

## **SIMILARITIES AND DISSIMILARITIES BETWEEN THE EU AGRICULTURAL AND RURAL DEVELOPMENT MODEL AND THE ROMANIAN AGRICULTURE. CHALLENGES AND PERSPECTIVES**

C. CIUTACU<sup>1</sup>, L. CHIVU<sup>1</sup> and A. J. VASILE<sup>2</sup>

<sup>1</sup> *Romanian Academy, National Institute for Economic Research 'Costin C. Kiritescu', Bucharest 050711, Romania*

<sup>2</sup> *Petroleum and Gas University of Ploiesti, Faculty of Economic Sciences, 100680 Ploiesti, Prahova, Romania*

### **Abstract**

CIUTACU, C., L. CHIVU and A. J. VASILE, 2014. Similarities and dissimilarities between the EU agricultural and rural development model and the Romanian agriculture. Challenges and perspectives. *Bulg. J. Agric. Sci.*, 20: 738-745

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.

*Key words:* Common agricultural policy, farmstead structures, financial support, farmers, inputs, outputs, agricultural added value

### **Introduction**

Along the history of humankind, the evolution of agricultural production has followed the global trend of turning all natural produce and processes into highly prefabricated goods, treat them as merchandise and trade them as such. After the standardisation of the meatpacking operations (Ciutacu et al., 2003; Ciutacu and Chivu, 2002), agriculture underwent a second revolutionary transformation due to mechanisation, 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; Constantin et al., 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 organisation specific for the rural environment. Regions and/or farms gradually specialised in various agricultural or animal produce; prompted by the demand of the food industry (Filon, 2012; Gavirlescu and Giurca, 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 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., 2003; Nizar and Nooman, 2014; Markus and Mark, 2013; Breuer and McDermott, 2013; Orazio et al., 2014). The commercial prominence gained as an effect of the globalisation of exchanges was the result of the synergy between state intervention and the might of agro-business 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 dissolution and reestablishment of the institutional framework in the agricultural sector (Ioan et al., 2013; Lorenzo 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 (Paun, 2012; Comisia Prezidentiala, 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.

## Results and Discussions

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 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 (Jouini and Rebei, 2014) argues, 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, 2012 and European Commission, 2012a.); 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 efficiency. In the time span between 1950 and 1990, the population of Romania (OECD., 2000) working in agriculture dropped from 75 % in total employment to 28-29 %, i.e. from 6.2 million persons to 3.1 million. In the Old EU Member States, the redistribution of the agrarian population to other economic branches was a lengthy process. In 1970, 1999 and 2010, for example, the active population in the agricultural sector accounted (as a share of total employment in the economy) for the following ratios: 5%, 2.4% and respectively 1.4% in Belgium; 11.5%, 3.3% and respectively 2.4% in Denmark; 8.6%, 2.9% and 1.6% in Germany; 40.8%, 17% and 12.5% in Greece; 29.5%, 7.4% and 4.3% in Spain; 13.5%, 4.3% and 2.9% in France; 27.1%, 8.6% and 4.6% in Ireland; 20.2%, 5.4%

and 3.8% in Italy; 18.7%, 6.2% and 5.2% in Austria; 24.4%, 6.4% and 4.4% in Finland; and 8.1%, 3.0% and 2.1% in Sweden. In 1999 and 2010, the overall EU population working in agriculture stood for only 4.5% and respectively 3.1% of all employment (EU 15), and for 5.2% in 2010 (EU 27) (OECD., 2000; INS., 2012 and European Commission, 2011).

These ratios and the developments in the past decade have drawn a demarcation line between Romania and the EU countries, generating economic, technical, and institutional asymmetries and disparities, rather than convergence. The so-called market mechanisms are not only unable to generate symmetrical evolutions; they may have devastating effects on the structure of a national economy. This structure is in nowadays Romania deeply imbalanced, dysfunctional, and non-competitive. In 1999, Romania's employment rate in agriculture<sup>2</sup> was equal to almost half – 49% - of the aggregate employment in the agriculture of all the Old 15 EU Member States, while its workforce in the industry was equal to only 4.4% of their workforce in the same sector. In 2010, Romania's active farmers represented 52% of the number of active farmers<sup>21</sup> in the 15 old EU Member States, 25% of all farmers in the EU27, and only 4.8% of the employment in the industry of the EU27.

