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SOCIAL AND ECONOMIC DIMENSIONS OF LAND REFORM – A TERRITORIAL APPROACH

Marioara RUSU¹

Abstract: *Agricultural land represents one of the most valuable natural resources of a country, being both a significant form of national wealth, and an important source of economic and political power. The land reform has been a constant presence in the policy promoted by the governments leading Romania after the year 1990. By its amplitude and importance this represented a study issue treated and debated in many scientific works. Though, there is in Romania, a more reduced concern as regards the territorial dimensions linked to the land reform. The goal of the present paper is to bring a contribution in this field. The analysis was concentrated on the following main dimensions: the ownership structure of the agricultural land fund, the farms' structure and the land market's features. Within the context of the bigger and bigger importance given to de-centralization, the territorial approach could contribute efficiently to the supporting of the sustainable rural development.*

Key words: *land reform, land policies, Romania*

JEL Classification : *Q15, Q18*

INTRODUCTION

With a total area of 238,391 thousand km² and a population of 19.87 million inhabitants, Romania is considered an important country within the European Union (EU): the ninth place as the area and the seventh place as population. However, in terms of life standard, expressed in GDP at purchasing power parity (14674 in 2014), Romania ranks the last but one place in the 28 EU's Member States. Agriculture is an important branch of the national economy, both in terms of land resources (14.6 million hectares of agricultural land) and of the employed population in agriculture (2.5 million people). The contribution of agriculture to GDP was 4.7%. The ratio of the employed population in agriculture and the share of agriculture in GDP reveals a very low level of labour productivity. At the origin of this situation is the land reform started in the early 90s, through which the agrarian structures specific to the socialist period, based on large farms, changed. The land has been returned to former owners and the size of farms has been drastically reduced: Romania has the most atomized agricultural structure in the EU, with about 3.6 million farms (32.2% of the total EU's farms) and an average size of 3.45 ha (Eurostat, 2016). Most of these farms are considered to be subsistence and semi-subsistence farms: self-support in subsistence farms accounts for 90-92% of their production and for semi-subsistence farms is 50-52% (Otiman and Steriu, 2013). This situation shows to a great extent why most Romanian rural regions are among the poorest regions of the EU and why the out migration has been so manifest in recent years (Popescu, 2016).

MATERIAL AND METHOD

The objective of this paper is to analyse the main features of land reform and its socio-economic effects at county level. The paper mainly looks at the effects of land policies on agricultural land ownership structures, farms structure and the land market. The methodology used was based on the statistical analysis of primary data, using the Excel quantitative analysis program as a working tool. The analyse was based on statistical came from the following sources: a) statistical data / information provided by Ministry of Agriculture; b) statistical data / information provided by Eurostat; c) statistical data / information provided by the National Institute of Statistics.

RESULTS AND DISCUSSIONS

In the post-socialist period, land reform was a constant presence in the policy promoted by the governments that ruled Romania.

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1. Ownership structure of the agricultural land fund - territorial disparities

The main achievement of the land reform was represented by the change of ownership of agricultural land. At the end of 1989, out of the 14,759 million hectares of agricultural land in Romania, 60% were co-operative property, 28% state ownership and 12% private property. In 2014, the distribution of these lands was quite different: 94% private property and 6% public property (Lup, 2014; INS, 2016).

The situation registered at national level is also found at the territorial level within the 42 counties. The vast majority of counties have over 90% private agricultural land. The Sălaj, Hunedoara, Bacau, Teleorman, Vaslui, Dâmbovița and Suceava counties have private agricultural land above the national average (96%). The state property, which registered a drastic decrease in the post-socialist period, is present in over 10% in the counties of Brăila, Vâlcea, Tulcea, Caraș-Severin and Vrancea.

The ownership structure of private agricultural land is similar in the case of agricultural use categories. Large private property weights are found especially in arable, vineyards and orchard categories. Thus, in more than 29 counties private arable land has a share higher than the national average (95.83%). In six counties - Harghita, Gorj, Maramures, Vâlcea and Dâmbovița the share of private arable land is even higher than 99%. At the opposite pole there are three counties - Brăila, Caraș-Severin and Tulcea - with a share of less than 85% of private arable land. Above the national average (91.42%) there are 33 counties, within the vineyards category. Private orchards have weights above the national average (95.08%) in 28 counties. With lower national averages, pastures (86.42%) and meadows (84.93%) have a larger scale than other categories of use. Thus, the share of private owned pastures varies between 43.72% in Vrancea County and 98.87% in Vaslui County. The difference is even greater in the meadows category: 6.9% in Ilfov County and 100% in the Giurgiu and Teleorman counties.

