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RURAL POPULATION IN THE CONTEXT OF THE STRUCTURAL CHANGES IN ROMANIAN AGRICULTURE

ABSTRACT

An important dimension of the rural population is given by the subsistence and semi-subsistence agriculture where the large majority of people are over the retirement age. This low cost solution to supplement rural people's incomes or spare their budget from food related expenditure maintains an important number of people in the sector and prevents the farm restructuring acceleration. However, the important candidates for farm restructuring are outside the above-mentioned category, which ensures the continuity of the process. The small and medium-sized farms are large consumers of labour but this consumption has two main characteristics: employs non-remunerated family members and uses large amounts of temporary employment outside the household. At present, rural employment is not considered as a major issue in Romania as semi-subsistence households act as a safety net for the unemployed people.

Key words: labour, rural employment, unemployment, semi-subsistence, households.

JEL Classification: R23.

1. INTRODUCTION

The rural labour markets in Romania have experienced many changes in the transition period. Limited references are looking beyond the effects and causes and attempt to foresee the potential developments based on an extremely large amount of active population. Not a single structural instrument covers during the programming period 2007–2013 the rural social availability and the unemployment given the complementarities of the programs. All forecast models need to operate on the basis of solid data, such as the one provided by the Farm Structure Survey 2007. However there is a consistent need for the interpretation of these data given the social and economic phenomena in order to quantify the potential and justify future directions of assistance, even by policy support instruments. The aim of this paper is to look at the sources and translate the meanings of these elements in plain social-economic language for the best interest of rural development.

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2. TOPICAL REVIEW

The approaches of the Romanian rural population are often used to picture a state of the art of the rural economy, where agriculture is highlighted as being dominant, or the available data is employed to support a certain type of approach linked to an intervention, such as in the case of the rural development programs. Without listing a series of papers and studies, the rural population is either treated as a whole in sociological studies or as a chapter in conceptual approaches to rural development. The statistical data and surveys depict a volume of people and the differences between them. The purpose of this paper is to capture the dynamic and cause-effect relationship, all the while maintaining the importance of the agriculture for reasons which are revealed later in this paper.

3. METHOD

The core source of this paper is represented by the statistical data provided by the Farm Structure Survey 2007, conducted by the National Institute for Statistics, Bucharest, complemented by own calculations complemented by external data from official sources such as the Agency of Payments and Interventions in Agriculture and the observations from the research project SCARLED – Structural change in agriculture and rural livelihoods, under the Sixth Framework Program for Research, Technological Development and Demonstration Activities, for the Specific Targeted Research Project, SSPE-CT-2006-044201. The base method consists of desk research employing all available data, certain cross-referenced for consistency. The scale of the research for the current paper covers the entire Romania. Dynamic elements are underlined where available, with the aim of pinpointing the impact of the structural changes over the rural population and, more importantly, the impact of the rural population over the processes of structural changes in rural areas. The observations and the dynamic elements do not represent trends as the investigated period does not allow conclusions over the recent past nor does it provide sufficient elements to forecast the near future.

4. RESULTS

4.1. Structural analysis and current trends

We begin the analysis by having a detailed look at the farming sector for the impressive dominance the agriculture has in the rural economy. In absolute terms, out of the total number of farms, 324,802 farms, with or without legal status, disappeared in the period 2005–2007. As presented below (Table 1), in this two-year period, the number of individual private farms decreased by 324,238 units, more than 60% of them operating in crop production only, while more than half of the farms with legal status that got reorganized or disappeared were involved in mixed crop and animal production. We can assume that this evolution was merely market influenced, as no consistent policy measures were undertaken for farm consolidation during the investigated period. Another worth mentioning element in the production structure is the fact that while most of the individual private farms are involved in mixed crop and livestock production (83.1%), the farms with legal status focus on crop production (85.6%).

Table 1

Number of farms by production type and legal status, 2005–2007

Farm type	Total		Crop and livestock production		Crop production only		Livestock production only	
	2005	**2007**	**2005**	**2007**	**2005**	**2007**	**2005**	**2007**
Individual private farms	4237889	3913651	3315797	3252011	787607	582396	134485	79244
Farms w. legal status	18263	17699	2532	2231	15311	15152	420	316
Total	4256152	3931350	3318329	3254242	802918	597548	134905	79560

Source: Farm Structure Survey, National Institute of Statistics, Bucharest, 2007.

