

SUBSISTENCE AND SEMI-SUBSISTENCE FARMS SECTOR IN ROMANIA

Daniela MĂRĂCINE

PhD Student, Economics II, The Bucharest University of Economic Studies, Romania

Email: Maracine.danielaa@gmail.com

Abstract

The current rural development policy from 2014-2020, both at national and European level, affirms and supports the strengthening of the agricultural family sector as a guarantee for food security and safety and for maintaining rural social structures. During this programming period it is considered that subsistence and semi-subsistence farms can contribute to the dynamics of the territory, spatial planning and valorization of disadvantaged areas, promotion of local traditions and preservation of biological and cultural heritage. Family farms remain the best means for ensuring sustainable management of natural resources and biodiversity and preserving authentic rural life and sustainability of food production.

Keywords: *Subsistence farms, semi-subsistence farms, agricultural development*

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Introduction

Romania is characterized by an agrarian structure based on extreme duality with a small number of large farms and too many small farms. This is confirmed by the distribution of farms by physical and economic size and by the EU perspective which shows that we have total “medium” agricultural land on the one hand and a high number of farms on the other, which determines an average size of 3.45 ha/farm in 2017. Accordingly, the share of family farms reaches huge quotas. But the exploitation of opportunities is limited by the current agrarian structure on the basis of which the Romanian land market and the family farm sector operates. Being characterized by an average size of 3.5 ha after data provided by EUROSTAT in 2017, subsistence and semi-subsistence farms are well below the European average where the average size reaches even 12 ha in developed countries (Bíró, 2017), the peripheral place of Romania being accentuated.

Due to the lack of legislative changes so necessary for the agricultural land exploitation structure in our country, extreme polarity and excessive fragmentation are still maintained as an impediment to the development and increase of the competitiveness of the sector (Luca et al., 2012). In the last decade, there have been very slow increases in the average size of subsistence and semi-subsistence farms by 0.3 ha (Jitea et al. 2014, Alexandri and Luca, 2016, Alexandri and Luca, 2018). Neglect of national agricultural policies towards the family farm sector leads to insufficient support for this type of farms and is supported only by the first pillar of the Common Agricultural Policy. Pillar II also excludes these farms, thereby slowing the sector's development process. All this causes small and very low agricultural incomes that cannot provide a decent living for farmers. In most cases, family farms differ significantly from small farms in the EU-15 in that they do not have a bridge to the market and thus are stuck in a difficult process of dealing with the outside environment. Also, jobs that do not involve agricultural activities are very limited. In this context, there is a need at national level for current agricultural policies that can effectively manage resources and the

present situation. The transition from family to medium-sized farms is essential for Romania. These problems faced by our country are also determined by the fact that the rural area continues to be the main provider of income for many households, being characterized by the absence of complementary sources of income or non-agricultural jobs. These jobs are necessary for the Romanian countryside because they create a social safety net that can provide food for both production and urban households. The family farm sector also provides environmental public goods. The literature also highlights other potential roles of small and semi-subsistence farms, such as: the provision of environmental public goods. In 2012, Otiman analyzes deeply and thoroughly the agrarian structure of Romania, which he calls a large and unsolved economic and social problem. Research is based on a root analysis of the agrarian structure as an essential factor in the development of current agriculture taking into account the period of the great agrarian reform from 1921 until now. The same researcher also addresses the issue of average family farms, reaching the following important conclusions:

- each type of agricultural holding will have a subsistence, commercial or technical role;
- each type of agricultural holding will have its well-established place in the national agrarian structure;
- each farm will aim to achieve the optimum of the economic and social dimension;
- for each agricultural holding it is necessary to identify an appropriate method of financial support that determines the operation on the principle of profitability;
- each farm will have its own management system.

Research methods

- Analysis of data provided by Eurostat;
- Qualitative method;
- Data observation.

Subsistence and semi-subsistence farming sector in Romania

The analysis of the Romanian agrarian structure concludes that besides the economic approach of the problems of productivity and efficiency, the problems of the family farm sector must be regulated by designing policies that take into account the social aspects of the Romanian rural. The value of the standard production that determines the economic size of farms as well as the unsatisfactory evolution of the destruction of agricultural exploits in terms of the physical size expressed in hectares, an image of the Romanian agriculture dominated by a very large number of farms of less than 2 ha and less than 2000 SO 70% respectively. This type of farms use only 18.60% of the total agricultural area used, and the rest is used on the one hand by large farms holding more than 100 hectares and representing only 0.36% of the total agricultural holdings and very large farms using 12.06% of the total area and representing 0,03% of the total agricultural holdings in Romania.