2. Territorial disparities of the structure of agricultural farms

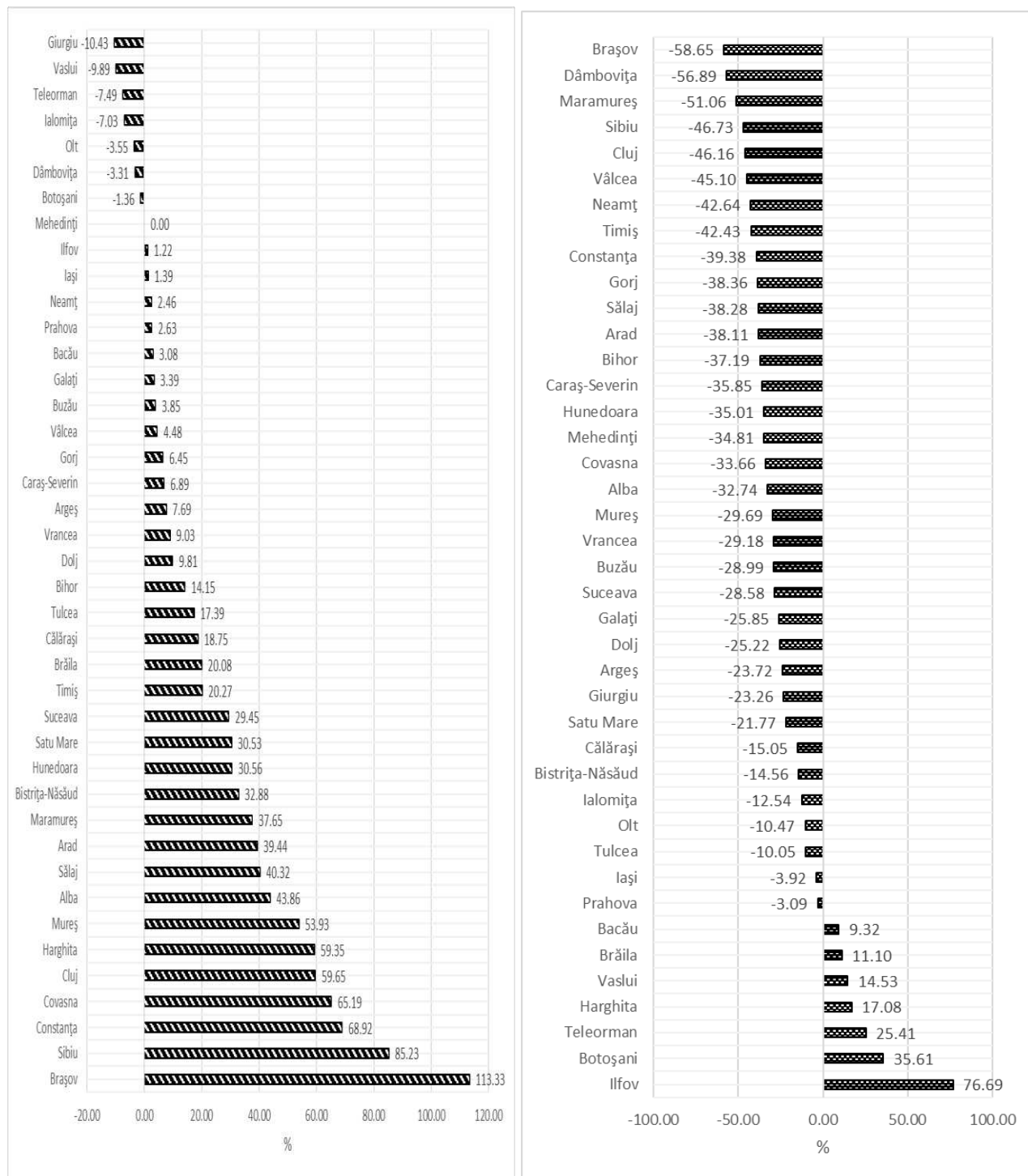
The description of agricultural holdings can be achieved by presenting some landmarks that capture the most important aspects at national level, as well as by capturing those characteristic details at a territorial level. The restructuring of agricultural farms and the process of restitution of agricultural land have been significantly linked processes. The agricultural pattern characteristic of the socialist economies, characterized by a high degree of land concentration, has undergone major changes as a result of the implementation of the land reform and led to the emergence of an agrarian structure with two poles: on the one hand, individual farms with very small size and on the other hand big farms, of hundreds and thousands of hectares. Beneath various forms of organization the situation persisted in the Romanian agriculture throughout the transition period.