In terms of size and area we have a split between the individual private farms and the farms with legal status. The detailed situation is presented in Table 2 at the level of size classes. The number of agricultural operations with less than one hectare for the individual farms represents almost 44% of total, but less than 8% of the total area. Half of the private individual farms are sized between 1–10 ha, while only 2.19% have 10–50 ha. The large individual farms over 50 ha represent 0.15% of total! In the case of farms with legal status, almost 70% (68.86%) of the area is concentrated on farms between 1-10 ha. However, these farms represents less than one third (31.19%) from the total number for this type of farms. Less than 20% of total are between 10–100 ha, while over 40% have more than 100 ha. This last size class covers more than 95% of the total area.[1]

The small farms under 1 ha that theoretically do not qualify for direct payments total an impressive number of units, i.e. 1,684,078 private farms and 1,422 farms with legal status covering an area of 649,530.35 ha (DG Agri, 2002).

The data from the Agency of Payments and Interventions in Agriculture for the payments due for 2007 indicate 1,263,510[2] payments in total, which can be considered as eligible farms, meaning more than 1 ha as total area and having plots

[1] Own calculations based on data from the Farm Structure Survey, National Institute of Statistics, Bucharest, 2007.

[2] Own calculations based on the data presented by the Agency of Payments and Interventions in Agriculture.

larger than 0.3 ha. From the data presented above the total number of farms having more than 1 ha is 2,150,329. We can assume that the remaining 886,819 farms have not submitted the payment claims for 2007 on time or they had different irregularities in their claims. However, the statistical difference represents 70% of the total payments made for 2007, although the effective payment occurred in 2008!

Table 2

Number of farms by size classes and area in hectares, 2007

Size (ha)	**Number of farms**		**Area (hectares)**	
	Individual private farms	**Farms w. legal status**	**Individual private farms**	**Farms w. legal status**
< 0.1	273525	19	12888.31	0.68
0.1–0.3	522028	510	90604.28	87.56
0.3–0.5	279085	334	108163.18	123.28
0.5–1	609440	559	437283.05	380.01
1–2	799143	923	1156767.60	1207.35
2–5	963453	2141	3014849.36	7050.04
5–10	297638	2358	2002599.91	14938.65
10–20	68897	1231	908632.21	15595.69
20–30	9156	392	220628.37	9468.86
30–50	5988	571	228861.26	22294.77
50–100	3587	1204	243876.80	89176.79
> 100	2467	7141	541154.22	4626414.26
Total	3834407	17383	8966308.55	4786737.94
Percentages				
< 1	***43.92***	8.18	7.24	0.01
1–10	***53.73***	***31.19***	***68.86***	0.48
10–50	2.19	12.62	15.15	0.99
50–100	0.09	6.93	2.72	1.86
> 100	0.06	***41.08***	6.04	***96.65***

Source: Farm Structure Survey, National Institute of Statistics, Bucharest, 2007 and own calculations.

We shall further notice in this structural analysis the social dimension of this distribution, the number of persons captured in these structures respectively. At the same time, the physical size might not be totally relevant as the production type and the level of production intensification can change the economic size of farms.

With regard to the ownership over the above-mentioned areas, it is important to point out that almost 92% of the total land area is into ownership and only 8.2% is under different forms of rent, out of which almost one third is given free of any charge for farming (DG Agri, 2002).

Although the number of farms including non-cultivated areas, regardless of the type of farm or land property, continued to increase from 2005 to 2007 for most size classes, except for the extremes, the non-cultivated area as surface consistently decreased (Table 3).

