

Informal Economy Activities of Soviet Households: Size and Dynamics

Abstract

Using unpublished archival data from Soviet family budget surveys, this paper estimates the size of the informal economy of Soviet households from 1969 to 1990, and compares the size of the Russian informal economy in the pre-transition period with that in the transition period. In addition, it provides an estimate of the size of households' informal economy in each former Soviet republic in 1989. It finds that the average household expenditure in the informal economy, as a share of total household expenditure, was 23% from 1969 to 1990, contributing an additional 6.8% to Soviet Gross National Product. However, the share did not increase over time, even after the start of transition towards a market economy. It also finds a substantial variation among Soviet republics in the size of the informal economy.

Keywords: informal economy, Soviet households, Soviet Union
JEL Classification: O17, P20, P24.