### **Economic Mechanisms and Policies Less Adequate to the Specific Features of Romanian Agriculture**

The economic and institutional mechanisms that were put in place have been profoundly detrimental to agricultural production because they favoured subsistence farming as the sustainable way, thereby opening the door to the transfer of added value to other sectors. Practical experience along history has shown that the gross value added does not arise from the rural area itself; customarily, some 85% of the agricultural GVA is produced somewhere outside the agrarian area proper (processing industry, storage and handling, trading, services).

In the Old Member States, on the other hand, one can see a wide gap between farmstead revenues and the subsidies received (in the United Kingdom, for example, the aid granted has been, in places, five times higher than the income of the farmstead). Despite all this, an agricultural sector is deemed to be sustainable when it is capable to withstand periods of crisis, and to blend productivity with stability and equity, thereby ensuring the food security of a people.

The decreasing productivity of farm work is the result of the combined effects of labour market trends and market failures, of the mechanisms for the transfer of the added value with those of diminishing production and the gross value added. In Romania, the degradation of performance and competitiveness indicators in the agricultural production, and the conversion of agriculture from an intensive, highly mechanised and fertil-

ised productive sector into a source of living at a continuously declining subsistence level were caused by the total crash of investment in the entire economy of Romania, agriculture included. As an example: while in 1990 the average investment per employed person in the Romanian economy was 1.6 times higher than the investment for an employed person in agriculture, during the period 1997 - 2000 the gap widened to 5.7 - 5.2 times, so that by 2010 the ratio had risen to 7.9:1 (Table 1).

As investment in agriculture diminished with every year that passed, the disinvestment plague became stronger and wider. Over 90% of the irrigation systems have been disbanded, after the state had spent, prior to 1989, billions of dollars to build them. The industrial animal breeding facilities were devastated, demolished or abandoned, together with the equipment with which they had been operated until then. The fodder mills were wiped out. Greenhouses were destroyed, which reduced drastically the out-of-season production of vegetables. Orchards and vineyards developed in decades as intensive plantations were neglected until decay or were uprooted to make room for other developments. The network of rural enterprises that used to provide local farm machinery services went into dissolution; their equipment was squandered, which compelled villagers to return to archaic means of production.

The disappearance of reproduction animal farms that provided genetic material for most of the farm animal species, and the decline of animal selection and breeding techniques, the elimination from the agricultural policy (if any) of the use of genetically improved seeds and propagation material, in favour of imports— all came to give a final blow to Romanian agriculture. If precise calculation were possible, it would most likely reveal that the investment made in agriculture after 1989 is hardly one tenth of the value of the fixed assets that have been lost or left unused in the past two and a half decades.

### **Evolution of the Structural Indicators of the Agricultural Production Shows Interesting Phenomena**

**The vegetal production** as part of the agricultural produce has visibly been **on the rise** in Romania, and also in other New Member States (Hungary, Czech Republic and Slovakia). In 1999, the vegetal production accounted for 63.5% of Romania's agricultural production; this ratio was higher only in Greece (76.4%), Italy (67.8%), Spain (65.4%), and Portugal (64.3%); the share of vegetal production in overall agricultural produce was at its lowest in Ireland (21.4%) and the United Kingdom (42.2%), in the same year of reference. In 2010, the vegetal crops reached in Romania the highest share of the total value of farm produce in all Member States (73.5%, compared to 26% in Ireland, 34.6% in Denmark, and 38.9% in the United Kingdom) (European Commission, 2012) (Table 2).

