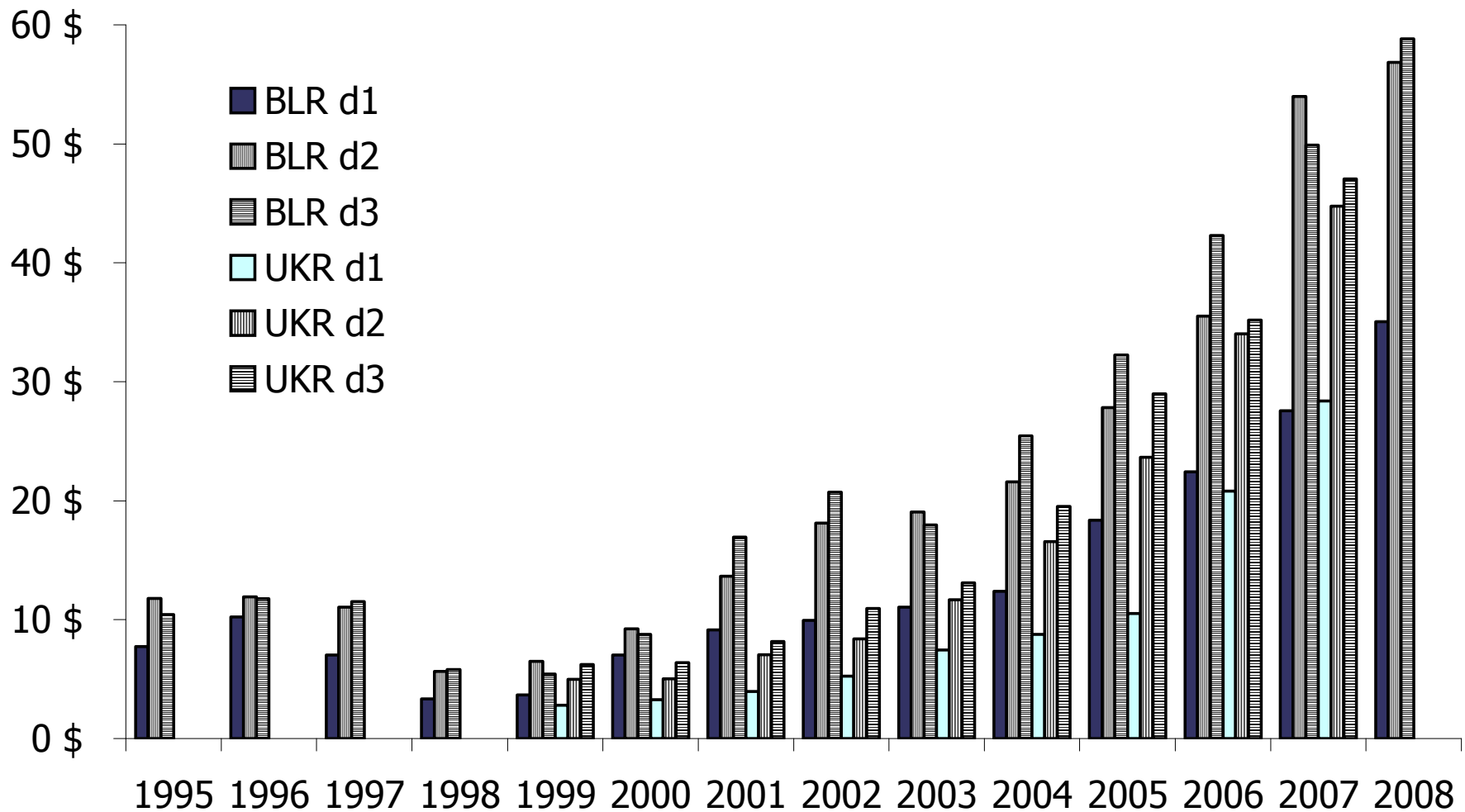
# Income gap in Belarus and Ukraine



