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Abstract

The paper provides an analysis of semi-subsistence farming in Ukraine during the period 2008–2018, with a special focus on policy towards peasant households, and its feasibility. Ukraine currently has several strategic documents that set the vectors for regulating the development of the industry. The current policy on the strategic development of agriculture, rural areas, and support for farming is found to be chaotic and inconsistent.

The paper confirms the thesis regarding the low economic efficiency of natural farming, and given the specific weight of households in the production of certain types of food, emphasizes that public costs for ensuring the country's food security are thus fairly high. The overall identified trends in the Ukrainian countryside are a) the reduction of land size, naturalisation of economic activity and reduction of market activity (farms, as a rule, keep cattle, poultry and bees, although the safety and quality of livestock products produced in such farms is rather dubious); and b) the enlargement of individual peasant households and their focus on commodity production of agricultural products (mainly crops), with the simultaneous distortion of reported production volumes and, accordingly, tax evasion.

Thus, private peasant households (PPHs) appear as economic structures with a special status: on the one hand, they can be considered as full participants in the market of agri-food products (in terms of sales and production), but on the other hand they are not recognised as entrepreneurial structures. This has negative consequences for the local economy as a whole. PPHs are a legalized form of informal employment, an informal entrepreneurial activity. PPHs are, in our opinion, enjoying preferential status in comparison with that of farmers. Furthermore, existing measures (often patchy and haphazard) of political regulation only deepen the problematic functioning of semi-subsistence farms; and taking into account the peculiarities of tax regulation and the obligatory participation of household members in the pension system, in our opinion, they only intensify the crisis in the rural economy and related social problems.

We find that PPHs in their present form (we stress the last four words) are manifestly untenable, and policy-wise are not feasible for Ukraine. The long-term strategy of reforming this crucial part of Ukraine's agriculture should not include new innovations, but be wisely tailored to Ukraine's conditions within the EU. PPHs ought to be accommodated within and be part and parcel of the tax system, and then be an element of future balanced and sustainable rural development. To achieve the latter aim, the recalibration of tax and legal regulations, underpinned by solid strategic policy, is desperately needed.

Keywords: semi-subsistence farming in Ukraine, peasant households, personal peasant households, agricultural policy, rural development.