**Table 1**  
**The position of agriculture in Romanian economy, 1980-2010 Bn. Current Lei %**

Indicator	1980	1985	1990	1995	2000	2010
Value of agricultural production	146.4	210.3	265.6	23571.1	163264.9	64.5
Value of food industry production	119.8	142.9	167.7	9839.4	64183	43.9
Ratio between food industry production and agricultural production, %	81.8	68	63.2	41.7	39.3	68.1
Gross value added in agriculture	78	114.3	181.6	13,941.3	85,075.2	29.9
Gross value added in food, beverages and tobacco industries	NA	NA	60.5	5,421.7	NA	28.9
GVA ratio food industry / agric., %	NA	NA	33.3	38.9	NA	96.8
GVA, total	616.9	817.4	788.1	66598.5	708841.8	466.4
GVA agric. / GVA, total, %	NA	NA	23	20.9	12.0	6.4
GVA, food, bev. and tobacco ind. / GVA, total, %	NA	NA	7.7	8.1	NA	6.4
GVA agro-food / GVA total, %	NA	NA	30.7	29.1	NA	12.8
Total investment in economy	210.5	246.3	168.4	12995.5	124987.0	72.3
% investment in total gross value added	34.1	30.1	21.4	19.5	17.6	15.5
Investment in agriculture	27.2	44.8	30.1	1420.3	9880.7	2.7
% investment in GVA agric.	34.9	39.2	16.6	10.2	11.6	8.9
Agric. Investment/ Investment total, %	12.9	18.2	17.9	10.9	7.9	3.7
Total employed population (thou' pers.)	10350	10586	10840	9493	8629	8371
Population employed in agric. (thou' pers.)	3148	3112	3144	3265	3570	2440
Investment / total persons employed in economy (thou' lei)	20.3	23.3	15.5	1369	14484.5	8.6
Investment /persons employed in agric. (thou' lei)	8.6	14.4	9.6	435.0	2767.7	1.1
Ratio between investment per total employment / agric., %	235.4	161.6	162.3	314.70	523.3	792.3

NA= no data available

Source: Authors' own calculations based on INS data.

**Table 2**  
**Structural indicators of agricultural production, %**

	Agric. GVA share in GDP		Share of the two sectors in the agricultural production				Share of interm. consumption from agr. prod.		Gross formation of fixed capital in GVA	
			Vegetal production		Animal production		1999	2010	1999	2010
	1999	2010	1999	2010	1999	2010				
Germany	0.9	0.6	54.3	49.6	45.7	50.4	59.0	69.7	35.9	49.4
Belgium	1.2	0.9	45.8	46.5	54.2	53.5	61.0	64.3	21.3	46.2
Denmark	1.9	1.4	43.2	34.6	56.8	65.4	59.3	71.8	34.7	74.1
Spain	3.9	1.9	65.4	64.0	34.6	36.0	34.2	44.7	...	22.3
Finland	0.9	1.0	44.3	39.6	55.7	60.4	68.8	65.0	77.8	76.4
France	2.3	1.6	61.9	59.3	38.1	40.7	50.2	59.2	29.9	33.3
Greece	7.2	2.3	76.4	67.1	23.6	32.9	25.6	47.2	12.0	35.2
Italy	2.6	1.5	67.8	59.8	32.2	40.2	31.3	47.2	29.7	41.9
UK	0.8	0.4	42.2	38.9	57.8	61.1	54.7	65.7	19.9	52.7
Sweden	0.6	0.5	47.6	47.1	52.4	52.9	67.1	72.1	60.4	74.1
Hungary	3.9	1.4	57.5	58.6	42.5	41.4	59.9	67.3	...	33.8
Poland	3.7	1.3	52.5	47.6	47.5	52.4	58.2	62.0	...	...
Czech Rep.	1.5	0.5	47.0	57.2	53.0	42.8	71.4	75.2	27.9	48.1
Slovakia	2.1	0.4	46.3	51.1	53.7	48.9	71.6	80.8	31.2	40.4
Romania	12.9	2.7	63.5	73.5	36.5	26.5	54.2	57.1	8.1	18.1

Source: Authors' own calculations based on European Commission, (2012)

The other component of the agricultural production, respectively the animal breeding loses ground as a contributor to the value of agricultural production due to various factors: many Member States become self-sufficient, salaries make this sector uncompetitive, animal farms – big or small – are affected by various diseases, such as the mad cow disease (BSE), bird flu, swine flu, etc.;

The intermediate consumption absorbed, in 2010, 57.1% of the agricultural production of Romania (INSE, 2012), with a tendency to grow. The explanation lays not so much in the increase of quantities of input production factors as in the prices for intermediate consumption products, the rising rate of which was much greater and faster than the revenues farmers collected for the products marketed by them.