Table 3

Changes in non-cultivated area 2005–2007

Size (ha) /Year	Non-cultivated (farm number)		Non-cultivated (hectares)	
	2005	**2007**	**2005**	**2007**
< 0.1	7275	6067	12739.75	5781.66
0.1– 0.3	8059	12429	15377.09	13421.1
0.3–0.5	5504	7808	7838.09	7215.36
0.5–1	15250	17514	16596.86	17352.53
1–2	26939	30845	36547.41	29299.79
2–5	49777	50501	77111.67	45213.96
5–10	16962	21229	29257.88	22052.08
10–20	3381	4869	10501.78	7464.75
20–30	354	403	2077.23	1457.81
30–50	208	243	989.61	949.12
50–100	74	101	1070.18	844.32
> 100	303	249	26161.59	14353.89
Total	134086	152258	236269.14	165406.37

Source: Farm Structure Survey, National Institute of Statistics, Bucharest, 2007.

A total number of 853,637 farms have diversified their activities incorporating non-agricultural activities still related to the agriculture, such as agro-processing, services, crafts, agro-tourism or non-conventional energy production. The individual private farms represent the prevailing type of farms that diversified or converted their activity profile (Table 4).

Table 4

Non-agricultural activities on farms, by type of activity and legal structure in 2007

Non-agricultural activities	**Individual private farms**	**Associations**	**Farms w. legal status**	**Total**
Meat processing	207399	11	97	**207539**
Milk processing	267008	15	101	**267197**
Fruit and vegetables processing	118139	6	31	**118218**
Grapes processing	166544	9	48	**166643**
Mixing fodder	9198	14	72	**9322**
Mincing fodder	8505	16	73	**8652**
Milling (for flour)	6103	27	82	**6227**

Table 4 (continued)

Timber processing	5563	5	19	**5606**
Other processing	3590	7	9	**3622**
Agro-tourism	1753	8	20	**1795**
Services (w. own equipment)	32879	86	377	**33438**
Non-conventional energy production	348	3	2	**355**
Crafts	3786	3	5	**3814**
Aquaculture	751	1	8	**766**
Other activities	20255	22	112	**20443**

Source: Farm Structure Survey, National Institute of Statistics, Bucharest, 2007.

The total number of days worked in 2007 outlines the distribution according to the structure of the farms by size classes with a similar pattern to the number and area of the farms. In this respect, the major consumption of working days for the individual private farms is concentrated between 1 and 10 hectares, while for the different farms with legal status the concentration begins at 50 ha and above. The detailed outline of labour days by status and size classes is presented in Table 5.

Table 5

Number of days worked by legal status and size classes

Size (ha)	**Individual private farms**	**Farms w. legal status**
< 0.1	23631616	1135059
0.1–0.3	33989439	46000
0.3–0.5	21827835	101963
0.5–1	60486268	92731
1–2	108246830	256974
2–5	177238138	423845
5–10	69448754	501365
10–20	19767626	455215
20–30	3390869	264164
30–50	2591877	488235
50–100	1839266	1091251
> 100	1673885	11305357
Total	524132403	16162159

Source: Farm Structure Survey, National Institute of Statistics, Bucharest, 2007.

The educational level of the farm head, of other family members and employees, follows the same pattern, with 95% of them having only practical experience (Table 6). The lack of basic agricultural education explains the current performance levels of productions and the possible orientation towards mixed production rather than towards specialization.

Table 6

Educational level of the farm head in 2007

	Farm head	**Husband/ Wife**	**Other family members**	**Employees**	**Total**
Only practical experience	3696966	13502	24895	953	**3738504**
Basic agricultural education	136750	912	1833	58	**139606**
Complete agricultural education	34949	213	294	82	**35541**
Total	3868665	14627	27022	1093	**3913651**

Source: Farm Structural Survey, National Institute of Statistics, Bucharest, 2007.

If we have a closer look at the number of days worked by the farm head, on private individual farms, by age classes and number of days worked, we get the expected result: most farm heads are old or very old, as presented in Table 7. More precisely, two thirds (67.34%) of the farm heads are over 55 years of age, and even more, 44.77% of the total are over 65 years of age. This distribution could also explain the level of education detailed earlier in Table 5. The large majority (86%) is working more than 300 days/year on their farms.