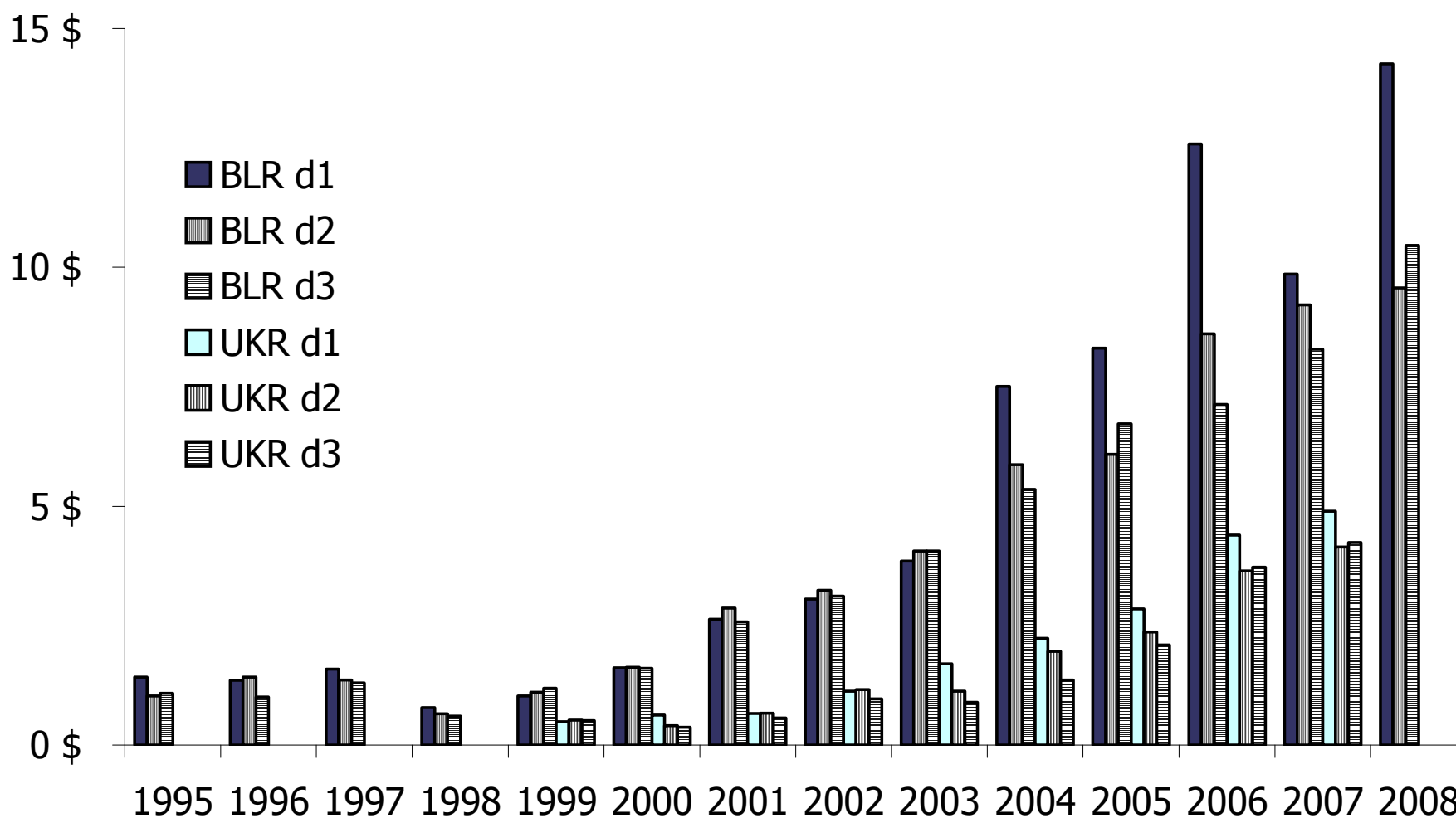
# Share of food expenditures in Belarus and Ukraine



