



## Viewpoint

# Similarities and dissimilarities between the EU agricultural and rural development model and Romanian agriculture. Challenges and perspectives



Constantin Ciutacu<sup>a</sup>, Luminița Chivu<sup>a</sup>, Jean Vasile Andrei<sup>b,\*</sup>

<sup>a</sup> National Institute for Economic Research 'Costin C. Kiritescu', Romanian Academy, Casa Academiei, calea 13 Septembrie nr. 13, sector 5, Bucharest 050711, Romania

<sup>b</sup> Faculty of Economic Sciences, Petroleum and Gas University of Ploiesti, B-dul Bucuresti, No. 39, 100680 Ploiesti, Prahova, Romania

## ARTICLE INFO

## Article history:

Received 26 May 2014

Received in revised form 27 July 2014

Accepted 8 August 2014

## Keywords:

Common agricultural policy

Farmstead structures

Financial support

Inputs

Outputs

Agricultural added value

## ABSTRACT

The main aims of this study are to highlight the differences and the similarities between the European model of agricultural and rural development, and the state of play in the Romanian agricultural sector. Statistically speaking, the agricultural sector's indicators of the past two decades place Romania outside the family picture of the EU countries, with very slight resemblances, and very strong discrepancies between their economic, technical, and institutional characteristics. At present, competition-wise, farming and farmers in Romania are still strongly disfavoured in relation to their competitors in the old EU Member States. In Romania, the economic and institutional mechanisms have most often been devised to the disadvantage of agricultural production, by claiming that subsistence farming would be the sustainable way, and by channelling the added value to other sectors. An option to continue the agricultural policies of the past decades and to abandon the national support lent to agriculture would be particularly risky through its unpredictable and incalculable social and economic effects.

© 2014 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-SA license (<http://creativecommons.org/licenses/by-nc-sa/3.0/>).

## Introduction

Along the history of mankind, the evolution of agricultural production has followed the global trend of turning all natural produce and processes into highly prefabricated goods, treat them as merchandize and trade them as such. After the standardization of the meatpacking operations (Ciutacu et al., 2003; Ciutacu and Chivu, 2002), agriculture underwent a second revolutionary transformation due to mechanization, chemical treatment, genetic techniques aimed at improving and selecting plant varieties and animal breeds, all paralleled by land and capital consolidation.

In Europe, the second agricultural revolution occurred after 1945, following completely different policies and principles in the East and the West of the continent; however, on either side of the Iron Curtain, this meant, in brief, the gradual departure from the traditional farming based on parcels of land, cultivated with a large variety of crops, all entwined, sometimes uneconomically, with animal breeding, and with everything purporting to secure

subsistence. In the time span between 1945 and 2010, the agrarian revolution in Europe made redundant tens of millions of persons (Asghar et al., 2013; Chivu, 2002; Ciutacu and Chivu, 2003) that had been earning their living from farming. The developments in the agricultural sector of Western Europe have always had the combined backup of government intervention and unionist militancy for progress, which propelled this sector into the overall progressive trend of capitalist society, based on the respect for private property, and for profit (Ciutacu et al., 2008, 2009).

In Eastern Europe, agricultural production was structured on the principles of collective ownership, with the surplus capital being channelled to state coffers and managed by state authorities as collective property. With agriculture becoming part of the industrial cycles and trading activities characteristic of the capitalist economy in the West, the sector had to struggle out of its traditional symbolism, to rid itself of the natural economic practices of the peasant society, of the forms of labour and organization specific for the rural environment. Regions and/or farms gradually specialized in various agricultural or animal produce; prompted by the demand of the food industry (Filon, 2012; Gavrilescu and Giurcă, 2000), animal farms of thousands of heads were encouraged to get established and thrive, which is how the scale economy in agriculture appeared, most often in disregard of the environmental and social elements

\* Corresponding author. Tel.: +40 721 146587; fax: +40 244575847.

E-mail addresses: [constantinciutacu@ien.ro](mailto:constantinciutacu@ien.ro) (C. Ciutacu), [chivu@ince.ro](mailto:chivu@ince.ro) (L. Chivu), [andrei.jeanvasile@yahoo.com](mailto:andrei.jeanvasile@yahoo.com), [ajvasile@upg-ploiesti.ro](mailto:ajvasile@upg-ploiesti.ro) (J.V. Andrei).

in the sector. The huge farmsteads, like the ever expanding food manufacturing chains, have been encouraged through state aid mechanisms and interventions (Ciutacu et al., 2009; Jouinia and Rebei, 2014; Brückner and Gradstein, 2013; Breuer and McDermott, 2013; Attanasio et al., 2013). The commercial prominence gained as an effect of the globalization of exchanges was the result of the synergy between state intervention and the might of agribusiness corporate giants. Land consolidation alone has swallowed hundreds or even thousands of billions of ECU/Euro in the past 50 years.