Table 7

Age and number of days worked per year by the private individual farm head

Age	**Farm head**		
15–19	1267		**No. of days**
20–24	8042	3789	< 10
25–29	38492	12905	10–20
30–34	116565	16878	20–30
35–39	220130	24532	30–50
40–44	231608	84534	50–100
45–49	277159	219354	100–200
50–54	370192	117287	200–250
55–59	442952	60579	250–300
60–64	430156	3328807	> 300
> 65	1732102		
Total	3868665	3868665	Total

Source: Farm Structure Survey, National Institute of Statistics, Bucharest, 2007.

If we examine the individual farm labour in detail, we can notice that the age of the farm head and spouse is concentrated into the upper age classes again, but the distribution by age classes for the other family members is distributed to the lower classes (Table 8). This is explained by the family labor input, children and nephews from the family. The explanation is also consistent with the AWU distribution, pointing out that more than half of the farm heads input less than ¼ AWU per year. The low figures for the other relatives and non-relatives illustrate the seasonal work input.

Table 8

Annual Working Units and age of the private individual farm heads and family/relatives input (persons)

	Farm head	**Husband/ wife**	**Other family Members**	**Other relatives**	**Non-relatives**
Age					
15–24	9431	9623	184198	1384	2701
25–34	157440	125129	268849	2253	6738
35–44	455043	245348	250468	2571	8147
45–54	651671	301416	162884	2485	9280
55–64	878310	379951	77698	1787	7357
> 65	1761756	378446	47476	1829	4135
AWU					
0–25%	2216494	609615	498796	6160	17998
25–50%	1033323	547371	330120	3936	12362
50–75%	389131	182857	95521	1174	4109
75–100%	231676	85281	58371	938	3200
100%	43027	14789	8765	101	689

Source: Farm Structure Survey, National Institute of Statistics, Bucharest, 2007.

Table 10

Number of farms with days worked by the farm head, husband/wife and non-relatives in 2005 and 2007

Number of farms						
	Farm head		**Husband/Wife**		**Non-relatives**	
Size (ha) /Year	**2005**	**2007**	**2005**	**2007**	**2005**	**2007**
< 0.1	549181	352769	259541	78957	5313	1610
0.1–0.3	474162	522028	203853	115505	6646	3323
0.3–0.5	283145	279085	125955	71534	4078	1612
0.5–1	677761	609440	322464	190006	9839	4198
1–2	868918	799143	450507	320964	12742	6194
2–5	1011819	963453	558964	457095	13393	9792
5–10	286987	297638	165606	154410	5254	4131
10–20	64514	68897	38497	37895	1348	1411
20–30	9747	9156	6480	5627	451	338
30–50	5521	5988	3618	4074	338	232
50–100	3919	3587	2259	2324	245	192

Table 10 (continued)

> 100	2215	2467	1465	1507	287	201
Total	4237889	3913651	2139209	1439898	59934	33234
Persons						
< 0.1	549181	352769	259543	78957	5811	1995
0.1–0.3	474162	522028	203853	115505	7192	3326
0.3–0.5	283145	279085	125955	71534	5056	1706
0.5–1	677761	609440	322464	190015	11311	4624
1–2	868918	799143	450507	320965	16032	6751
2–5	1011819	963453	558964	457096	17767	11410
5–10	286987	297638	165606	154413	8220	5404
10–20	64514	68897	38497	37896	1954	1670
20–30	9747	9156	6480	5627	644	451
30–50	5521	5988	3618	4074	580	346
50–100	3919	3587	2259	2324	406	331
> 100	2215	2467	1465	1507	598	344
Total	4237889	3913651	2139211	1439913	75571	38358

Source: Farm Structure Survey, National Institute of Statistics, Bucharest, 2007.

A very detailed evolution of the number of farms and persons on the individual private farms in 2005 and 2007 by size classes is presented in Table 9, with the total summarized in Table 10. It is a surprising positive fact that the farms with areas ranging from 30 to 50 ha and over 100 ha increased by almost 10% in two years, while the small farms, with less than 5 ha decreased in number. While the total number of farms was down by less than 8% in two years, the number of active persons in farming decreased by 25%, releasing more than two million people! The total number of days worked decreased by almost 15% in 2007 as a result of the previously mentioned changes. We can only assume that the agricultural activity was a secondary activity for that volume of people as no social pressure was manifested in the rural area in the investigated period. In fact, the over 220,000 farms with less than 1 ha that disappeared by 2007 took away more than one million people, the difference coming from the 1–10 ha category.