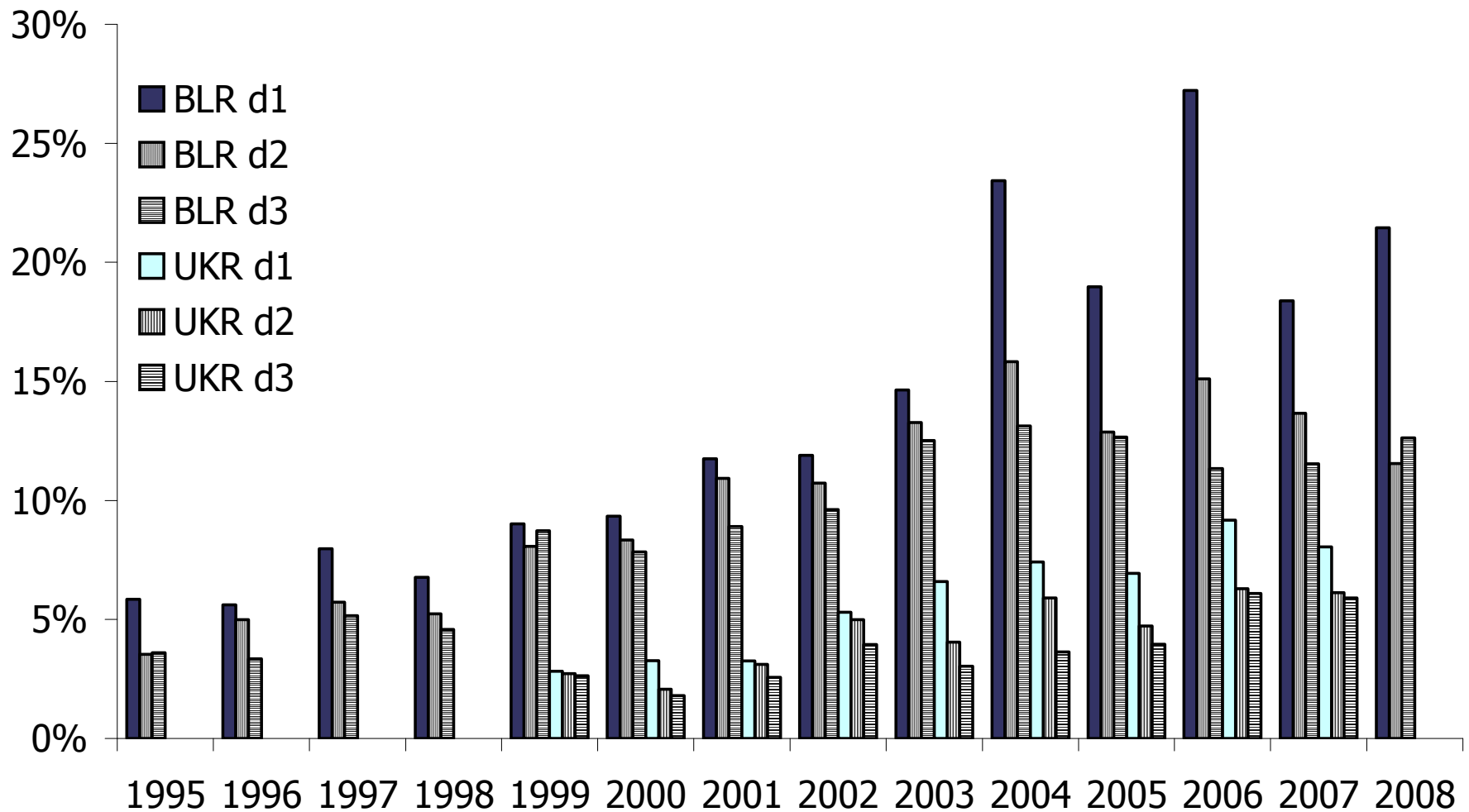
# Pensions in Belarus and Ukraine



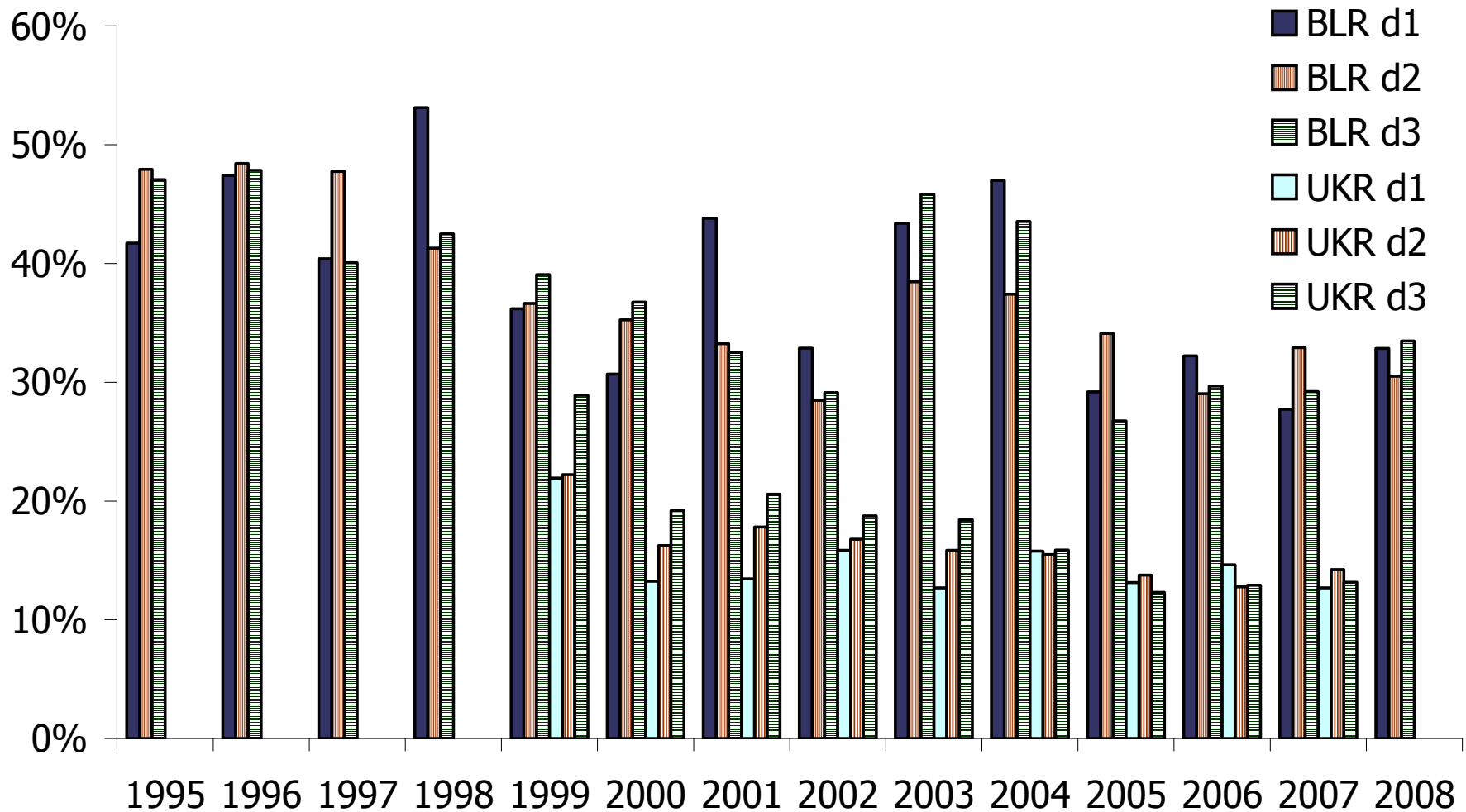
