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## Rural space and rural development in Romania

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**Abstract:** *The rural space of Romania is characterised in terms of administrative breakdown, area and population, with reference to the NUTS classifications. This is followed by a demographic analysis of the gender and age structures, as well as migration flows. The rural-urban flows are considered, as is the employment structure in rural areas. Then, the farming sector is analysed, both with respect to its productive and factor characteristics, and the farm population features, over the period of systemic transformation. It is noted that farming intensity has gone down altogether on almost all accounts, while privatisation of farming has been overwhelming. At the same time, during the transformation, there have been disadvantageous phenomena within the farm population (decrease of average acreage). Against this background, the institutional infrastructure of the Romanian agriculture and rural economy is considered, including various ownership and association forms. It is proposed that an adequate restructuring of Romanian agriculture would require a developed and pronounced agricultural policy, as well as significant outlays.*

**Key words:** *Rural development, rural areas, Romanian agriculture*

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### Introduction

The approach to the rural development in Romania takes on a special importance, if we consider the perspective of our country's integration in the EU, and especially the fact that agriculture and the rural development are among the most difficult areas of negotiations. An analysis of the phenomena and processes produced in the period referred to as „transition“ becomes necessary for the foundation of the next steps in the development of rural communities. We must not overlook the fact that Romania is an entity with an own institutional, economic, social and cultural structure. A pattern for the development cannot be borrowed, because it is not built on an empty place, it is built gradually, element by element, on a present reality, with the speed of transformation that is accepted by the society and for which there are available resources.

In recent years, rural development has acquired special importance in Romania, both at the level of political debates and of the academic disciplines. This is not at all fortuitous, as a high share of rural population and of the land area where

this population is living, as well the importance of the rural life make the rural development issue gain a special importance in our country. The rural communities in Romania have developed in the latest decade within the limits imposed by their own history and by a hesitating transition that induced particular economic and social changes.

Rural communities in Romania are confronted with a series of problems that influence their viability. These include a frail social and economic environment, local institutions that are not sufficiently active, lack of cooperation programs, aging population, high share of subsistence agriculture, low diversification of non-farm activities, deficient technical and social infrastructure, low involvement of the civil society, etc. It is quite difficult to address all these problems. A competitive rural economy, an adequate social environment and a participatory and cooperative rural society are the key factors for the development of sustainable rural communities. It is also necessary to support and encourage local initiatives with far-reaching potential effects, while making the best use of the potential existing in the rural communities.

## The size and the characteristics of the rural space

The rural space in Romania, conform to the provisions of Law 2/1968<sup>1</sup>, is composed of the administrative area of 2686 communes, corresponding to the NUTS 5 level of the statistical system of the European Union (EU). On the administrative territory of some towns and municipalities, in conformity with the same law considered urban, there are 341 localities referred to as villages, which have rural characteristics, but which are included, from the administrative point of view in urban space.

According to this definition, the rural territory has the area of 212,700 km<sup>2</sup>, i.e. 89% of the total country's area (Table 1). This territory is inhabited by 10.19 million people, i.e. 45.4% of the total population. The density of rural population, 47.9 persons per km<sup>2</sup> is very low, less than half of the country's average and roughly 1/10 of the urban density.

**Table 1.** Rural space – basic parameters

	Total area		Total population		Density
	sq. km	%	thousands	%	persons/sq. km
Total	238391	100	22435	100	95.1
Rural	212700	89.2	10191	45.4	47.9
Urban	25691	10.8	12244	54.6	476.6

Source: *Romania's Statistical Yearbook*, 2001, National Institute for Statistics (NIS).

<sup>1</sup> The law defines two categories of territorial units: a) the county – administrative body, which comprises a larger territory, where different economic and social activities are grouped; b) the locality – town or commune – the administrative body corresponding to a restricted area, grouping the activities associated with the respective territorial specificity and to the existing economic and social endowment.

The commune, as a territorial administrative unit, comprises the rural population united by common interests and traditions. The average population of a commune is 3780. The majority (53.2%) of communes has between 2000 and 5000 inhabitants, corresponding, conform to the criteria of the EU, to average size. The big communes, with over 5000 inhabitants, are situated mainly around big towns and have a relatively important share of 40.1%.

A commune is composed, in turn, of one or more villages, the closeness and accessibility being the main criteria of affiliation. At the end of the year 2000, rural space in Romania comprised 13092 villages. The relatively high number of villages and the differentiation of their distribution in space are the expression of geographical diversity of Romania and the historical conditions, in which the economic, social and cultural relations within the rural space were established. The communes are also highly diversified in terms of the number of villages: the majority (55.4%) has between 1 and 4 villages and 6.2% of them have more than 10 villages. On the average there are 4.8 villages per commune. The villages show a great diversity with respect to their population: from the ones with only few inhabitants, up to villages with more than 9000 inhabitants. The average number of inhabitants per village is 778.