Of all the Old Member States, only in Finland the share of intermediate consumption appears to be decreasing. Instead Gross fixed capital formation (GFCF) is the indicator that shows the degree of interest for future development and for the upgrading of the agricultural production. The GFCF share in the GVA for agriculture in Romania differs greatly from other EU countries. In 1999, for example, investment in agriculture represented only 8% of the GVA for agriculture, and in 2010, the same indicator had risen to 18.1%. In other EU Member States, investment and the GFCF hold discouragingly greater shares than in Romania: in 1999 and 2010, in Finland, they accounted for 77.8% and 76.4% of the GVA for agriculture; in Sweden, the two indicators were 60.4% and 74.1%; in Germany – 35.9% and 49.4%; in Denmark – 34.7% and 74.1%; etc.; in the Central-European countries, the two indicators were 27.9% and 48.1% in the Czech Republic; and 31.2% and respectively 40.4% in Slovakia.

An analysis of the various discrepancies and inconsistencies, with their forms and extent, between the structural and institutional features that distinguish Romanian agriculture from its EU counterparts cannot miss two basic parameters: the effectively cultivated areas (size and distribution of crops) and the size of farmsteads. Demographically speaking, Romania's population represented some 6% of the population of EU15 in 1999, and 4.3% of the population of EU27 in 2010. But Romania's farm labour was equal to 49% of all employment in the agriculture of EU15 in 1999, and to 25% of all active farmers in EU27<sup>15,21</sup>.

In 2009, Romania used to hold 7.7% of the entire utilised agricultural area (UAA) in EU27; some of the crops were well represented in Romanian agriculture: maize crops held almost 50% of the entire EU land cultivated with maize; Romania is placed at the third, after France and Poland in respect of land areas cultivated with wheat; and came second in respect of land areas cultivated with sunflower, after

Spain. While cereals held 32.1% of UAA in the EU, in Romania they held 38.3%, in the same reference year.

### **The Price Mechanisms and the Budget Transfers to the Agro-Food Sector Had a Negative Impact on the Agricultural Production**

The prices of input goods for agriculture grew at a faster rate than the production price of the farmer. The budget and quasi-fiscal transfers to the agro-food sector were designed as a compensation for the losses sustained by farmers. And yet, the total value of the share of such transfers in the GDP fell from 8.2 and 8.6% in 1992 and 1994, to only 1.1% in 1999, 0.88% in 2007, and 0.08% in 2010. While in 1992 and 1994, each percentage point of contribution by the agricultural sector to the GVA, the sector received, by transfer, 0.43 and 0.39 percentage points, in 1999 the transfer was only 0.07 percentage points, and in 2010 only 0.03 percentage points.

In 2010, in Romania, for an agricultural GVA of 6.45 bn. euro, agriculture received from the national budget 94 million euro, representing approximately 1.45% of the GVA. For comparison purposes, in 1997, in support of EU policies, for all the EU15, 56.4 bn. euro – which meant 49.3% of the GVA – was spent from the common EU budget and from the national budgets for 114.5 bn. euro of agricultural GVA; this meant 414 euro for one hectare of agricultural land, and over 8.000 euro spent for one employed person in agriculture. The Eurostat database<sup>23</sup> indicate that in the EU27, GVA in agriculture was 143.8 bn. euro, the national agricultural policies contributed aid in the amount of 10.2 bn. Euro, and the common agricultural policy (CAP) budget allocated another 58.5 bn. euro. The total value of the support mobilised for agricultural production and rural development reached 68.7 bn. Euro, thus representing 47.8% of the agriculture's GVA.

In countries like Slovakia, Finland, the Czech Republic, Ireland and Latvia, the worth of aid received through agricultural and rural development policies was higher than the GVA for agriculture (by 163% in Slovakia, 155.8% in Ireland, 145.7% in Finland, 126.1% in the Czech Republic, and by 105.2% in Latvia). In Romania, in 2010, the aid received by farmers was equal to only 33.6% of the sector's gross value added (**Annex 1**). On the average, in 2010, the worth of aid for one hectare of utilised agricultural area amounted to some 374 for the EU27, of which 318 euro came from the CAP budget, and 55.7 euro from national budgets. In Romania, the value of the aid / subsidy per hectare was 158.3 euro, of which 151.4 euro came from the CAP budget, and only 6.9 euro came from the national budget.