# Government support in Belarus and Ukraine



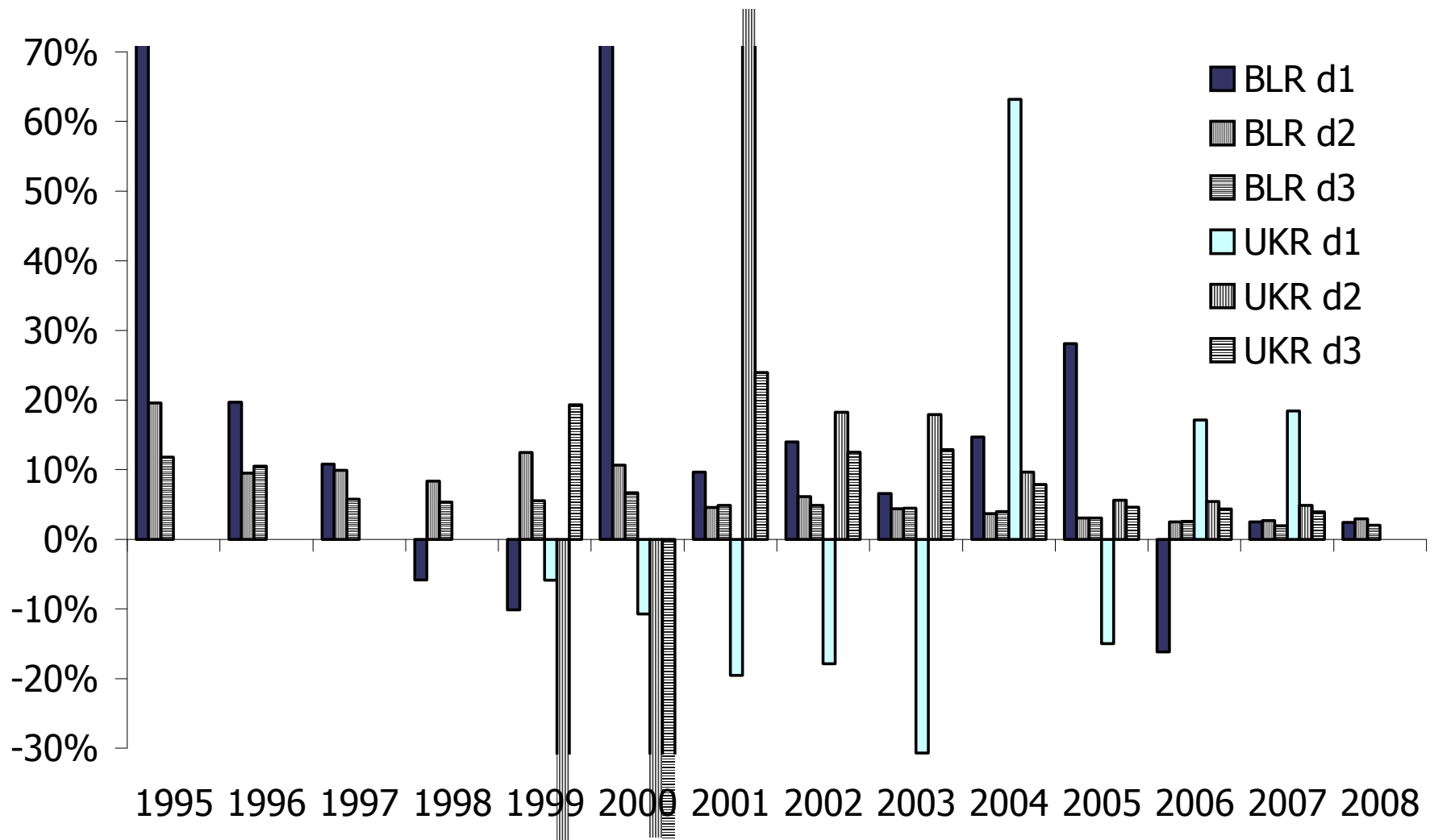
# Government support vs food expenditure in Belarus and Ukraine



