

**The social costs of 'transition'**  
Everyday life in post-Soviet Russia and Ukraine

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**Outline**

- The initial social costs of 'transition'
- Measuring economic marginalisation
- Theorising coping practices
- The role of informal economies in everyday life
- The importance of social networks and the role of place
- Will the everyday improve?

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- The discussions are based on fieldwork that took place between 2000 – 2008 in numerous locations in Russia and Ukraine, mainly, Magadan, St. Petersburg, Moscow, Kyiv and Kharkiv, mainly in urban areas
- Both qualitative and quantitative but mainly interview based
- Almost 800 household surveys conducted across the two countries

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### The initial social costs

- Main conclusion is that households have developed coping tactics in response to economic marginalisation
- The social costs of 'transition' are much more than just increases in poverty but are concerned with state-society relations
- The most alarming outcome was the collapse in male life expectancy – from 61 in 1989 to 57.5 in 1992 – rising to 60.4 in 2006 (73.2 for women) but still as low as 57.7 in Magadan

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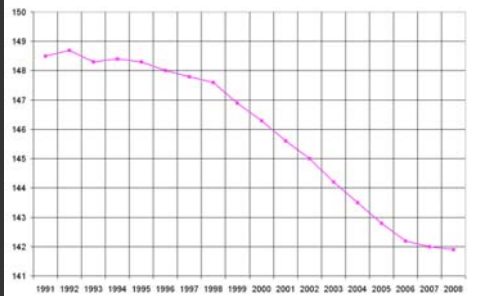
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Population of Russia



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### Changing incomes

- Between Jan 1991 – 1993 in Russia the average real wage fell by half
- Inflation of 2600% in Russia and almost 10,000% in Ukraine wiped out savings between 1992-3
- Creation of a 'working poor' sector as state wages remained low
- Pensions could not keep up with price rises

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## A soaring cost of living

	December 1992		December 1993	
	Rus. avg	Magadan	Rus. avg	Magadan
Meat	195	355	2239	6790
Fish	130	114	1089	1929
Butter	413	453	2913	5023
Cheese	415	628	2757	7169
Eggs	87	224	827	1597
Tea	1137	580	4865	11517
Bread	43	28	466	499
Flour	46	64	296	328
Potatoes	35	98	241	856
Vodka	500	1811	4278	11742
Beer	63	75	600	1208

Source: MagGoskomstat (2000:45)

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- In January 1992 it was estimated that that twenty four percent of the Russian population coped on incomes below the subsistence minimum
- By January 1995 this figure rose to thirty three percent
- Rises in GDP have seen this figure fall - In 2005 the figure was estimated to be twenty four percent which then started to fall as increased state revenues allowed pensions and state salaries to be increased
- By May 2008 it was stated that the figure has fallen to thirteen percent (around ten million people). However, in Moscow the figure rises to twenty three percent (Kommersant, 2008)

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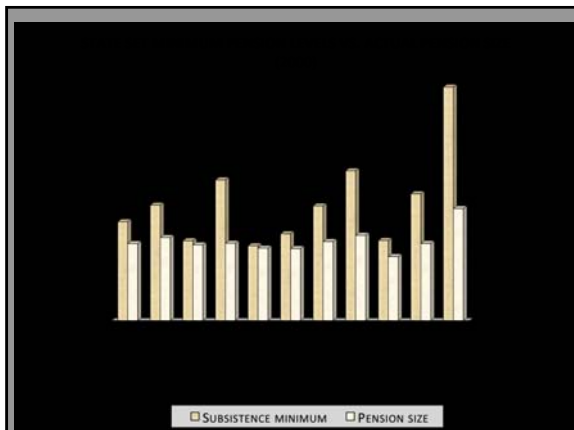
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### A more nuanced view?

"[t]he consumer basket [upon which the SSSM is based] includes one three-piece suit, which should be worn for five years, one pair of wool trousers (four years) and one pair of shoes, which obviously should be super-strong and perhaps even with steel soles, as they should also last half a decade."

Simonov (2004).

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### Ukraine

- Officially ten million people (20 percent of the population) are considered 'in poverty' in 2008
- Uses the concept of the state set subsistence minimum (483 UAH Jan 2006, 701UAH (91US\$) Jan 1<sup>st</sup> 2009 but key prices have more than doubled in this time)
- Inflation was 18.1% in March 2009 – wages and pensions rise behind slower than this figure.
- Real wages declined by 14% during the first two months of 2009 with growing wage arrears and unemployment – credit is tighter and often in US\$
- Is it possible to live on the subsistence minimum?

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"I'm an engineer and I have done this job for a long time. I wish that the wage could correspond more to the cost of living. Because 600-700 UAH [about £80 per month at the time] is simply not enough to live on. This is not money. It is just about enough to feed my family but I need more to clothe it. My wage does not correspond to the work we do, I wish it could be bigger but it is not so I have to spend most of my free time under working."