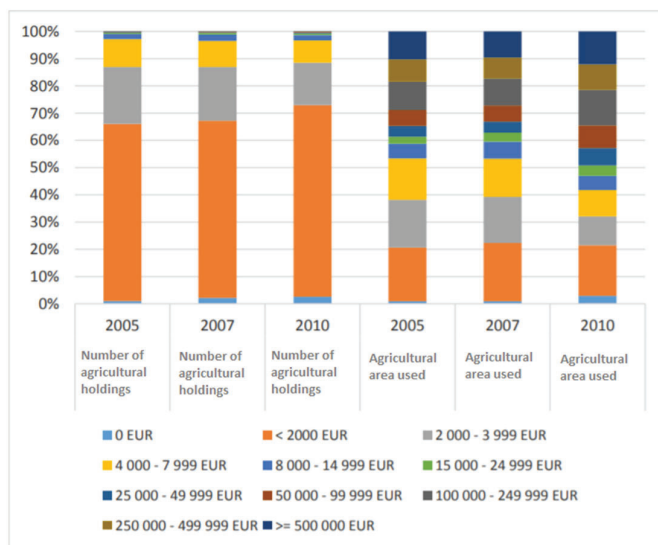
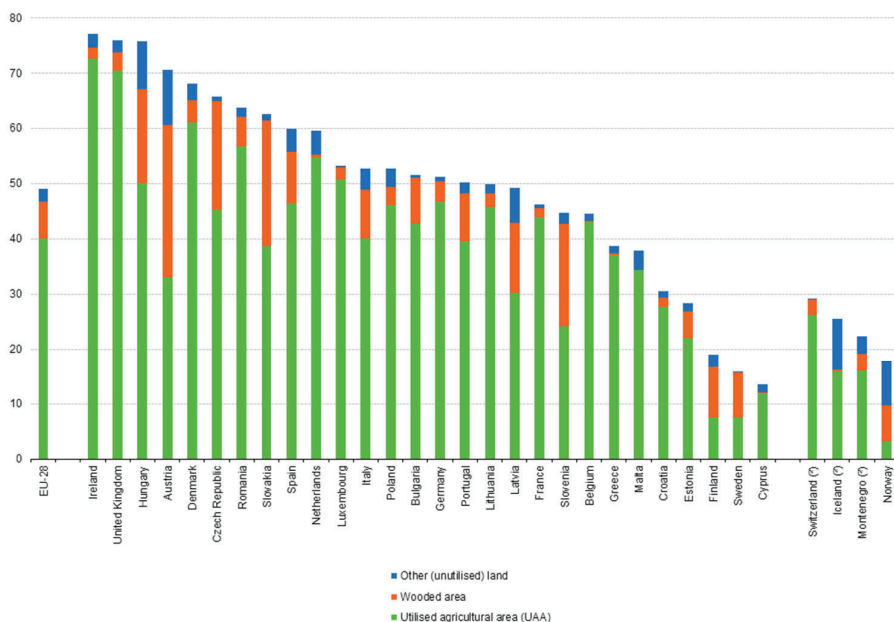


Figure 1. Evolution of the distribution of agricultural holdings in Romania and of the agricultural area used by economic dimension (SO) of farms
Source: calculations based on EUROSTAT data

As the total analysis of the Romanian agrarian structure shows, the small and very small agricultural holdings predominate the Romanian rural landscape and employment is in most cases of family type, ensuring the most mustish times the production for own consumption (Cezanu, 2011). Various research show that out of 3.7 million farms, 3.3 can be considered subsistence or semi-subsistence farms, which is injuriating to the national economy and an important impediment to Romania's competitiveness growth.

Comparative study between the family farm sector in Romania and the EU member states

Statistical data provided by the European Commission show that in 2016, in Romania there were over 10.6 million farms in the EU-28, of which 59.8% carried out a standard production of over 2000 euro. In most EU Member States, the agricultural area used was 175 million hectares, with an average area of 16 hectares per farm representing 40% of the total land area. The largest used area is occupied by agricultural holdings in Spain and France by 13.3% and 15.9%, and the third and fourth places are occupied by the UK and Germany with an area of less than 10%. Although the area used is larger in other member countries, Romania was at the top of the ranking in terms of the number of agricultural holdings with over 3.6 million farms. Compared to Romania, Poland has a share of 13.2% while Italy and Spain are between 9 and 8.7%.