Table 10

Total number of farms, persons and days worked by the farm head, relatives and non-relatives in 2005 and 2007

	Farms		**Persons**		**Days**	
Size (ha) /Year	**2005**	**2007**	**2005**	**2007**	**2005**	**2007**
< 0.1	549181	352769	958147	467811	36090048	23160908
0.1–0.3	474162	522028	832773	687212	38209823	32607340
0.3–0.5	283145	279085	518607	387249	24960181	20926028
0.5–1	677761	609440	1276785	912851	72228812	57581681
1–2	868918	799143	1765667	1341594	124122581	102385435
2–5	1011819	963453	2224289	1799534	191732331	164652809

Table 11 (continued)

5–10	286987	297638	657385	601362	66411259	63194495
10–20	64514	68897	150081	148901	16261099	17249125
20–30	9747	9156	23487	20771	2810397	2717405
30–50	5521	5988	13320	14398	1666682	1959196
50–100	3919	3587	8971	8215	1127525	1170848
> 100	2215	2467	5876	5906	875735	907052
Total	4237889	3913651	8435388	6395804	576496473	488512322

Source: Farm Structure Survey, National Institute of Statistics, Bucharest, 2007.

Analyzing the agricultural employment presented in Table 11 and summarized in Table 12, we can notice the above-mentioned diminution trend. In the period 2005–2007, 286,339 people were released from the farming activity, 97% of them being former temporary employees. The largest part of these came from the farms with less than 10 ha, and the effect was four times higher for the class 1-10 ha than for the class with less than 1 ha.

This is the summarized picture of the agricultural employment situation in 2007: a total number of 3,931,350 farms, 99.54% in individual private farms and 0.45% in farms with legal status, represented a work place for 6,467,571 people, 98.92% on individual private farms and 1.07% on farms with legal status. Out of these figures, a total of 4,716,969 had the status of employees, 4,645,202 temporary employees (98.47%), 52,975 permanent employees (1.12%) and 18,792 farm heads (0.39%). This situation allows the consideration of 71,767 work places as permanent employment, representing only 1.5% of the total employment in the agricultural sector (DG Agri, 2002).

Table 11

Number of farms with employees in 2005 and 2007 by size classes

Farms						
	Farm head		**Permanent employees**		**Temporary employees**	
Size (ha)/ Year	**2005**	**2007**	**2005**	**2007**	**2005**	**2007**
< 0.1	704	348	255	213	25636	19088
0.1–0.3	701	731	60	52	74873	81496
0.3–0.5	417	349	47	59	62712	61682
0.5–1	690	629	90	81	173462	160481
1–2	965	993	130	225	275851	263681
2–5	2335	2564	340	357	383465	362176
5–10	2625	2529	371	435	122406	124066
10–20	1404	1269	323	333	27887	30660
20–30	383	409	157	184	4974	4650
30–50	489	573	265	291	3128	3728
50–100	1024	1219	535	690	2998	2750
> 100	6685	7179	3483	4010	4896	5234
Total	18422	18792	6056	6930	1162288	1119692

Table 11 (continued)

Persons						
< 0.1	704	348	6801	4764	42065	33031
0.1–0.3	701	731	1103	124	162450	173617
0.3–0.5	417	349	79	422	152705	155720
0.5–1	690	629	303	239	521012	465032
1–2	965	993	407	1071	1052639	953880
2–5	2335	2564	1499	1221	1840379	1758732
5–10	2625	2529	1248	1467	708269	662993
10–20	1404	1269	1924	1434	195953	200478
20–30	383	409	1018	837	44148	40910
30–50	489	573	1393	1445	31608	32953
50–100	1024	1219	3119	3353	43811	33254
> 100	6685	7179	42012	36598	128941	134602
Total	18422	18792	60906	52975	4923980	4645202

Source: Farm Structure Survey, National Institute of Statistics, Bucharest, 2007.