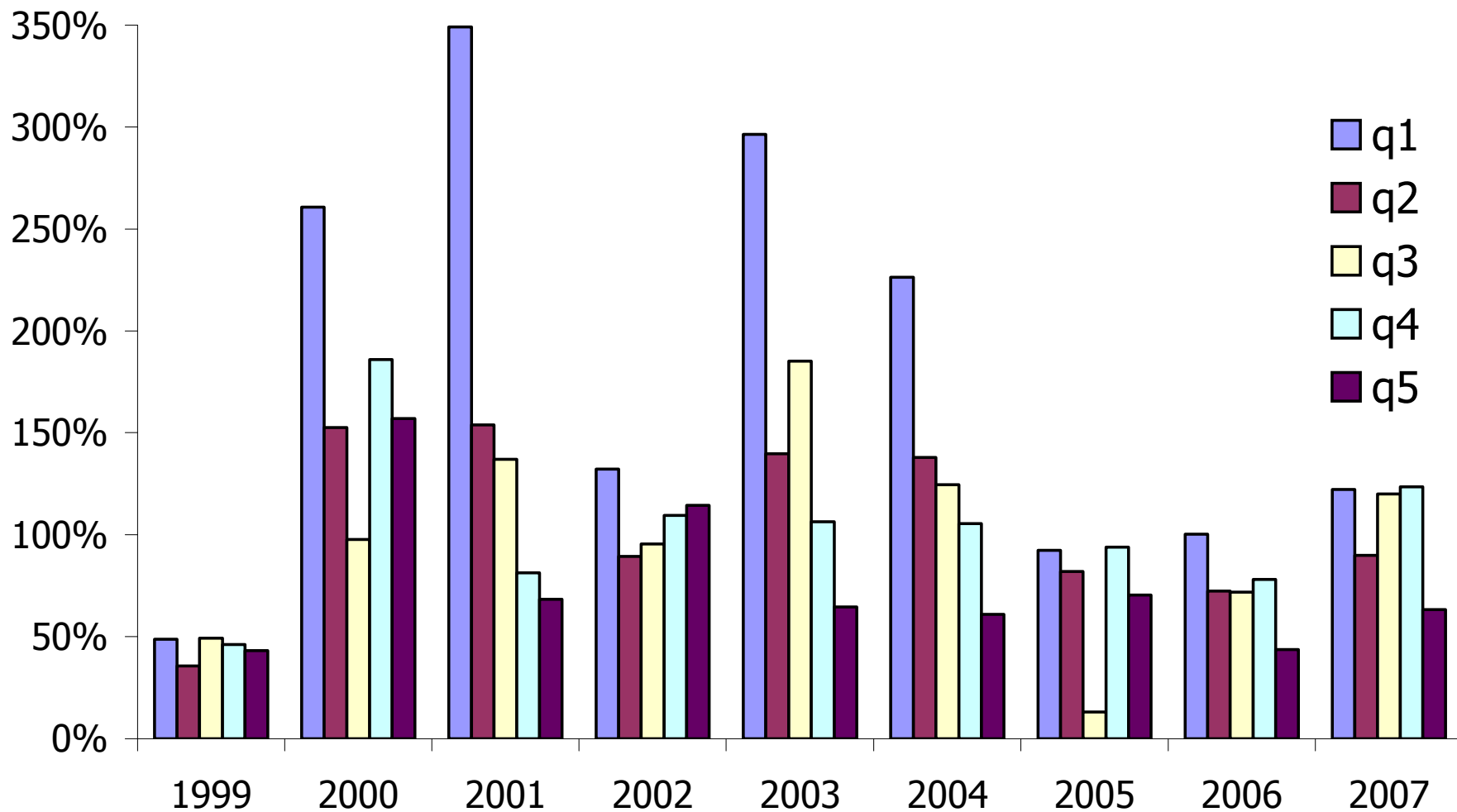
# Importance of SLPs for food consumption in Belarus and Ukraine