(*) Denmark, Germany, France, Italy, Hungary, Poland, Portugal and Montenegro: as a share of total area instead of land area. EU-28: as a share of the area based on a sum of the available data for total area or land area for the Member States.

(*) 2010.

Source: Eurostat (online data codes: demo_r_d3area and ef_olult)

Figure 2. Use of the agricultural areas

Source: EUROSTAT

The average size of agricultural holdings is determined by the difference in proportion between the percentage of the number of farms and the agricultural area used. In 2016 the Czech Republic was the country with the largest average used area of agricultural holdings, the area of 133 hectares, followed by the UK with an average farm area of 94 hectares. The smallest average areas were recorded in Romania, Malta and Cyprus. In 2013, compared to previous years, there was an increase in the average size of agricultural holdings in the EU-28 of 14.4 hectares\ holding, and in 2016 there was a 3 percent increase in the used agricultural area. Most emerging countries recorded more than 0.7% decrease in the area, but the Czech Republic was paradoxically the only one with the largest decrease, even lower than in Greece and Ireland.

Calculation of the economic dimension is a process of particular importance and is achieved by addressing and reporting to standard production (value of agricultural production as price of the finished product). The price of the product represents a benchmark and increases in the last decade by 7.9% in 2013 and 7.5% in 2016. During this period, in most European countries, increases in agricultural production have been recorded, with the exception of Greece and Cyprus, in which major decreases have been reported. Sweden remains the only country with constant agricultural production, and Latvia was the only Member State to increase in both periods. 2016 reports a total of 9.5 million work units, and in terms of employment 92% of workers, 8.7 million are permanent workers.

The various legislative and policy changes governing the family farming sector in Romania's agrarian structure have led to significant variations in most Member States, in some even with disastrous effects, where the workforce is reduced by almost a third. After the accession period, Romania recorded increases in the workforce where permanent workers consumed 4/5ths of the agricultural sector. The difference between full-time workers and the number of other workers varied from one Member State to another, with permanent workers representing more than 53% of the agricultural workforce in the 11 Member States, whose ranking is headed by Luxembourg by 74% of workers permanent. If the record was held by such a small country, at the opposite pole were Lithuania, Croatia and Austria, where there was a decrease of up to 7%, as in Romania. In terms of livestock, in 2016 the European Union owned more than 140 million livestock units (LU), which has undergone various changes influenced by policy changes and the threshold of financial support from national rural development programmes and the reforms in agriculture.

Development of agricultural holdings

The present chapter is a comparative analysis of the evolution of agricultural holdings from the national start to the accession agreement to the European Union. Comparative analysis is carried out on the basis of the social, economic and political evolution of the country. As reference periods, the analysis aims to run around the interwar, post-war and post-revolutionary period. The first reference period (interwar period) covers Romania's situation after the 1921 agrarian reform and marks the beginning of World War II (1918-1940). After the lawmaking of the agrarian reform in 1921, agricultural holdings in Romania surpassed the structures of the Middle Ages entering a new era of development. The land reform was carried out on the basis of 4 separate laws that were developed for each province or group of provinces according to their characteristics and conditions. The set of 4 laws was followed by the emergence of various regulations on procedures, working methods and norms in order to mitigate the bipolarity of financial structures, especially agricultural ones that owned at the moment 0 50% over 100 hectares occupying half of the area agricultural territory of the country. The reform envisioned the ownership of all landless peasants and those entitled by law and their expropriation. The minimum limit at which the expropriation was carried out was generally 100 hectares, varying drastically by exception towards much higher levels in some provinces (250 ha and more), depending on the usage mode, the need for ownership, the volume of investments, etc. In this way were expropriated (according to *l'Agriculture en Roumanie - 1927*) about 6 million hectares attributed to 1.4 million farmers, returning 3.6 hectares farm/family respectively 2.8 arable per family with variations from one province to another. Thus, the average agricultural area for a single land oscillated between 4.4 ha in Transylvania and 0.7 ha in Bucovina, while the arable area between 3.5 ha in the Old Kingdom and 0.6 ha in Bucovina (Otiman, 1999, p. 396).