The NUTS 4 level units, the micro-regions, have not yet been organized in Romania. Generally, the micro-regions are formed occasionally, on the basis of voluntary partnership of some communal administrations, within the framework of some projects or programs.

The NUTS 3 level takes in Romania the form of 42 counties. At county level the share of the rural areas is variable, depending upon the relief conditions, available natural resources, area of the county, etc. In conformity with the OECD methodology for classification of rural regions, at the NUTS 3 level in Romania, rural space accounts for 99% of the territory and for 90.6% of the population. The respective indicators for the EU are 84.4% of total area and 39.5% of total population.

The Law 15/1998, regarding the regional development, created the legal basis, which led to association of the neighboring counties, making up 8 statistical regions, constituting the framework for the implementation and assessment of the policy for regional development. The development regions, termed “zones”, correspond to some groups of counties, constituted by voluntary association on the basis of a convention signed by the representatives of the county councils and of the General Council of the Bucharest municipality. The regions represent the NUTS 2 level conform to the territorial classification of the EU. The present organization of Romania’s territory comprises the following development regions: North-East, South-East, South, South-West, West, Center, and Bucharest. Their establishment gave rise to ardent debates. The main criticism points out the fact that these units were arbitrarily established, without consideration of the inter-county links. The rural areas and their populations do not have the same shares in all the eight development regions. The most extensive rural space

is in the North-Eastern region (94% of total area), and the largest rural population is in the Southern region (58.3% of the total population).

## The rural development concept

Rural development was a concept used mainly in the scientific research during the last 10 years and has become an operational policy term since 1997. In that year the General Directorate for Rural Development was established within the Ministry of Agriculture and Food. This department intended to attain the following rural development objectives:

- surmounting the identity crisis of the rural areas;
- putting an end to and removal of socio-economic underdevelopment;
- elaboration of the National Plan for Rural Development with socio-economic subprograms and projects for infrastructure and environment, in conformity with the measures provided in the EU regulations for development and with the objectives of the European structural funds;
- legislation harmonization with a view to integration;
- substantiation and monitoring of rural development projects, etc.

It is worth mentioning that in the perspective of the Romanian Government rural development continues to focus upon agricultural development. Even in the SAPARD measures, out of 14 objectives 9 refer to agriculture modernization and development. However, in the concept of the present decision-makers, there is a model of Romania's regional development, in which an important part is played by the diversification of incomes and of economic activities, while the urban-rural relations occupy, if not a top, then at least an important position.

## Rural social and demographic structures

Rural population in Romania is subject to a double transition, namely the demographic one, specific for a society under modernization, a society that has been trying to turn into a capitalist society for more than one decade. Rural population has declined in the last century. In 1912 rural population represented 81.5% of total population, while in 1992 only 45.7%. This process continued in the last decade; in 2000 rural population totaled 10,191 thousand persons.

The evolution of Romania's population in the last century reflects the attempts of a society that has been trying to modernize its socio-economic structures. The shrinking of rural population has not been a linear process, as it was determined by the demographic evolution of rural communities and by the main political changes in the Romanian society.

A characteristic of the rural population in the period 1912–2000 is constituted by the oscillating share of women. If we investigate the last 25 years we find out that, unlike in 1966 and 1977, in the census of 1992 the share of urban female population was higher than that of rural female population – 51.2% and 50.4%

respectively (Table 2). The share of female population in total rural population was 50.3% in 2000. Feminization operates selectively, affecting the persons over 40 years of age and becoming symptomatic with older age.

**Table 2.** Index of feminisation of rural population by age groups

Age group	Number of women per 1000 men in 1992	Number of women per 1000 men in 1999
0–14 years	953	957
15–39 years	862	862
40–49 years	1061	976
50–54 years	1083	1109
55–64 years	1100	1169
65–74 years	1283	1255
75 years and over	1518	1574
Rural average	1017	1015

Source: *Census of population and dwellings, 1992 and Romania's Statistical Yearbook, 2000*, NIS.

The population structure by sex and age is an expression of the combined effect of birth rate, death rate and internal migration rate on total rural population.

The evolution of rural population in the last two decades features a strong aging tendency: in 1999 the share of population over 60 years was equal 24.0%; while the share of population aged 0–14 years – 19.8% (Table 3).