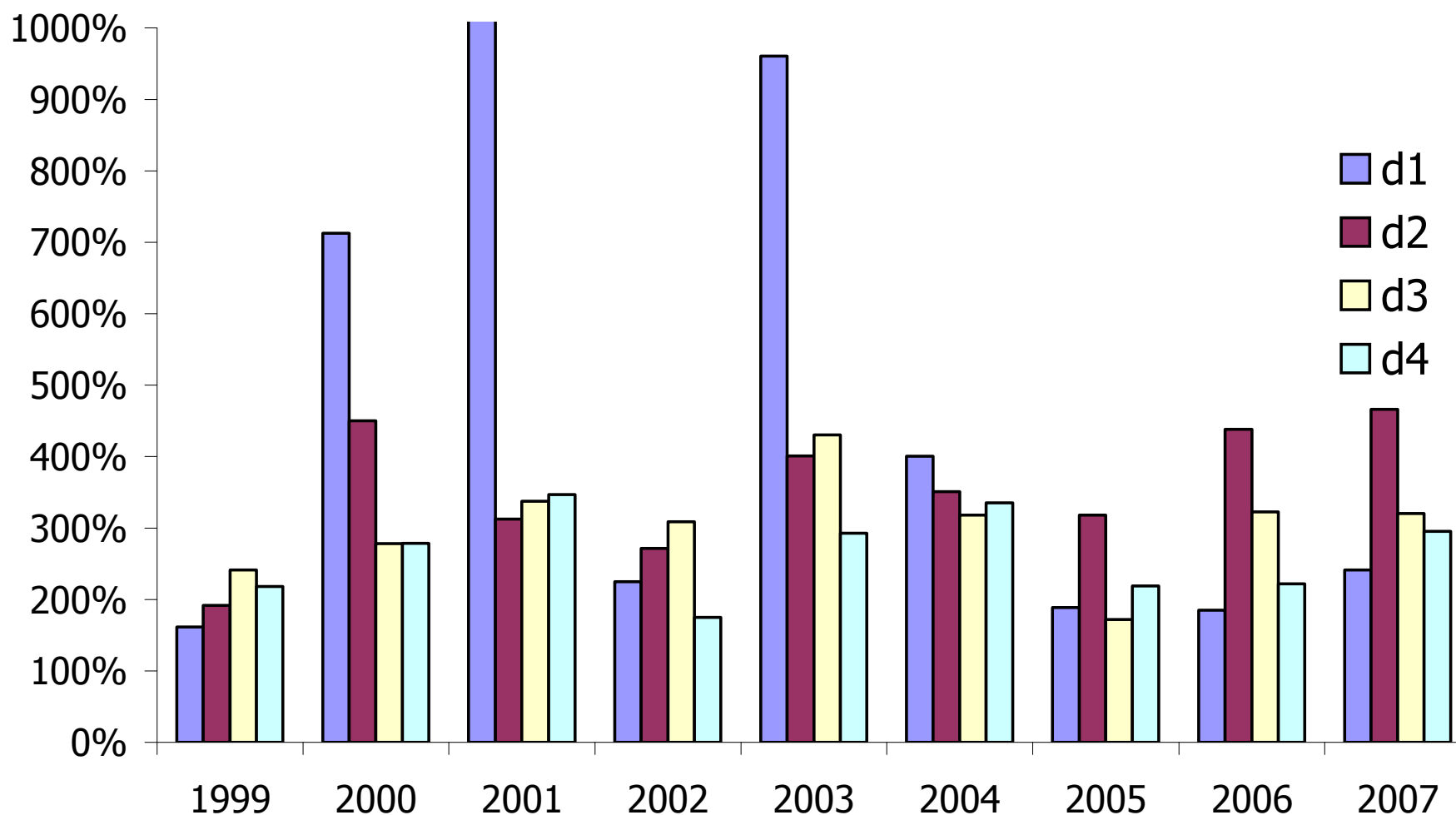
# Burden of SLPs in Belarus and Ukraine