At the territorial level, individual households predominate in mountain and hilly counties, largely preserving the socialist pattern. The counties with over 70% of the agricultural area worked by the individual households are: Maramures, Gorj, Suceava, Valcea, Bistrita-Nasaud, Mehedinti, Salaj, Dambovita and Cluj. On the opposite side there are counties with less than 40% of the agricultural area worked by the individual households (Calarasi, Ialomita, Tulcea, Teleorman, Braila, Constanta). Between 2002-2013, in the most counties there was a consolidation process of individual households, expressed by increasing the average area. Only seven counties registered negative trends: Giurgiu, Vaslui, Teleorman, Ialomita, Olt, Dambovita, and Botosani (Fig. 1).

Although there have been many critical positions, most of which have been perceived as "successors" of former CAPs, agricultural associations with legal personality have occupied an important place in Romanian agriculture. The average operated area of the hundreds of hectares has placed them in a favourable position for the application of modern technologies and the achievement of relatively high yields. Many of these associations have transformed over time into companies with legal personality. Agricultural farms with legal personality are particularly developed in the southern counties in the plain area. They operate over 60% of the total agricultural area in the following counties: Calarasi, Ilfov, Ialomita, Tulcea, Teleorman and Braila. Whether

during the first years of the post-socialist period there was a process of consolidation of these farms, the trend was negative in the period 2002-2013, with the exception of seven counties (Bacau, Brăila, Vaslui, Harghita, Teleorman, Botosani and Ilfov) (fig.1).

Figure 1: Evolution of the average area of individual holdings (left) and of farms with legal status (right), in the period 2002-2013



Source: author's processing after NIS, Structural Survey in Agriculture 2002 and 2013

The analysis of the average area of the Romanian farms in the period 2002-2013 indicates their consolidation in most of the counties. Thus, over 50% of the average area increase was recorded in the counties of Brasov, Tulcea, Braila, Harghita, Constanta and Ilfov. There are eight counties (Gorj, Vâlcea, Buzău, Mehedinți, Vaslui, Olt, Dâmbovița, Argeș) that recorded negative values: the average area decreased during this period of time. In 2013, the distribution of farms by

average size and by counties indicates that the smallest farms are located in the mountainous counties. The hilly counties have medium sized farms and the largest farms are located in the counties of the west, south-east and central part of the country in plain areas (fig.2).

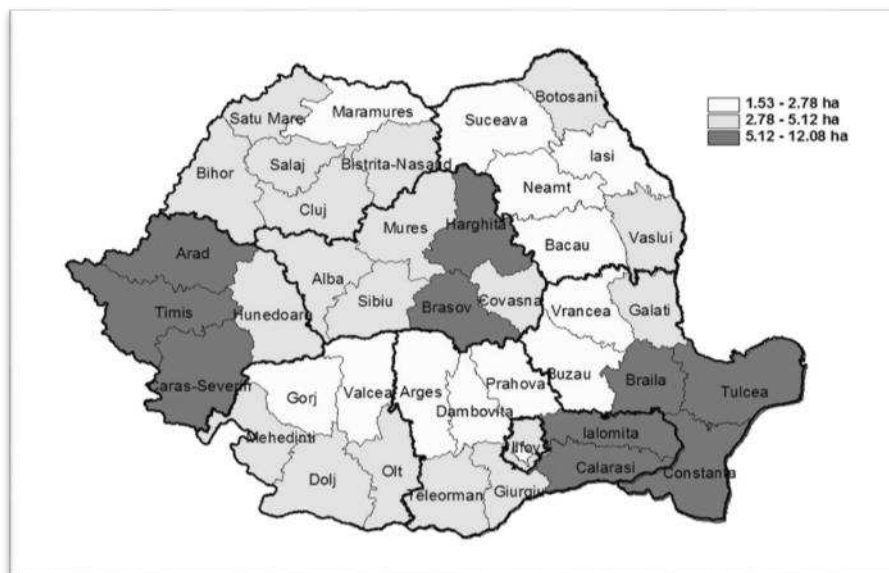


Figure 2: Distribution of farms by average size and by counties, in 2013
 Source: author's processing after NIS, Structural Survey in Agriculture 2002 and 2013