**Table 3.** Evolution of rural population's age structure (%)

Age group	1966	1977	1992	1999
0–14 years	26.0	27.1	20.9	19.8
15–59 years	61.6	56.2	57.0	55.2
60 years and more	12.4	16.7	22.1	24.0

Source: *Census of population and dwellings, 1992 and Romania's Statistical Yearbook, 2000*, NIS.

The average mortality in the rural areas, higher than that in urban areas, had a fluctuating trend (Table 4). After 1966 an increase of death rate was noticed, a sign of rural population aging and of deterioration of rural life quality.

The strong and steady diminution of population in the rural communities, concurrent with the increase of urban population, was also the result of spatial mobility. In the last population census, in 1992, out of the total population “born in other localities than the place of present residence”, most came from the rural areas. Of those, almost 4.0 million persons migrated within the same county, almost 3.4 million, i.e. 85.3%, came from the communes.

The most important migration flow with regards to volumes until 1994 had been the rural-to-urban migration; in 1997 the direction changed, as the rural-urban

**Table 4.** Mortality in urban and rural areas

Period	Deaths per 1000 inhabitants		Rural/Urban
	Urban	Rural	
1930–1934	17.2	20.5	+19.2
1935–1939	16.7	19.8	+18.6
1948–1957	10.4	12.4	+19.2
1958–1966	7.7	9.2	+19.5
1967–1974	8.3	10.3	+24.1
1975–1980	8.0	11.3	+41.3
1990	8.2	13.4	+63.4
1997	9.4	15.9	+69.1
2000	9.3	15.4	+65.6

Source: *Romania's Statistical Yearbook*, 2001, NIS.

migratory balance became positive, this trend appearing for the first time in the last three decades (Table 5).

A clear downward tendency in the migration flow from rural to urban area can be noticed: if in 1991 10 out of 1000 rural people left for urban areas, in 1998 this number declined to 5. Another clear tendency characterises the urban to rural flow, with the steady increase from about 3 out of 1000 urban people to 8. The rural-to-rural migration flow has quite an oscillating course; in the period 1991–1995 it increased from 4.7‰ to 7.8‰, and then declined to 6.4‰. The urban-to-urban migrations increased from 4.3‰ in 1991 to 5.9‰ in 1999.

**Table 5.** Structure of urban and rural internal migration flows in terms of the permanent residence change rates per 1000 inhabitants

Migration	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL (‰)	11.3	12.9	10.6	11.7	12.8	13.0	13.4	12.3	12.3
Rural-to-urban	10.7	9.4	6.9	6.6	5.9	5.9	5.6	4.9	4.7
Urban-to-urban	4.3	5.8	5.0	5.6	6.1	6.5	6.1	5.9	6.0
trightRural-to-rural	4.7	6.3	5.7	6.5	7.8	7.0	7.6	6.4	5.9
Urban-to-rural	2.5	3.8	3.4	4.7	5.8	6.7	7.9	7.7	8.3

Source: *Romania's Statistical Yearbook*, 1999, NIS.

The importance of rural communities as the labour reservoir for urban areas decreased, migration becoming much more selective from the demographic point of view. The net migration from rural to urban area maintains its negative values – the number of out-migrants being higher than the number of in-migrants only for the age category of 20–34 years (Table 6). This is the only demographic category in which migratory balance was negative for the countryside in the period 1989–1997.

**Table 6.** Net migration from rural to urban areas, by age

Age group	1989	1990	1991	1992	1993	1994	1995	1996	1997	1989- -1992	1993- -1997
0–14	-0.6	-5.8	-0.8	-0.4	-0.1	0.1	0.3	0.3	0.7	-1.9	0.3
15–19	-0.8	-3.4	-0.9	-0.6	-0.4	-0.2	-0.1	0.03	0.2	-1.4	-0.1
20–24	-3.0	-10.8	-4.4	-3.6	-2.6	-2.0	-1.5	-1.4	-0.9	-5.4	-1.7
25–29	-5.5	-20.9	-4.5	-3.7	-3.2	-3.0	-2.4	-2.6	-1.1	-8.7	-2.5
30–34	-2.4	-15.6	-2.3	-1.7	-1.0	-0.7	-0.4	-0.4	-0.03	-5.5	-0.5
35–39	-1.1	-6.9	-0.9	-0.6	-0.3	-0.1	0.2	0.4	0.6	-2.4	0.2
40–49	-0.3	-2.7	-0.3	-0.1	0.00	0.1	0.3	0.5	0.7	-0.8	0.3
50–59	-0.03	-1.0	-0.01	0.1	0.1	0.1	0.2	0.3	0.3	-0.2	0.2
60 and over	-0.04	-0.4	-0.04	0.01	0.01	0.01	0.02	0.1	0.04	-0.1	0.0
Total	-0.9	-5.0	-1.0	-0.7	-0.5	-0.3	-0.1	-0.04	0.1	-1.9	-0.2

Source: *Labor Market and Social Policies in Romania*, OECD, 2000.