The amount of aid received by Romanian farmers is ridiculously diminutive compared to what is granted to farmers in other European countries: 1.090 euro/ha in the Netherlands, 924 euro/ha in Finland or 802 euro/ha in Greece, etc. For comparison purposes, if we take for an example the national stock of fixed agricultural assets of Romania and France, we can see that Romania's stock of farm assets is 12 times lower than that of France<sup>17</sup>, which demonstrates, beyond any other description, the position of inferiority of Romanian agriculture and Romanian farmers.

## Conclusions

We maintain the view that, given the sheer facts and statistical reports, it would be childish to hope that the position of Romanian agriculture and Romanian farmers in the common

agricultural market as it is at present gives this country the slightest chance to compete with its EU counterparts on an equal footing, if the current support policies for agriculture continue to use the same instruments. As a matter of fact, in 2010, the average productivity per employed person in the EU27 was approximately 13,800 euro GVA, of which 6,573 euro was the financial aid received from the national budgets or the CAP budget, while in Romania at a productivity of 2,822 euro/employed person, the aid received amounted to only 948.5 euro. Considering the productivity gap of 5:1 from the EU27 average, it results that the funds received by a Romanian farmer are 7 times smaller.

The unpardonable mistakes made while negotiating the agriculture chapter of the Treaty for the Accession of Romania to the EU, paralleled by the unfair and anti-competitive economic policies and instruments applied to Roma-

## Annex 1

### Aid to agriculture from national budgets and CAP budget in 2010

Country	GVA agriculture, million euro	National aid, million euro	CAP aid, million euro	Total aid, million euro	Share of aid in the GVA, %	Financial aid per hectare, euro			Financial aid per employed person, euro		
						National	Common budget	Total	National	Common budget	Total
	1	2	3	4 = 2+3	5=4/1	8=2/6	9=3/6	10 =4/6	11=2/7	12=3/7	13=4/7
EU27	143 810	10 234	58 519.6	68 753.6	47.8	55.7	318.3	373.9	978.5	5 595.1	6 573.6
Bulgaria	1 457	39	726.0	765.0	52.5	7.8	144.3	152.1	75.7	1 409.7	1 485.4
Czech Rep.	994	208	1 045.2	1 253.2	126.1	58.7	294.8	353.4	1 540.7	7 742.2	9 283.0
Denmark	2 155	91	1 091.5	1 182.5	54.9	34.5	413.6	448.1	1 246.6	14 952.1	16 198.6
Germany	14 970	1 045	7 050.5	8 095.5	54.1	61.9	417.4	479.3	1 431.5	9 658.2	11 089.7
Ireland	1 529	700	1 681.8	2 381.8	155.8	167.1	401.4	568.4	8 860.8	21 288.6	30 149.4
Greece	5 567	36	3 026.3	3 062.3	55.0	9.4	792.4	801.9	83.9	7 054.3	7 138.2
Spain	22 016	515	7 528.2	8 043.2	36.5	22.6	330.2	352.8	723.3	10 573.3	11 296.6
France	27 172	2 432	10 018.4	12 450.4	45.8	69.1	284.8	353.9	3 122.0	12 860.6	15 982.5
Italy	23 007	846	6 224.0	7 070.0	30.7	63.4	466.6	530.1	1 009.5	7 427.2	8 436.8
Latvia	263	24	252.8	276.8	105.2	13.1	137.9	151.0	387.1	4 077.4	4 464.5
Lithuania	648	77	522.1	599.1	92.5	28.6	194.2	222.8	810.5	5 495.8	6 306.3
Hungary	2 093	288	1 522.8	1 810.8	86.5	49.8	263.3	313.1	1 309.1	6 921.8	8 230.9
The Netherlands	8 979	978	1 115.0	2 093.0	23.3	509.1	580.4	1 089.5	3 896.4	4 442.2	8 338.6
Poland	7 385	664	4 002.2	4 666.2	63.2	42.5	256.1	298.6	414.0	2 495.1	2 909.1
Portugal	2 092	18	1 357.3	1 375.3	65.7	4.9	368.2	373.1	41.5	3 127.4	3 168.9
Romania	6 456	94	2 076.1	2 170.1	33.6	6.9	151.4	158.3	41.1	907.4	948.5
Slovenia	402	64	226.6	290.6	72.3	136.5	483.2	619.6	941.2	3 332.4	4 273.5
Slovakia	377	56	558.9	614.9	163.1	29.0	289.6	318.6	1 244.4	12 420.0	13 664.4
Finland	1 456	1 207	913.9	2 120.9	145.7	525.7	398.0	923.7	11 280.4	8 541.1	19 821.5
Sweden	1 447	52	1 036.4	1 088.4	75.2	17.0	337.9	354.9	520.0	10 364.0	10 884.0
United Kingdom	7 335	436	4 148.6	4 584.6	62.5	24.6	234.3	258.9	735.2	6 996.0	7 731.2