3. Land market - specific particularities

After the 1989 Revolution, for a relatively long time, the land market, as the main means of consolidating farms, remained inoperative or operated on informal basis. If land leasing began to operate legally since 1994, the purchase and sale of agricultural land became operational only in 1998.

Since the beginning of the post-socialist period there have been land transactions, but those interested in these transactions have adopted a series of informal solutions, such as the conclusion of legal acts of donation accompanied by private sale-purchase acts (Popescu, 2001). During 1999-2003, the new landowners sold 340,699 thousand hectares of agricultural land, which accounted for 3% of the total agricultural land owned by individuals. About 4% of the new owners, go into land transactions during this period. Thus, in 2003, the land price was only 228 euro / ha (MARD, 2004).

Often, the slow start-up of the agricultural land sale and purchase market has been attributed to the lack of the legal framework for a rather long period, but also due to the delay in the issuance of property titles; relatively small incomes from agricultural activity that offered reduced capital opportunities to facilitate the purchase of land; the inflationary process that prompted some potential sellers to stay on hold; the small number of entrepreneurs willing to start an agricultural activity, etc.

After 2005, the market for the sale of agricultural land was more accelerated: supported first of all by the real estate boom and then by land acquisitions by foreign companies (Luca, 2014). The volume of transactions increased especially after Romania joined the EU (2007). Agricultural land sales prices have also increased. Territorial profile shows significant disparities in the average price per hectare of agricultural land.

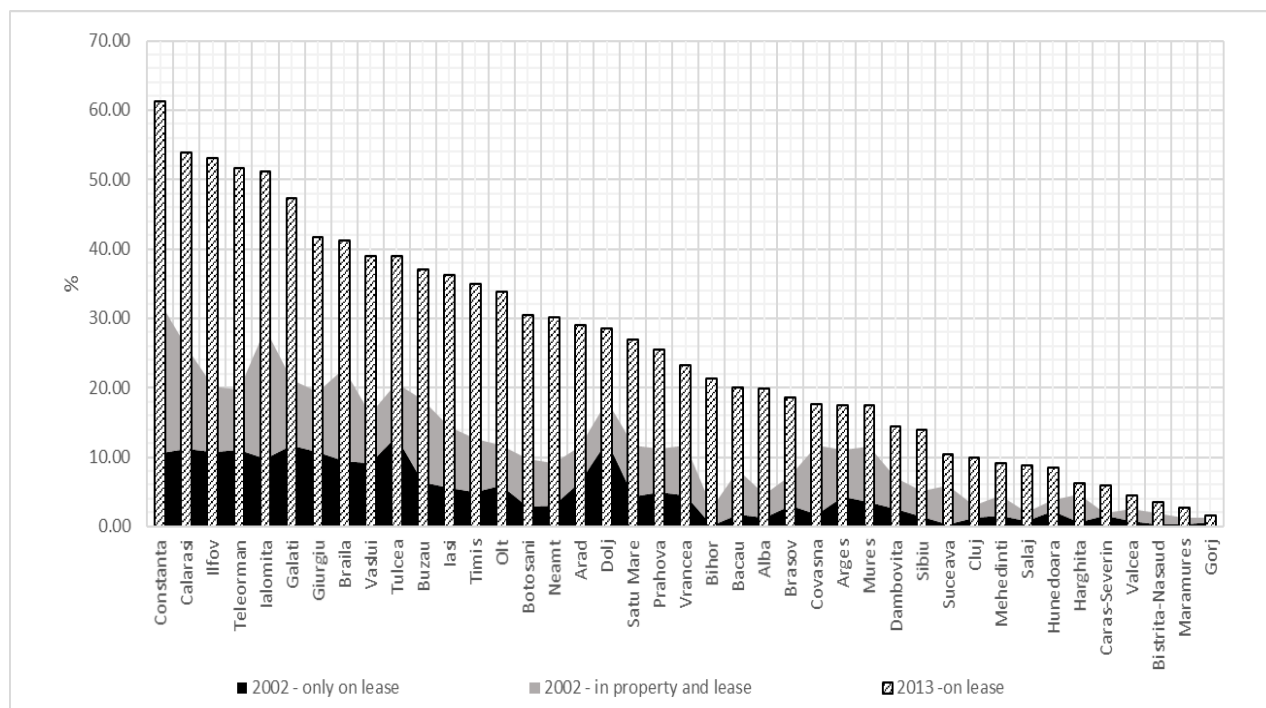
The highest prices (2600-3800 euro/ha) were registered in the following areas: Western Romania - in the counties of Timis, Arad and Bihor, counties recognized as having a significant agricultural potential and a developed agriculture; in the Center of the country the counties of Sibiu, Braşov, Covasna, Buzău and Prahova – these are counties with tourist potential and higher degree of urbanization; in the south, in the Romanian Plain - Giurgiu, Calarasi and Constanta counties. There are also two compact areas where the agricultural land is sold at lower prices (1500-1900