In 1999, 52.7% of the rural-to-urban migrants were from the age group of 20–34 years. As a trend, the migration movement maintains its general character from the last decade, while decreasing both in volume and in intensity.

In 2000, about 70% of rural population were economically active (Table 7). The average participation rate of Romania's population was 58%. Rural population's participation in economic activities has several particularities, namely: active life begins quite early – by the age of 25 about 2/3 of the rural population are already active (against 1/3 in the urban area); a large part of the rural inhabitants have their active life extended to old age; about 3/4 of the rural inhabitants aged 50–64 are active, and even after 65 about half of the rural people are still active.

**Table 7.** Employment and activity rates

	1996	1997	1998	1999	2000
Activity rate (%)					
total	64.8	64.8	63.6	63.4	63.2
rural	69.9	71.5	70.8	71.7	72.0
Employment rate (%)					
total	60.4	60.9	59.6	59.1	58.8
rural	66.9	68.9	68.4	69.2	69.8

Source: *Romania's Statistical Yearbook 2001*, NIS.

In the rural areas, agriculture is the main economic activity, accounting for about 70% of the labor force. More than 50% of farmers are over 50 years old and about one fifth of them are over 65. Only one quarter (27.0%) of farmers are young, less than 35.

The average unemployment rate in the country was 7.4% in 2000. Of the total number of the unemployed 550,000 persons live in the urban areas (67%), while

270,000 in the rural areas (33%). The unemployment rate in the rural areas was only 5.0%, twice lower than in the urban areas.

## Agriculture

The policies promoted in the transition period also resulted in unfavorable changes regarding the place of agriculture in national economy. The increase of labor force share in agriculture represents a contrary trend to that of the developed countries. It is the restructuring of the industry and construction sectors, due to which an important part of labor force was released and “forced” to return to agriculture that contributed mainly to this increase. With certain small oscillations, the fixed capital share in agriculture had a decreasing trend (Table 8). The GDP share of agriculture was determined in the first place by the strong decrease of GDP share in the other economic branches. In the 1990s Romania became the importer of agro-food products, revealing a serious under-utilization of its agricultural potential. In these conditions, an effective change of agricultural sector’s position in national economy represents a necessary objective both for a modern market economy and for the EU integration.

**Table 8.** Place of agriculture in total economy

Year	Share of agriculture in:				
	Labour force	Fixed capital	GDP	Exports	Imports
1989	27.5	10.9	13.7	5.0	4.4
1990	29.0	8.8	21.2	1.5	13.1
1991	29.7	7.8	18.3	6.1	13.6
1992	32.1	8.4	18.6	6.7	16.0
1993	35.2	8.3	20.6	6.7	14.8
1994	35.6	8.5	19.4	6.5	9.3
1995	33.7	11.4	19.3	6.7	8.7
1996	34.6	10.4	18.8	8.7	7.5
1997	36.8	7.5	17.7	7.1	6.2
1998	37.4	5.0	15.6	5.2	8.6

Source: Calculations on the basis of *Romania’s Statistical Yearbooks* 1990, 1992 and 2000, NIS.

In agriculture, private property became predominant already during the first two years of transition due to the application of the Land Law no.18/1991. Although the share of private sector in total agriculture had a continuous and constant increasing trend in this period, the radical change in the ownership structure did not have a favorable impact on the level of agricultural production (Table 9).

In the majority of seasons after 1990 crop production in the private sector was under the 1989 level, with larger or smaller variations due mainly to weather conditions. The average yields for almost all crops are modest or extremely low (Table 10). Compared with 1989, a decrease of yields is observed for wheat

**Table 9.** Share of private sector in agriculture (%)

Year	Share of agricultural land	Share in agricultural production
1989	12.1	51.1
1990	12.6	56.1
1991	69.8	79.3
1992	70.3	80.8
1993	69.9	84.4
1994	70.9	86.4
1995	72.1	86.1
1996	72.3	86.3
1997	70.5	89.5
1998	70.7	90.4
1999	77.6	93.3

Source: Calculations on the basis of *Romania's Statistical Yearbooks*, 1990, 1992 and 2000, NIS.

(48%), barley (51%), sugar beets and sunflower (20%). A slight increase of yields was noticed in maize (18%), field vegetables (4%) and grapes (10%).