Source: Authors' own calculations based on European Commission, (2012)

nia, will inexorably push Romanian farming and farmers into a slow and natural death. The liberalisation of the land market with effect from 2014 will cause among Romanian farmers, who are progressively an aging population, deprived of technical means of production, an upsurge of land sales, at prices which, in 2009, were, according to EC data, 35 times lower than in the Netherlands, 24 times below the price of land in Belgium, 22 times smaller than in Denmark, 18 times below land in Ireland, 15 times cheaper than in the United Kingdom, and 10 times so than in Germany. Again for comparison, a Romanian farmer's endowment with fixed means of production is 80 times inferior to that of a French farmer: 3600 euro/farmer in Romania, against 290 000 euro/farmer in France. A global comparison shows that, in 2010, the average financial support per one person employed in agriculture totalled 6574 euro in the EU27, and 948.5 euro in Romania. A bilateral comparison reveals that the worth of financial support per one person employed in the agriculture of Romania was 32 times smaller than in Ireland, 21 times lower than in Finland, 17 times below that of a farmer in Denmark and France, 14 below the support received by a farmer in Slovakia, and 8.7 times below that paid to a Hungarian farmer.

To conclude, we may say that the development of the agrarian sector in Romania and the removal of the back lag that separates Romanian agriculture from its EU counterparts cannot be achieved by miracles. Economic convergence and symmetry requires a set of policies designed to address the technical, technological, economic, institutional, cultural, educational and social aspects all in a synergic approach. If the EU countries needed more than 50 years of policies tailored to the characteristics of their farmers and national agricultural sectors to reduce employment in agriculture from 30-40% of all employment to the nowadays 4-5%, Romania, too, if she were to go along the same path, with same phased-out policies, would require at least 50 years of steady and consistent policies of financial and technical support to reach an agricultural employment of approximately 5% of her labour force, farmsteads of minimum 20 ha, and the current productivity of the other European countries. If, and by the time that much expected future prosperity settles in, alas, the cyclicality of life will have long sent the farmers now toiling their land into eternity, without the chance of enjoying the change.

A decision to continue the policies of the past decades, the failure to give the agricultural sector of Romania the national support it needs would be extremely risky, and would entail hard to predict and hard to calculate social and economic effects. The adventuresome political decisions imposed on agriculture so far have generated bleak prospects

that may become irreversible if a fundamental change fails to occur in the substance of the agricultural and rural development policies and programmes. Consolidation of landed properties and capital, the resorting of labour from agriculture are the only ways to competitiveness and high performance, the only ways to turn subsistence farming into history, and to guarantee food safety. As to the legend saying that Romania would be capable to feed 80 million people, be it true or not, this is no more than a desideratum and an electoral slogan good to inflame minds, and which history will take care of.