Table 12

Total number of persons and days worked by farm employees in 2005 and 2007 by size classes

	Persons		**Days**	
Size (ha) /Year	**2005**	**2007**	**2005**	**2007**
< 0.1	49570	38143	2179655	1605767
0.1– 0.3	164254	174472	1271523	1428099
0.3–0.5	153201	156491	999572	1003770
0.5–1	522005	465900	3461449	2997318
1–2	1054011	955944	7249934	6118369
2–5	1844213	1762517	15419913	13009174
5–10	712142	666989	7378245	6755624
10–20	199281	203181	3184167	2973716
20–30	45549	42156	992248	937628
30–50	33490	34971	1259637	1120916
50–100	47954	37826	1884019	1759669
> 100	177638	178379	14142796	12072190
Total	5003308	4716969	59423158	51782240

Source: Farm Structure Survey, National Institute of Statistics, Bucharest, 2007.

The national labour statistics for 2007 totals 9.994 million people as total active population, out of which 4.5 million in the rural area. The total occupied population amounts to 9.353 million people, out of which 4.281 million people in the rural area. The ILO unemployment statistics for the rural area accounts for 0.219 million compared to the urban area – 0.422 million.[3] There is a relatively large difference between the statistical sources, as if we only consider the employed persons from above they exceed the total active rural population by more

[3] Romania in Figures 2009, National Institute of Statistics, Bucharest, 2009.

than 0.2 million people. The large number of temporary employees that are not all recorded by the Labour Offices can explain this difference from a total rural population of 9.6 million people in 2007.

The social protection expenditure operated with a national average of 321 ROL/month in 2007 for the formerly employed persons and 180 ROL/month for the fresh graduates. The agricultural retired pensioners (0.932 million people) had an average of 159 ROL/month in 2007, compared to an average of 434 ROL/month for other professional categories. The net income as salaries for agriculture, hunting and forestry averaged 748 ROL/month, while in fishing and aquaculture the average was 586 ROL/month. Among the other professional categories, only services in hotels and restaurants are lower than the above two mentioned; compared to the public administration average, the agricultural wages are almost three times smaller (NIS, 2008).

4.2. Farm restructuring opportunities

The central opportunity for the structural changes in farming is currently represented by the National Rural Development Program 2007–2013 (NRDP). Opened in February 2008, NRDP offers grounds for the "natural" processes of restructuring by supporting the competitiveness of the farms by direct investments, setting-up aids for young farmers and other specific measures. The appropriateness of these measures for the current situation of Romanian agriculture should not be the subject of the present analysis. However, in order to avoid any misinterpretation of the progress made, we have to emphasize the fact that most of these measures are new, as type of support for the Romanian farmers and the entire institutional and procedural set-up requires time to be understood. The newest part of the public support for agriculture is represented by the disbursement of the certified expenditure that in combination with the limited access to the financial instruments (by failing to comply with the requested bank guarantees) prevents a certain part of interested farmers from developing by using the available policy support.

The PNDR Axis 1 has consistent support for the following types of actions: 265.8 MEUR for setting-up young farmers, 991.8 MEUR for direct investments for farm modernization, 476.1 MEUR for semi-subsistence farms, 476.1 MEUR for infrastructure for the development of agriculture and forestry, 1071.2 MEUR for adding value to the agricultural and forestry products, 71.4 MEUR for early retirement (starting in 2010), 198.4 MEUR for enhancing the economic value of forests and 138.8 MEUR as support for the establishment of producers' groups. Complementary, Axis 3 comes with 371.1 MEUR as support to the establishment and development of micro-enterprises, 544.2 MEUR for encouraging the tourism activities and 1546.1 MEUR for village renovation and development[4]. The above-mentioned amounts cover the entire programming period 2007–2013.

[4] The National Rural Development Programme 2007–2013, Third Version, Ministry of Agriculture and Rural Development, Bucharest, March, 2009.