**Table 10.** Evolution of average yields in the private sector

	Average yield (kg/ha)							
	1985–1989	1990	1991	1993	1995	1996	1998	1999
Wheat and rye	2914	2837	2333	2189	2957	1569	2437	2656
Maize	3122	3082	4115	2574	3176	2925	2749	3643
Sunflower	1593	1147	1248	1095	1263	1123	1063	1255
aautoSugar beets	21718	22083	23457	17314	19138	20072	19354	21608
Potatoes	14456	11536	7807	14654	12259	13878	12583	14407

Source: Calculations on the basis of *Romania's Statistical Yearbooks*, 1990, 1992 and 2000, NIS.

The period after 1989 is characterized by a considerable decrease of livestock numbers: by 48% for cattle, 44% for poultry, 36% for pigs, and 27% for sheep. In this period, an increase by 23% was noted only for horses.

In the livestock sector, the period of 1989–1999 showed a fluctuating evolution, with marked differences both among products, and from year to year. Total meat production (1594,000 tons live weight), down by 27% from that of 1989 follows a visible trend of supply decrease. This production decline resulted mainly from the decrease of livestock numbers. Milk production followed an ascending trend in this period (except for the years 1990 and 1992).

The share of the livestock sector in total agriculture was extremely low during the whole-investigated period (Table 11).

**Table 11.** Place of livestock production in agricultural production (%)

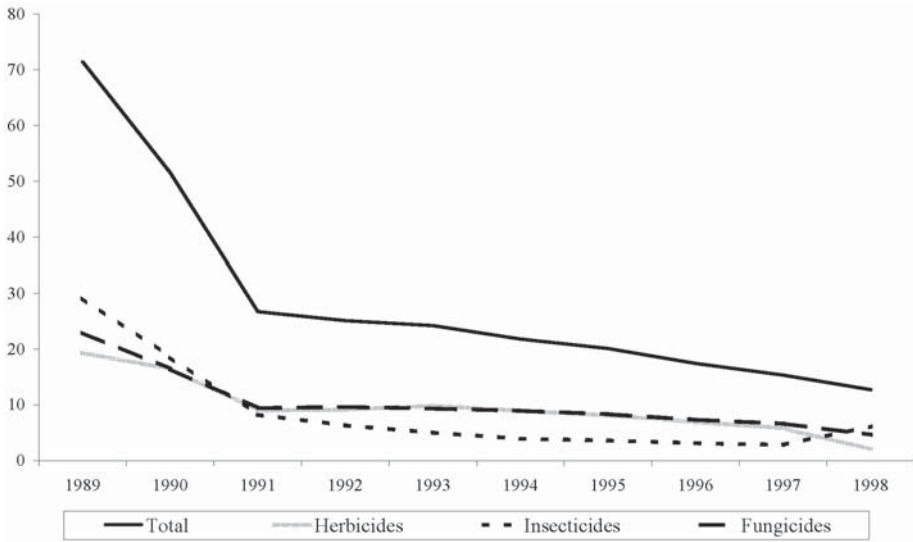
Year	Share of livestock production in agricultural production	Share of livestock production in the private farming sector
1989	45.6	n.a.
1990	47.0	n.a.
1991	34.1	32.2
1992	42.0	41.9
1993	37.1	35.4
1994	39.2	38.5
1995	40.4	39.1
1996	40.2	39.3
1997	37.1	36.6
1998	46.1	46.2
1999	36.5	37.6

Source: Calculations on the basis of the *Romania's Statistical Yearbooks*, 1992, 1998 and 2000, NIS  
n.a. – not available.

There was a significant downward trend of yields in the transition period. The main reasons were: agricultural property fragmentation at farm level through application of the Land Law; insufficient investments in agriculture; absence of proper equipment and implements on most peasant farms; insufficient support to farmers from the state (even though agriculture was either “a stake of the future” or “a national strategic priority” in this entire period). The privatization process in Romanian agriculture did not have visible favorable effects as it was conceived and operated as a goal in itself and not as a means for making farming activities more efficient. It is obvious that the present acreage structure of land property considerably limits the possibility of conducting intensive agriculture. Agricultural land privatization seriously affected the use and integrity of irrigation and land improvement systems.

In this period, mechanization of certain agricultural activities has considerably declined, as did the application of agricultural chemicals. Thus, there has been a decrease of the numbers of: mechanical cultivators, chemical fertilizer spreaders, self-propelled combines, and mechanical sprayers and dusters. The structural deficit, meaning insufficient equipment, is aggravated by its physical and moral wear and tear. Thus, altogether 50% of existing tractors have more than eight year of service life. The existing agricultural tractors and machinery in Romania's agriculture cannot secure execution of works in the optimum periods stipulated by crop technologies. The average area of agricultural land per tractor (about 60 ha) shows the scale of the problem. It is well-known that in Romania the delay in execution of respective operations, both for winter and spring crops results in great harvest losses.