The land available to the agricultural holdings after the first land reform has largely undergone insignificant changes. Despite the global economic crisis (1929-1930), the size of the land worked continuously increased due to grubbing-up and deforestation, and finally on account of other non-agricultural land (fallow, roads, water, construction, unproductive land). Thus, agricultural land increased as a share on the entire area of the country from 55.6% in the period 1923-1927, to 66.3% in 1938. These changes occurred mainly bin the cause of the demographic factor. One inhabitant had an average agricultural area ranging from 1.14 ha to 1.27 ha. Regarding the post-war period, the present research analyzes the two major stages: the first, 1945-1962, during which private family farms were abolished, and the second, 1963-1989, represents the last stage of the ethatization and collectivization in agriculture.

The first period is called the period of the statization. After the Second World War, the national agricultural land fund amounted to 14714.2 million ha, representing about 62.0% of the country's total area compared to 66.3% in 1938, as a result of the fact that all the territories lost by Romania included at that rate in higher proportions. agricultural areas.

Following World War II, with the establishment of the first communist government (March 6, 1945), a policy of liquidation of existing family farms is initiated, based on the Marxist ideology and their restructuring according to the model of the sovkhozas and colkhoz Soviet. This process started, in a legal aspect, through the "Law 187 for the accomplishment of agricultural reforms", published in M. no. 68, of 23 March 1945) 2 million hectares of which about 1 million ha of communities (Transylvania-meadows) and about 400 thousand for public interest. In addition to expropriation of areas of agricultural land exceeding 50 ha/agricultural holding, which were to be distributed to peasants who did not own land or had little land (under 5 ha), legalize the possibility of confiscation of land as well as the establishment on the respective land of farms: teaching farms, outbuildings related to industrial enterprises, experimental units, etc. This restructuring process of agricultural holdings took place on two seemingly distinct plans, 'etatization' and 'collectivization', but even if they did not start simultaneously, the stages potentiated each other.

As a result, the state property sector reported increases from insignificant values at the end of the war to 1.8 million ha in 1962 (at the time of the end of the collectivization process) and finally to more than 2 million hectares, representing more than 22% of the entire agricultural area worked. State agricultural households at that time held 64.9% of the area and played a key role in the agricultural sector. The rest up to 100% went to research institutes, teaching farms, agricultural research resorts and party households.

The period 1945-1962 was marked by the powerful process of statization, based on the transition into state ownership of a large part of agricultural land of high quality. This is also demonstrated by the disposal of machinery and installations, tractors and agricultural machinery to the state. The new structure of the property of the land market is largely private and ensures the proximity of the Romanian agricultural sector to European requirements. Due to this, agricultural holdings have increased in percentage and in economic dimension, whether public or private ownership. The end of the reference period is characterized by an agricultural holding of 4,5 million, including land owners, whether or not livestock.

Of these, the overwhelming majority, more than three parts (75.8%) are those with agricultural and livestock areas, followed by agricultural areas (20.1%) and livestock (4.1%). The eradication of this bipolarity as a characteristic of agriculture as an essential goal of the Agrarian Reform of 1921, achieved and consolidated over the next two decades, was annihilated, returning to an even broader bipolarity situation than the reference one. The great latifunds, after the period in which they were restricted and then abolished by the 1945 Reformation, returned in force, today standing at over 10 thousand units and holding almost ½ of the agricultural area, with an average size of over 700 ha compared to the old feudal estates that had a much smaller average size (about 550 ha).

Conclusions

In the view of European rural development policies, the family farm sector guarantees food safety and security, protects the natural environment and reduces the phenomenon of rural poverty. In the European countryside, they are found in several forms: very large family farms (> 100 hectares), medium, small commercial farms (semi-subsistence farms) and subsistence farms (own consumption). Regardless of their type, farms are encouraged to adopt techniques/practices for sustainable production intensification and improvement of rural livelihoods through financial support from various development programmes. The role of the family farm in the local rural economy is essential and its involvement in the actions specific to rural sustainable development is achieved through rural development measures aimed at:

- the creation of a new middle class specific to the sustainable economy by financially supporting investments in medium size and subsistence farms to integrate production into the processing sector by creating short supply chains;
- modernization and consolidation of family farms by: supporting investments in the agricultural sector for the installation of young farmers;
- granting payments under the scheme for small farmers to those who permanently transfer their holding;
- supporting forms of knowledge transmission and skills building on modern and innovative methods of processing and marketing of agricultural products (including short supply chains);
- making available free of charge model projects for vegetable farms (horticultural crops) and zootechnical (dairy cows, breeding and fattening of pigs and laying poultry farms);
- supporting family farms using environmentally friendly practices through compensation payments to farmers who voluntarily undertake to adopt and maintain organic farming methods, to comply with agri-environmental commitments and to continue their work in areas experiencing natural or specific constraints.

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