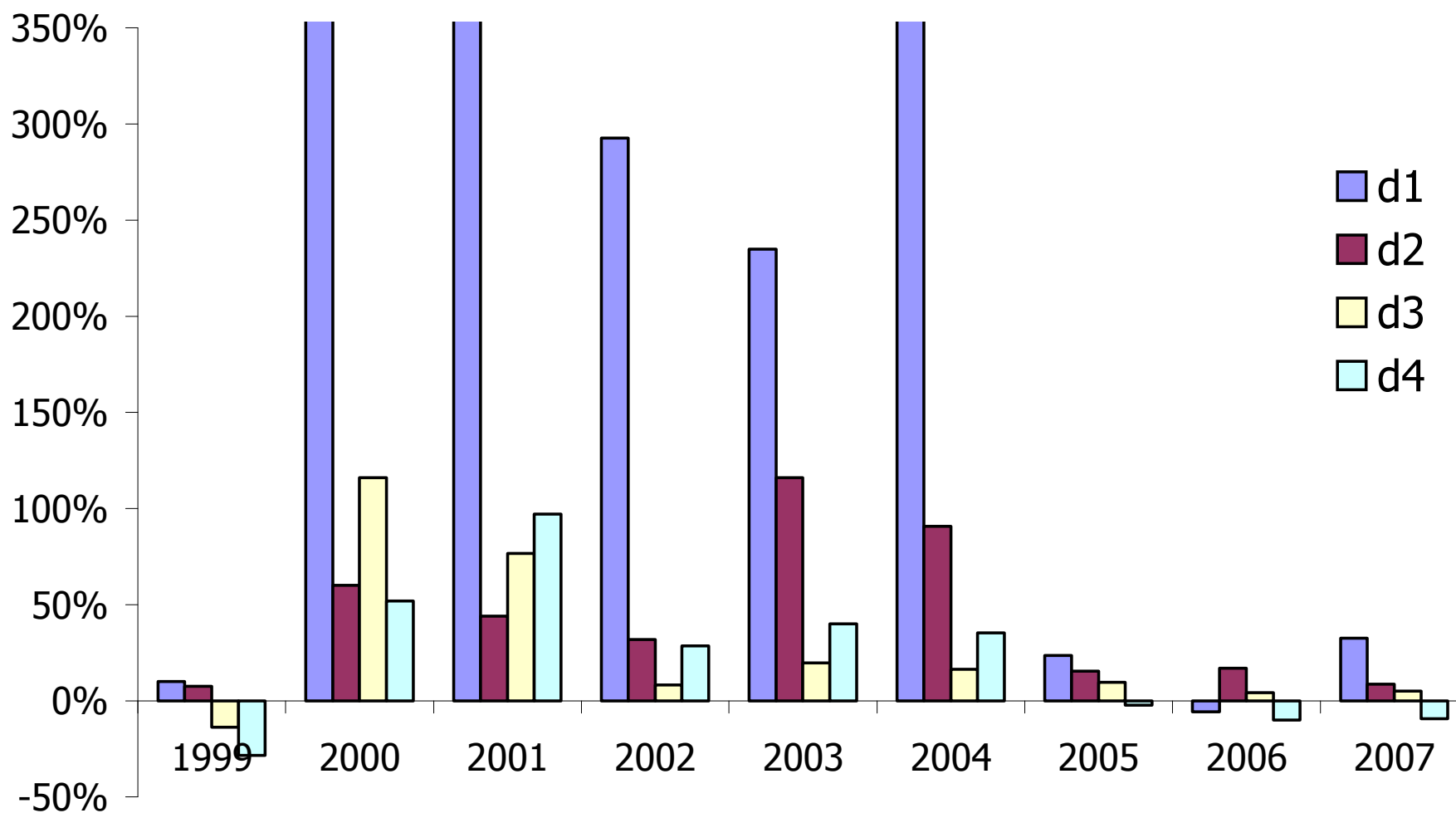
# Relative productivity of small land plots in Belarus versus Ukraine