The losses induced by diseases, pests and weeds in production and post-harvest processes are also high. They are estimated to reach one third of the harvest. Pesticide use has decreased in recent years, and situation is quite similar with fertilizer use (Figure 1). A sharp rise of pesticide prices also contributed to their decreased use.



**Figure 1.** Pesticide use (1,000 tons, active ingredient)

At the same time, the volume of mineral fertilizers used in 1999 was smaller by about 70% than in 1990 and of the organic fertilizers – by 65%, as linked with considerable decrease of the livestock numbers.

All these aspects indicate that the future development of Romanian agriculture will require the elimination of negative aspects that accompanied agricultural land privatization. This development would be made possible by agricultural land consolidation, organized under different forms, adequate for the present conditions.

In Romania, the transition from the socialist state to market economy induced important changes at the level of main components of agrarian structure: land ownership, agricultural land use, economic and social organization, etc.

Agricultural land structure places Romania on a medium position in Europe, providing significant agricultural development possibilities. In 2000 agricultural land totaled 14730.7 thousand hectares, i.e. 61.8% of country's area. This agricultural land has the following structure: arable land 63%, vineyards and vine nurseries 2%, orchards and nurseries 2%, pastures 23% and hayfields 10%. In the period 1989–1999 the changes in the agricultural land structure show the decreases in the arable land (by 2%) orchards (20%) and pastures (5%), to the benefit of vineyards.

In terms of the cropping structure as of 1999, about 60% of arable land was under grain cereals. Among the changes having taken place in 1990-1999 were the decline of land under bean pulses (65%) and fodder crops (41%), and an increase of the area under vegetables (8%), melons and watermelons (47%) and industrial crops (47%). The decrease of the cultivated area by 10% is a very

important phenomenon of the transition period. The primary contributing factors are the reduction of arable area (92,000 ha) and the existence of non-farmed arable areas (864,000 ha in 1999), mainly due to the reorganization process in agriculture.

Beginning with 1991 two ownership types were established by the Constitution: private ownership and public ownership. At present, Romanian agriculture is characterized by a wide range of land operation forms, among which the most important are the following:

*Individual farms.* By the end of the year 2000, they operated on some 82% of the privately owned agricultural land. The average area of these farms is extremely small, 2.3 ha (Table 12). During 1993-2000, their number and total agricultural land area owned increased, while the average acreage remained relatively constant.

**Table 12.** Evolution of private farms

Year	Total number	Total agricultural area ('000 ha)	Average area (ha)
1993	3419736	7333	2.10
1994	3578234	7905	2.20
1995	3597383	8052	2.40
1996	3625758	8348	2.30
1997	3973329	8897	2.24
1998	3946121	9182	2.33
1999	4119611	9377	2.28
2000	4259933	10054	2.36

Source: Buletin informativ no.12/1994, 12/1995, 12/1996, 12/1997, 12/1998, 12/1999 and 2/2001, Ministry of Agriculture, Food and Forests.

The individual farms bear “the imprint” of the way in which de-collectivization and de-nationalization took place in agriculture in the transition period; at the same time, they were marked by the national economic evolution as a whole. Although official statistics do not provide many data on them, they can be characterized on the basis of the data collected from the field surveys conducted in the rural areas.

The conclusions drawn from these studies indicate that in the transition period agriculture at the family farm level has been to a great extent subsistence agriculture, following an economic rationality in which market economy mechanisms have operated poorly. Thus, the majority of farms represent a less organized and capitalized sector, with few development possibilities.

Labor used is mainly family labor (73.6% in 1996 and 66.3% in 2000). Yet, there are also farms using the exchange of labor between neighbors, relatives and friends (29% in 1996 and 38% in 2000), and farms hiring seasonal or permanent workers (below 1% in both 1996 and 2000).

The household head is in most cases also the landowner, and he decides on the activities to be carried out. Most of the household heads (89%) are men and more than 65 years old (63%).

The average area of the farms investigated in the three field surveys remained at a constant level (about 3 ha). The farms smaller than 3 ha take an extremely high share, over 60%. A characteristic phenomenon for the year 2000 is the twofold increase of the share of farms smaller than 1 ha compared to 1996. This seems to be a consequence of the fact that the heirs of the former owners registered in the ownership titles in the case of reconstituted land quitted the joint-ownership status.