Until early October 2009, a total number of 16,147 projects had been submitted for evaluation, out of which 9,414 were selected and 8,218 projects were contracted or they have a financing decision. The most attractive measures so far were Measure 322 – village renovation and development, addressing mainly infrastructure projects, and Measure 121 – farm modernization. The first mentioned measure (322) totalled 3,039 projects submitted for a total public expenditure of 7429 MEUR! Only 291 projects were selected and further contracted for 800.797 MEUR. The second mentioned measure (121) had 4.530 submitted projects for a public expenditure of 1525 MEUR and only 1260 projects contracted for 359.231 MEUR. In most cases the limitation for contracting is given by the annual projected budgets for each measure and not by the poor quality of the project applications. At the same time, this situation represents a serious reserve of projects for the further calls to come.[5]

One of the measures of high interest for the restructuration of the agricultural sector, namely support for setting-up young farmers (121) was recently opened and has had 506 contracts or financing decisions so far, for an amount of 10.177 MEUR. The early retirement measure is also of utmost interest, and it will be launched in 2010.

The projections we can make about the impact of these measures, which are currently in an early stage, can lead to the expected results by shifting from the concentration from the elderly people managing the farms at present outside the sector and counting on young newcomers. There are however certain elements to take into consideration, which can deform the natural process or replacement. One important element refers to the position of power that the farm head has in the family. Giving up this position in terms of title and property to the next in the family or outside the family practically fully marginalize the individuals in question. As their number is relatively important today, one should be able to evaluate the impact of this change in terms of progress and especially in terms of employment.

A second aspect is related to the recipient of the ownership transfer. If the farm is subject of ownership change inside the family, is it the first or the second generation to receive it? Both recipients have, in most situations, a main income source outside the farm. Will the ownership transfer and the policy support for young farmers motivate the younger generation to undertake the farming activity on a full-time basis? Or the ownership transfer will rather go to the next generation without any transfer support, no development of skills by specialized training or education and the only variable changing being the age of the farm head? As these processes have just begun in Romania, it is by far too early to design accurate projections.

The farms that are moving away from the semi-subsistence status as a result of the policy support will most probably grow inside the category 1–10 ha. In terms

[5] Report on submitted projects by sessions 09.10.2009, Management Authority for the National Rural Development Programme, Ministry of Agriculture and Rural Development, Bucharest, 2009.

of income, this segment will grow as the support measure indicates this development as compulsory. If this growth is based on absorbing other semi-subsistence or subsistence holdings, the needs for compensating the former income and self-consumed productions will require an increase in alternative incomes or a new employment. Those families remaining in subsistence situations will continue to produce agricultural goods for their own consumption. One characteristic of these households is the flexibility in increasing the production level as a secure option for crisis moments. The only argument in favour of this statement is represented by their long time existence and resilience.

At this same level, but including the small farms outside semi-subsistence, we can notice an informal dimension of crediting. Any legal status acquired by these units will eliminate the possibility for informal loans that temporary solved eventual negative balances. The input of remittances in the family budgets, although currently decreasing given the financial and economical crisis are also informal inputs used for production or small investments possible outside the legal status farms. At the same time, any policy support requires the achievement of a legal status for the applicants.

If we take into consideration the agricultural households with less than 1 ha (1,684,078 private farms and 1,422 farms with legal status) covering a total area of 649,530.35 ha we can estimate a massive release from the farming activity of an impressive number of former farmers seeking additional income or employment. We can also assume that most of them are getting closer to, already reached or are beyond the retirement age, as 1,761,756 farm heads are already over 65 years of age. In this situation, the farming activities will continue to ensure a cheap consumption for them and their families. However, if only one third of the figures mentioned above are actively seeking jobs in the rural or urban areas, we practically double the unemployment (0.575 million in 2008) (NIS, 2008).

The most dynamic segment in terms of restructuring remains the 1–10 ha class, where the potential to grow is higher, considering that the absorbed farms can significantly contribute to the physical and economic growth of the initial farms. In this class, more than 50% of the private individual farms own almost 70% of the area (Table 2) and therefore we can consider them as the restructuring reservoir. On the other hand, the number of farms with non-cultivated area for the same class increased by 10% in the period 2005–2007, while the area decreased by almost 50% (Table 3). At the same time, in the 1–10 ha segment, we can find over 2 million people in 2005, out of which over 100,000 left by 2007 (Table 9).