euro/ha): the south-west part - Mehedinți, Gorj, Vâlcea and Hunedoara counties; the central and eastern areas - the counties of Galați, Bacau, Harghita, Mureș, Bistrița-Năsăud and Sălaj.

The lease, an institution that was banned during the communist regime, became operational in the post-communist period, since 1994. The importance of this institution is widely recognised. The lease of agricultural land facilitates the development of larger commercial farms. It is also an alternative for owners who, for various reasons (age, urban residence, lack of financial funds, etc.), cannot work the agricultural land and do not want to sell it.

After Romania's accession to the EU, the lease market began gradually to become legally. Without legal contracts, the lessees cannot access European funds and cannot apply for bank credits. The statistical data shows that the lease registered slowly but surely a tendency of expansion compared to 2002 (fig. 3). In 2013, at the national level, the land under lease agreement accounted for about one third of the total agricultural area.

Figure 3: Evolution of agricultural land leased by county, in the period 2002-2013



Source: author's processing after the INS, General Agricultural Census 2002 and Structural Survey in Agriculture 2013

At the county level it can notice a consolidation of the lease especially in the south and east parts of Romania. Here are the counties where the largest leased agricultural area is located: Constanta 61,19%, Călărași 53,95%, Ilfov 53,07%, Teleorman 51,60%, Ialomița 51,13%, Galați 43,37 %, Giurgiu 41.72%, Brăila 41.26% (fig.3). There are also two compact regions where the leased agricultural areas are small: the first is located in the south-western part of Romania including the counties of Hunedoara, Sibiu, Caras-Severin, Gorj, Valcea and Mehedinți; the second one is located in the north-western part of the country and includes the following counties: Maramures, Suceava, Sălaj, Cluj, Bistrița-Năsăud. Specialists place the phenomenon of lease in the category of those that appeared and developed after 1990, following the implementation of the land reform (Prosterman și Rolfes, 1999; Rusu, 2002; Popescu, 2016).

CONCLUSIONS

Land reform, at various historical moments, impacts the overall economic and social development of a country, contributes to improving agricultural productivity and employment. Land reform was one of the most important dimensions of economic reform that was implemented in

Romania in the post-socialist period. The main outcome of the land reform was the change of agricultural land ownership. Thus, private land ownership has strengthened at both national and county levels. The restructuring of agricultural farms and the process of restitution of agricultural land have been significantly interrelated processes. The agrarian pattern specific to the socialist economy characterized by a high degree of concentration has undergone radical changes following the reforms that took place during the transition period: a polarized structure has been shaped, both at national and county level, with a large number of small sized farms coexisting alongside a small number of large sized farms exploiting large areas of agricultural land. At territorial level, individual households are predominant in mountain and pre-mountain counties, and farms with legal personality operate large land plots in plain counties. After the 1989, for a relatively long time, the land market, as the main means of consolidating farms, remained inoperative or operated on informal basis. However, since 2000, the land market has begun a consolidation process. This is not a unitary market; it is presented as a cumulative of small markets with distinct territorial characteristics.

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