The degree of fragmentation of land property is extremely high: there are 4–5 parcels per farm on the average. The smallness of farms and the strong land fragmentation cannot provide for functionality necessary for a competitive farming.

Cereal cultivation, requiring relatively low investment and production costs, is the prevailing activity on individual farms (88% of investigated farms cultivated cereals in 1996, 83% in 1998, and 92% in 2000). The average yields per hectare are low and far from the natural yield potential. Animal husbandry has been continuously declining; thus, in 2000, compared to 1996, it declined by 26%, although the private farming system of livestock raising has significant reserves for obtaining higher yields through modernization of farm facilities and the use of adequate technologies.

There is a high activity diversification at the farm level: more than 60% of farms cultivate three and more crop species or breed three or more livestock species. Diversification hedges farmers against risk and uncertainty; at the same time, it is characteristic of subsistence households in which self-consumption is the first priority.

Private farms are less and less attached to the agricultural inputs market. This situation is the result of the lack of financial resources, high prices of agricultural inputs and slow adjustment of the agricultural inputs market to the new land ownership structure. In 1996–2000 a decline was observed in the share of farms using certified seeds (21%), mechanization services (26%); veterinary services significantly declined while an increase was noticed only in the case of fertilizers. The degree of association of private farms with the input market is in direct relation to income and acreage. Most farms buy mechanization services (71% in 1996 and 52% in 2000). In the case of inputs for the livestock sector, which are produced and sold through the private channels, veterinary services and veterinary drugs are the most demanded.

Market sales by private farms show quite a distorted situation with respect to the rules of market economy: if in 1996, 49% of rural households sold at least one agricultural product, in 2000 this share declined to 35%. The private farming sector largely withdrew to natural economy, covering its consumption needs

increasingly from its own resources, with deep implications for the integration with the local and regional community. Most peasants sell the surplus left after covering their families' needs, family meaning either family members who have effectively worked on the farm or family members living in town. The traditional sale of production "at the marketplace" remains the prevailing form of sale (53.2% in 1996; 67% in 2000). Each producer sells his own products.

The investment behavior of investigated farms is largely characteristic for a survival, and not development, strategy. The agricultural investment taking the highest share is livestock purchase (23.9% of households bought livestock in 1996, only 13.7% in 2000). The financial resources dedicated to investments come mainly (about 65%) from the household members' own savings. The perception of bank as a lending institution is negative.

*Agricultural associations.* Agricultural associations appeared as a result of the concerted action of three main factors: lack of financial capital; macroeconomic background unfavorable to investing in agriculture; and a long-term lack of a legal framework for the land market. Blamed or overestimated, these organizations had an important role in the transition period. During the period 1993–2000 there has been a decrease of both the number of and the land area operated by the associations.

*The agricultural associations as legal entities* are private companies, their capital coming from the free contribution of associated members. Their activity consists in farming business. According to the association's statute the managing staff decides on the organizational and functional structure. The obligations of association are guaranteed by the associated members' contribution; the responsibility of each member is proportional to the contribution made to association, mainly land contribution. In this case, agricultural land is contributed only for use, the members preserving their ownership of land. Membership is quite heterogeneous. The majority lack financial resources and mechanization equipment and live in the countryside. However, there are also cases in which the members live in town. Many associations lease land on an informal arrangement basis, the respective areas ranging from tens to thousands hectares.

From the data collected during the field survey of 1998, it results that:

- 62.8% of association members consider that their association is the successor to a former agricultural co-operative, while 53% say that the association manager is a former chief of agricultural production co-operative,
- 94.6% contributed land to association,
- 42% declare that the main advantage of being association member is "the supply of mechanization services", while for 38% it is "providing an income",
- 42% consider that the main disadvantage of membership is that the obtained income is small and unstable,
- 79% of interviewed members received part of the profit obtained by association in kind, mainly under the form of agricultural products (63%),

- 40% of members know that they have the right to vote in the general meeting of association, while only 36% have already exercised this right.

*The agricultural family associations*<sup>1</sup>, as non-legal entities, are established on the basis of free agreement between two or several families. Membership of association is very heterogeneous; it cannot be confined to a certain pattern: there are persons with different educational backgrounds, of different age, living in rural areas but in urban areas as well. Their main reason for associating is the lack of mechanization means. These associations establish the object of their activity and conditions by themselves. The head of association, who decides on the crop structure in conformity with owned mechanization equipment and keeps contact with suppliers and clients, manages the association.