## References

- Asghar, R., M. Bahram, Z. Eskandar, F. Farhad and A. B. Mohammad**, 2013. Evaluation of competitiveness of cotton varieties to cocklebur (*Xanthium strumarium* L.). *Journal of Food, Agriculture & Environment*, **11** (2): 308-311.
- Banca Natională a României**, 2009-2013. Buletinul Băncii Naționale a României, BNR and INS, Bucharest.
- Breuer, J. B. and J. McDermott**, 2013. Respect, responsibility, and development. *Journal of Development Economics*, **105**: 36-47.
- Chivu, L.**, 2002. Competitivitatea în agricultură – analize and comparații europene. *Expert Publishing House*, Centrul de Economie Comparată și Consens, Bucharest.
- Ciutacu, C., L. Chivu and C. Mark**, 2008. Etude comparative dans le secteur de l'agriculture de l'union Européenne. *Romanian Journal of Economics*, **27/2** (36): 40-56.
- Ciutacu, C., L. Chivu and I. I. Raluca**, 2009. The Global Financial Crisis: Management of Deficits and Debts. *The Amfiteatru Economic Journal*, **11** (Special 3): 735-750.
- Ciutacu, C. and L. Chivu**, 2003. Modele de agricultură și politici agricole, in Probleme economice, No. 47. Centrul de Informare și Documentare Economică, București.
- Ciutacu, C., L. Chivu and V. Ioan Franc**, 2003. Agricultură între restricțiile comerciale globale and comunitare. *Expert Publishing House*, Bucharest.
- Ciutacu, C. and L. Chivu**, 2002. România și modelul european de agricultură și dezvoltare a spațiului rural, Centrul de Informare și Documentare Economică, Bucharest.
- Comisia Prezidențială pentru Politici Publice de Dezvoltare a Agriculturii**, 2013. Cadrul național strategic pentru dezvoltarea durabilă a sectorului agroalimentar și a spațiului rural în perioada 2014-2020-2030, București.
- European Commission**, 2012. Directorate General for Agriculture and Rural Development, 2012. *Agriculture in the European Union. Statistical and economic information 2012*, European Union, Luxembourg, 2012.
- European Commission**, 2011. The Community budget. The facts in figures, Brussels.
- Eurostat Database**, 2013. Agricultural statistics, available at: [http://epp.eurostat.ec.europa.eu/portal/page/portal/agriculture/data/main\\_tables](http://epp.eurostat.ec.europa.eu/portal/page/portal/agriculture/data/main_tables), retrieve, 21/10/2013

- European Commission**, 2012a. Directorate General Agriculture and Rural Development, 2012. The Common Agricultural Policy. A partnership between Europe and Farmers. <http://ec.europa.eu/agriculture/50-years-of-cap>
- Filon, T.**, 2012. The Romanian agri-food economy – performance reductive effects after five years of EU membership. *Agricultural Economics and Rural Development*, **9** (1): 25-45.
- Gavrilescu, D. and D. Giurcă**, 2000. Economia agroalimentară. *Expert Publishing House*, Bucharest.
- INS**, 2012. *Anuarul Statistic al României. Serie de date 1990-2011*, Institutul Național de Statistică, București.
- Ioan, D., C. Luminita, A. Jean and M. Mirela**, 2012. Using labor force and green investments in valuing the Romanian agriculture potential. *Journal of Food, Agriculture & Environment*, **10** (3&4): 737–741.
- Lorenzo, R., V. Pierre-Louis and W. Zheng**, 2013. The rise and fall of (Chinese) African apparel exports. *Journal of Development Economics*, **105**: 152–163.
- Markus, B. and G. Mark**, 2013. Exogenous volatility and the size of government in developing countries. *Journal of Development Economics*, **105**: 254–266.
- Nizar, J. and R. Nooman**, 2014. The welfare implications of services liberalization in a developing country. *Journal of Development Economics*, **106**: 1–14.
- OECD**, 2000. Assessment of Agricultural Policies, *Profil agricol publishing house*, Bucharest.
- Orazio, A., V. Di Maro, L. Valérie and P. David**, 2013. Welfare consequences of food prices increases: Evidence from rural Mexico. *Journal of Development Economics*, **104**: 136–151.
- Paun, I. O.**, 2012. Romania's present agrarian structure: a great (and unsolved) social and economic problem of our country. *Agricultural Economics and Rural Development*, **9** (1): 3-24.
- Van den Broek, F.**, 1995. Study on alternative strategies for the development of relations in the field of agriculture between the UE and associated countries with a view to future of these countries. Agricultural Strategy Paper, Brussels.

*Received November, 5, 2013; accepted for printing May, 2, 2014.*