The most part of the elements presented so far do not create rural employment but rather enhance the grounds for competitive agriculture. Certain interventions can release further active people currently working in agriculture who will seek jobs in the rural area. Certainly, investments in modernization can create employment even on a permanent basis, but the estimations for these new work places do not appear to be the solution for capturing more permanent employees in a sustainable manner. On the other hand, converting the temporary jobs into permanent employment might not always be possible, depending on the tasks to perform and the readiness of the employer. The diversification of the farm activities as presented in Table 4 shows an impressive number of farms with other gainful activities still connected to the agriculture – 853,637 units. This type of development generates employment creation, as new jobs are required for processing or services. With the growth of these new activities in economic terms, by means of intensification, the area of the initial farm can be released towards other farmers if the current activities prove more efficient in terms of income compared to farming. This potential process has two advantages: it can release land for farming extension and creates employment.

Other sectors, such as services and industry, can create important employment in rural areas, yet infrastructure remains the main constraint. By infrastructure we mean the presence of the infrastructure elements as well as their quality. We have seen earlier an impressive demand for infrastructure projects in less than two years after the opening of the National Rural Development Program, 3,039 projects being submitted for a total public expenditure of 7429 MEUR. Most of these projects aimed to enhance the infrastructure elements for improving the quality of life in those respective rural areas, and also to increase the attractiveness for business. Industrial implantations in urban centers absorbed the active rural population from large areas, resulting in zero unemployment, such as in the case of Timis County, located in the western part of Romania.

One important factor up streaming the restructuring and absorption of the small farms is represented by the direct payment system. The non-cultivated area diminished by over 70,000 ha in the period 2005–2007, and was expected to further diminish in 2008 and 2009. This can induce resistance for small properties where the farm heads have their main cash incomes from social transfers.

5. CONCLUSIONS

The restructuring process in agriculture with all its troubled recent history continues as a “natural” process. The land property restitution, otherwise a delayed process achieved in steps, which rather prevented than stimulated the farm consolidation, initiated the farm restructuring. The different attempts of forcing the structural changes by legal regulations failed prior to Romania’s accession to the European Union, as private property can no longer be structured by public will only. The resistance to the process has different sources, from income-related arguments to historical and cultural values of the property. However, the progress is ongoing and yielding results, even on short term.

The rural employment as formal institutionalized employment does not capture the entire rural active population in the standard statistics as proved by the difference between the data from the Yearly Statistical publications of the National Institute for Statistics and different specialized enquiries addressing rural areas or the non-urban activities. The different migration waves from the urban to the rural areas, as a result of the industrial collapse in the ’90s, continue to be a social burden for the rural area. Nowadays, the migration balance continues to be positive for the rural areas in terms of incomers, except for the youngest categories.[6]

Most small and medium-sized private individual farms are self-employing the farm head and using non-remunerated family labour from the other family members. This cheap solution to produce agricultural goods on small plots for self-consumption allows a number of elderly persons to survive with small pensions and reduced social transfers. Most likely, this category will resist the restructuring driven by economic interest. Their farms will become subject of restructuring after the farm heads agree to give up the land or after they disappeared as individuals. However, the restructuring resources are outside this category where the area size is more important. The farm restructuring inside the agricultural production without diversification has chances to produce low employment as the incremental growth rarely employs extra labour.

The diversification of the agricultural activities represents an important employment source, especially in agri-processing and services. This category has an important potential and experienced significant growth and benefits from consistent support for development from public funding. Most likely, the job creation through rural economy diversification will absorb and retain an important number of rural active persons.

The non-agricultural jobs in rural areas are still dependent on the business environment development, closely linked to the development of the physical infrastructure and the improvement of its quality.

A greater attention could be paid to the public measures addressing training in order to transfer basic agricultural knowledge to employers as well as to employees. A special emphasis could be given here to the temporary employees and their formal institutionalization as labour. The authors believe that the farm restructuring process will capture and develop more employment as the economic size increases by hiring temporary employees as permanent staff.

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