They conduct activities in crop production, animal husbandry, certain services, etc. In some of these associations, besides their own land, leased in land is also farmed, according to informal agreements. From the data collected during the field survey of 1998, it results that in the case of family associations the main contribution of their members is also agricultural land (96%). Almost 30% declared that their association was established by a person who had his land returned. The advantage of membership in a family association is in the first place “getting an income” (51%), while on the second place it is the “supply of mechanization services” (47%). The main disadvantage of membership in such an association is considered to be that “income is not high enough” (50%).

## Rural institutions

The institutional reform in Romania has lagged behind the economic reform. At present, in rural communities, an institutional crisis can be noticed, impacting upon their modernization and development. The improvement of legal framework, meant to contribute to institutional development, was initiated in 1993 and completed in 1998. There is a wide range of actors involved in rural development:

The governmental sector contains two main institutional structures with tasks in rural development. One of them is the Ministry of Agriculture Food and Forests (MAFF), the main institution responsible for the agricultural and rural development policy implementation. It has a well-developed network at the county and local level. Under its supervision, the SAPARD Agency is in charge of the technical and financial implementation of the SAPARD Programme. There are eight Regional SAPARD Offices which collaborate with the Agricultural Directorates at county level and those, in their turn, collaborate with Local Agricultural Offices.

<sup>1</sup> Known as Family associations were established by Law 36/1991 published in “Official Gazette” no. 97/1991.

The second institution involved is the Ministry of Development and Prognosis, the coordinating body for the regional development policy elaboration and implementation. There are eight Regional Development Agencies subordinated to this Ministry, which are non-governmental and non-profit entities. These Agencies collaborate with the County and Local Governments, as well as with the physical and legal entities. These regional structures are under the coordination of the National Council for Regional Development.

The civil society, supposed to provide balance between government and the private sector, has a low capacity of mobilizing public opinion and influencing governmental institutions. The countryfolk in Romania are characterized by a strong individualistic behaviour, by a lack of trust in others, fear of future and risk avoidance. The civil society, in many cases, receives, directly or indirectly, funding from the state, and consequently, it supports certain interests.

The private sector – entrepreneurs, companies, banks, production associations and so on collaborate mainly at the national level with MAFF and at the regional level both with SAPARD Offices and Regional Development Agencies. At the local level they collaborate with Local Governments and Local Agricultural Centers.

The main constraints concern: centralized decision making process; lack of stable institutions (frequent changes due to political reasons); lack of clear and specific tasks; poor functioning of governmental institutions; poor cooperation among the civil society, public and private institutions; poor monitoring, evaluation and control system; lack of experience (no tradition and staff experts); low involvement of rural population; low involvement of stakeholders etc.

## Rural policy

In the years 1990-1996 there was no explicit rural development policy. The development measures regarding rural communities were comprised in different sectoral strategies. The issue of rural development has acquired an important place both in the academic research and at political decision level mainly under the pressure of Romania's access to the European Union. The official approach to agricultural and rural development issues started in 1997. In 1998, The Green Paper on Rural Development was elaborated under PHARE program. This paper contains a detailed diagnosis and typology of rural areas.

The preparation of the National Plan for Agricultural and Rural Development (1999) began in 1999 and was finished by the end of 2000. This is the basic tool for rural development in Romania, comprising four main development axes: development of competitive agricultural products; improvement of agricultural and rural infrastructure; development of rural areas; development of farmers' professional training.

In 1997 the Green Paper on Regional Development was elaborated with the assistance of PHARE program. We could say that this was the beginning of decision-makers' awareness of the need and importance of the regional development policy. In 1998 the Law on Regional Development was drafted and the main regional institutions were set up. Their tasks are to promote the regional development policy objectives.

The National Development Plan and the Regional Development Plans are the main planning tools for regional policy implementation. They were drawn up between 1999 and 2001. There are seven priority axes of regional development. The agricultural and rural development represents the priority axis number four.

Beginning with 2001, when the Ministry of Development and Prognosis took over the tasks of National Agency for Regional Development, the centralisation of the regional development policy could be observed.

In the area of rural policy the main constraints identified are as follows: no clear understanding of the rural development concept and its implications; poor awareness among policy makers, civil society and rural population; lack of comprehensive rural development strategy; lack of harmonized and coordinated approach; unstable legislation and institutions; low capacity of financial instruments management.

Having in view the requirements of economic and social development of the rural communities in the context of Romania's joining the large European family, the following problems represent the main challenges: the design of a widely supported regional rural development strategy; the establishment of stable and workable institutional structure; the design and development of participatory evaluation and planning methods; strengthening of the decentralization process (larger financial autonomy); the clear and balanced distribution of responsibilities at the national and local levels; promotion of training; organization of the awareness rising campaigns; support for the spread of rural development knowledge.

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