State employee, Kyiv, March 2006

But it is not just low incomes that pose problems...

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## State society relations

As Lefebvre (1992, 2006, 16) notes, to study the everyday solely at its micro-level at a given point in time “bypasses the concept”.

My mother is 95 years old. She is an invalid but she does not have the official documents on disability [needed to claim disability benefits]. She is not strong enough to wait in the numerous queues in the hospital to take the medical tests needed to prove her disability.

Moscow, 2006

‘one has to be well to be able to obtain disability benefits...’

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‘My ulcers are hurting and my blood pressure is high but there is no point me going to the hospital because they just want too much money from me.’

‘As a pensioner should medical not care be free?’

‘What are you talking about it makes no difference if I am a pensioner or not. All they are interested in the 50 Hryvnas in their pocket. Recently I went to the hospital as I had angina and I saw the doctor but because I could not pay he just walked off. For pensioners there is no point going to the hospitals we just have to rely on our children.’

Senior citizen, Kyiv, February 2006

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## The everyday nature of corruption

- Corruption pervades all sections of society – dealing with bureaucracy, health care, enterprises and the education system
- Corruption can be seen as a positive as it allows ‘things to get done’
- Raising wages alone will not solve the problem
- Barrier to formalisation, growth, diversification, small business development and regional development
- How can it be combated?

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### Theorising coping practices

- How can practices developed in response to economic marginalisation be conceptualised?
- How they are viewed is important in state thinking – attempts to ‘cheat the state’?
- Clarke vs. Burawoy – ad hoc or a planned responses?
- Distinction should be made between different forms of informal practice – responsive/exploitative

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### Strategies or coping tactics?

[s]trategies are able to produce, tabulate, and impose these spaces, when those operations take place, whereas tactics can only use, manipulate, and divert these spaces  
de Certeau, 1984:36

Furthermore there is no system because there are so many sub-systems situated, as we have seen, not *within a single system* but at *different levels of reality*, the lacunae and gaps between them filled with floating mists... (emphasis in original)  
Lefebvre, 2000:98

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### The importance of informal work

- 61 percent of respondents placed formal employment as first work strategy and 10 percent stated that pensions were their main income
- So 30 percent place informal practices as their most important source of income
- However, only ten percent of respondents stated that they rely on formal work alone for their household’s income
- Overall 78 percent of respondents stated that informal work contributes to the family budget of which 86 percent believe it is either extremely important or important to their household budget
- Domestically grown food is also important to many households with 35 percent of respondents having access to land – 76 percent state the produce from here is either very important or important to their household’s daily diet

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Manipulating and producing space – the role of social capital



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Informal work linked to formal workplace

"I work as a hairdresser at a salon in the centre of the Moscow. The work involves long hours and the pay is not great but it is a real job. In order to earn some more money so as to clothe myself etc, I often do work 'off the record' at my home. You know, a client comes in, likes what I do and we have a coffee, get talking and soon we have exchanged telephone numbers. After that, the client rings me up when they need a hair cut and comes round to my home and pays me in cash. It works like that, it is good for me to get some extra money and of course, I charge a lower price to the client than that in the salon."

Hairdresser, Moscow, 2007

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My official wage is under 3000 roubles per month (approximately 120 USD) but in a good month I can make over 24,000. What we do is take meat that is mislabelled as waste [and thus should not be sold] and sell it to contacts at the market. We pay the people who label the meat as waste 100 roubles per kilo and sell it for a profit of 50 roubles per kilo.

Factory worker, Moscow

Many interviewees stated that they could not 'afford' to undertake their formal work without the informal incomes they generate from it

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### Strategies: the informal nature of formal work

- Many people are paid two wages – one formal (and taxed) the other cash in an envelope at the end of the month
- Over a third of people receive part of their wage on an informal basis –ranging from 20 to 80 percent of their income
- 25 percent reported problems in receiving their informal wage
- While this seems advantageous – lower tax payments – in fact many people wish for their wages to be formalised

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### Subsistence food production

'I don't buy food anywhere as I don't have any means to do it. I cannot afford meat or fish. Vegetables have become so expensive if you only have a pension to survive on. I only eat what I can grow on my plot of land.'



Senior citizen, Kyiv, 2007

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### The importance of networks in everyday life

"Of course this relationship is not only one way [of providing information about work availability]. So at some point I have to give something in return for the information. If I don't help in return no one will help me the next time I need something."

Moscow, 2006

"My neighbours are very friendly. If you need they will come and help you. They help me take care of the plants as it is very difficult for me to do so. *Do you do anything in return?* My son, who is too busy to help most of the time, drives out here on a Sunday to see me – if my neighbours need to go back to the city or want to take produce back there then he will give them a lift. Also I grow a lot of berries on my land so I give some of them to my neighbours as well."

Kyiv, 2005

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## The importance of networks in everyday life



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## Will the everyday improve?



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