# Relative productivity of small land plots in Belarus versus Ukraine: workers



# Relative productivity of small land plots in Belarus versus Ukraine: retired



# Regressions

$$slp = \alpha + \beta X + \varepsilon$$

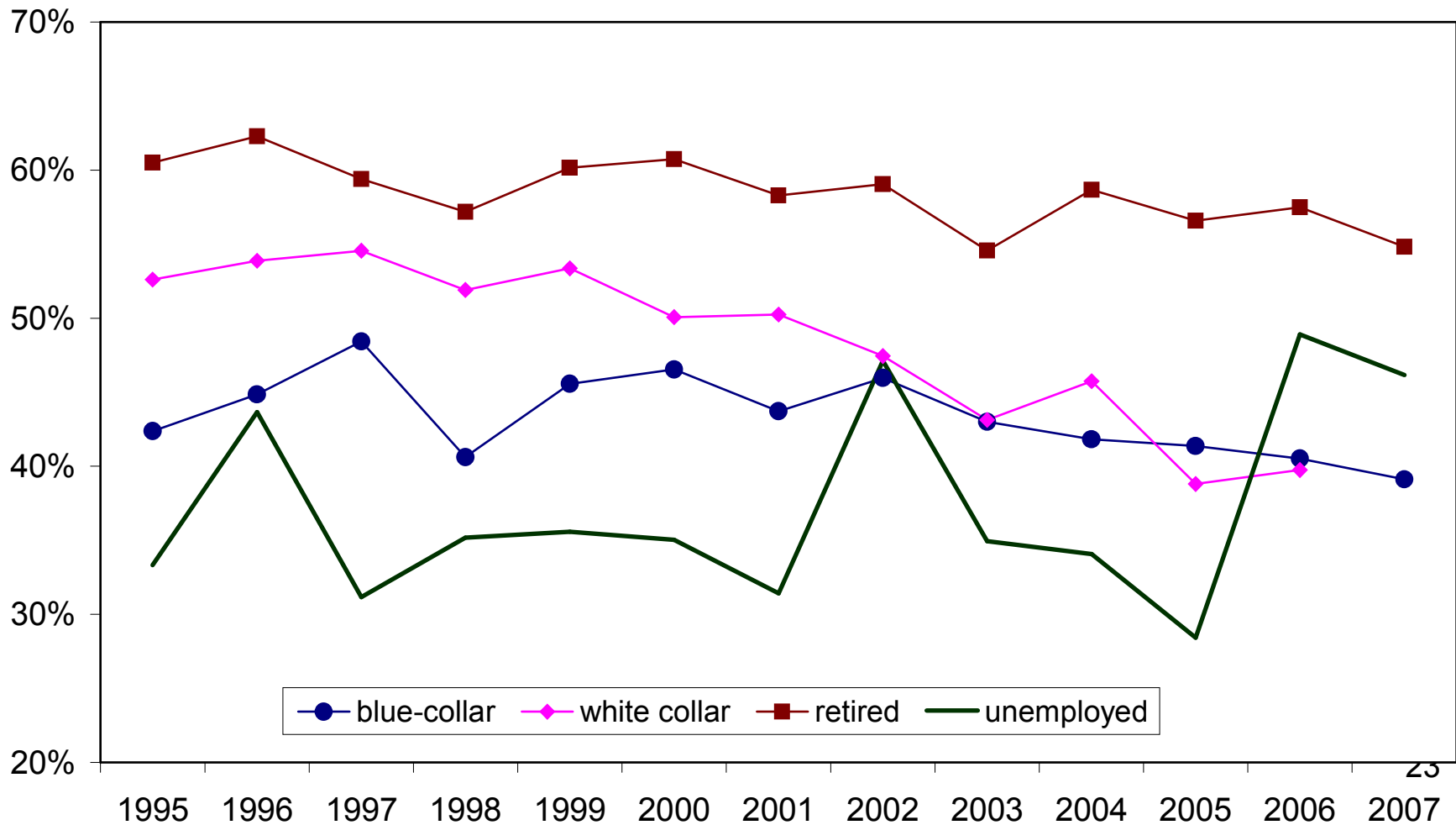
## Belarus:

- wages, pensions, **expenditure**, age, size of house/apartment, car, VCR/DVD, retirement – positive
- assistance from relatives, city size, age<sup>2</sup>, unemployment – negative

## Ukraine:

- wages, pensions, retirement, age, HH size, **male head** – positive
- **expenditure**, assistance from relatives, city size, age<sup>2</sup>, unemployment – negative

# SLPs in Belarus by socio-economic categories of household head



# Missing data

- state/private enterprise
- hours worked\*
- size of SLPs\*\*
- pre-1998 crisis data for Ukraine

# Conclusions

- Leisure – for the rich
- Subsistence – for the poor (not working)
- Productivity higher in Belarus, causes unclear