Another element that differentiates Romania and leaves its print on all the economic and institutional structures of the agricultural sector, on the efficiency, productivity, and competitiveness of the entire sector and of the whole economy, including the functionality of markets, prices, revenues and consumption, is the rate of employees/salaried labour in the agricultural sector. The disestablishment and reestablishment of the institutional framework in the agricultural sector (Done et al., 2012; Rotunno et al., 2013), the change of ownership to land and the effect of market rules in agriculture are all far from demonstrating any commendable effects on the production, productivity, and physical yield per hectare or per head of animal. According to statistics (Otiman, 2012; Comisia Prezidențială pentru Politici Publice de Dezvoltare a Agriculturii, 2013), while from the point of view of its value, the overall agricultural production (vegetal and animal together) of Romania seems to have reached some 85% to 100% of the production levels prior to the transition period, the physical production figures point to the contrary.

## Research methodology

Analyzing the similarities and dissimilarities between the EU agricultural and rural development model and the Romanian agriculture represents a further step in understanding the massive transformation process regarding the convergence of the inland agricultural sector both with the new Common Agricultural Policy criteria and to the well and highly competitive economy exigencies. Despite of numerous studies addressing the evolution of Romanian agricultural sector and to the inland agricultural policy, the main research topic of this paper still remains actual in context of finding appropriate solutions for reducing the agricultural disparities between the inland agricultural policies and the European agricultural model and, also for improving the outcomes for a better valuing of the national agricultural potential.

In this context the main research objectives were focused on:

- Convergence/divergence of the Romanian agricultural economic structures with the European Union agricultural model.
- The adequacy of the economic mechanisms and policies with the specific features of the Romanian agriculture.
- The evolution of the main structural indicators of the agricultural production.
- The impact of the price mechanisms and the budget transfers to the agro-food sector on the agricultural production.

In order to achieve these research goals, it was used mainly the descriptive statistics and interstate comparisons provided mainly by official statistics offices both from inland (INS, 2012a,b) and European Commission or Eurostat database. The research is carried on in order to provide a general framework regarding the convergence of the Romanian agriculture to the European agricultural model, by presenting both the main constrains, similarities and dissimilarities and also the favourable factors in achieving the potential between these two economic spaces. As a whole, this

research could be considered as a policy paper for politicians, decision makers and practitioners in the field.

The research is structured as follows. First section is dedicated to the general framework of the developments in the agricultural sector from its traditional symbolism to the industrial approach presenting the general aspects that start to differentiate the Romanian agriculture from the European agricultural model. The following sections host a practical analysis centred on four major topics with significant impact on understanding the main research objectives of the paper, regarding the institutional structures of the agricultural sector, on the efficiency, productivity, resource allotment and influence of Common Agricultural Policy (CAP) on inland agricultural sector. The final section provides rigorous conclusions and remarks for future actions in order to understand better the similarities, and also to prevent further dissimilarities between the European agricultural model and the Romanian agriculture.

## Results and discussion

Agriculture, before anything else, has been the architect and builder of social, cultural, moral, linguistic, aesthetic, and artistic structures of the world's nations. Later in time, but continuing to this day in some cultures, agriculture revealed to their members the economic concepts that surround commercial exchanges, such as goods, costs, prices, surplus, efficiency, and profit. These social and economic phenomena and processes, with their institutional and axiological components, have been strongly determined, in the course of their development, by the ratio and relationship between population and the land inhabited, in respect of extent and form of ownership.

The traditional form of land ownership rights, combined with conservative principles regarding the conveyance through heirs, sale, and circulation of landed property, if paralleled by dynamic migration and poor level of development of other economic activities, such as manufacturing and services, have been, from a historic perspective, factors for the retarded evolution of some territories, countries, and populations. As it was already remarked in the literature (Ciaian et al., 2010) land markets and the farmlands size changes represents the most actual factors analyzed when comes to understanding the new agricultural systems transformation under the agricultural reforms.

As a paradox, the nations centred on traditional labour mechanisms and on values deriving from natural systems have been losing ground in the competition with economies where the rule is to trade everything for everything, and to juggle with money in financial speculations. The very generous and opulent natural conditions that have blessed the traditionally agrarian populations have become, also paradoxically, a stumble block in their way to other human occupations and activities, and the source of their own poverty. This is where Romania herself stands, if compared to the advanced countries in the Western and Central Europe. As Jouinia and Rebei (2014) argue, production decisions in the service sector are distorted by regulations that raise entry costs and limit the rights of enterprises to invest.

### *The economic structures in Romania and the European Union. Convergence and divergence*

For about four decades of the previous century (1950–1990), the social and economic structures in Romania and the first fifteen Old EU Member States displayed a certain degree of convergence (European Commission, 2012a,b); they developed symmetrically towards reducing the disparities between demographics, land availability, and forms of land property – a fundamental indicator for the economic, social and institutional structures, and for their

Download English Version:

<https://daneshyari.com/en/article/6548281>

Download Persian Version:

<https://daneshyari.com/article/6548281>

[Daneshyari.com](https://daneshyari.com)