

ASPECTS OF RURAL DEVELOPMENT IN ROMANIA

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ABSTRACT: *The present paper intends to address a number of issues relating to rural development in our country. I believe that one cannot talk about sustainable economic growth without an increased attention paid to rural development, especially with a view of the fact that rural areas provide a number of important primary resources: human potential — partially qualified labour force, land potential, rich forest, cultural heritage, etc.*

KEY WORDS: *rural development, primary resources, sustainable development, rural economy.*

JEL CLASSIFICATIONS: *A1, O1.*

1. THE CURRENT STATE OF RURAL DEVELOPMENT

Sustainable rural development is seen as a State of dynamic equilibrium of the rural system, in which each component - physical, social, economic - brings its own contribution through stable, predictable developments and monitoring. Sustainable rural development approaches highlight various aspects of this balance, emphasizing certain elements (such as agriculture, rural industry and rural tourism, with its specific forms, etc., within the economic subsystem). Whatever the direction of the approach of sustainable rural development, the result is the same, the goal is unique: maintaining balance of relations among component combinations that make up the rural environment.

Sustainable rural development will focus, first, on human communities; they are the ultimate goal for developing a rural environment. The concerted actions of rural development are, however, under the impact of favourable and restrictive elements, of the possibilities and the limits, making it imperative to take account of their content.

Moreover, the directions of sustainable rural development must be elaborated in relation to the multiple functions of the rural area, focusing on (Otiman, 2006):

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placing the needs of rural inhabitants among the objectives and decisions regarding the conduct of programmes; protecting the values of rural society, particularly its traditions, family life, in order to improve youth education and their integration in the spirit of communities; developing the identity of communities and increasing the sense of involvement and responsibility of residents in local administration; preservation of particularities, of cultural and historical traditions of the rural area and the contribution to their promotion in local, regional, national and European context; creating facilities for diversification of rural-urban relations, for the penetration of new infrastructure and logistics systems in the local cultural centres, without degrading their authenticity.

As regards the Romanian rural economy, it is agrarian because in our country the agricultural economy itself holds a share of 60.5% of its structure, as compared to only 14.1% in the EU. The deeply distorted structure of the Romanian rural economy determines a structure similar to the rural population employed in various sectors of activity (the primary sector holds 64.2%, out of which 56.6% in agriculture, the secondary sector holds 18.5%, the tertiary sector represents 17.3%). The Romanian rural non-agricultural economy (SME from the industrial field, services, rural tourism) is reduced and the rural tourism, in all its variants, except for a few mountainous areas (Bran-Moeciu, Apuseni, Maramureş, Bukovina) and the Danube Delta, is almost non-existent (<http://www.presidency.ro/static/Cadrul%20National%20Strategic%20Rural.pdf>).

Underdeveloped rural economy in our country has immediate and permanent visible consequences, with negative effects on the Romanian village: pronounced demographic aging, young people leaving the suburbs through urban or external exodus.

In this context, decision-making factors, at both central and local levels, must be permanently concerned with ensuring a favourable environment to stimulate investment in rural areas, in order to expand SMEs from non-agricultural rural economy and to process primary agricultural products. Thus, in rural areas with an excess of work force, micro-industrial villages may be set up, with financial support from the County or from the region, equipping them with the necessary utilities for the productive activities (electricity, heating, gas, water, sewage, access roads and telecommunications, etc.), just like the ones set up, a long time ago, in rural areas of EU countries.

Investments in non-agricultural rural economy and food industry in rural areas, in addition to ensuring the growth of gross added value by processing agricultural and non-agricultural raw materials from local resources, still have a great advantage, both in periods of crisis and recession and in periods of economic growth, since they provide new jobs, by using and stabilizing local (rural) employment, revitalizing rural areas, particularly those in less-favoured areas and peripheral regions.

2. THE STRUCTURE OF THE RURAL ECONOMY IN ROMANIA

Agricultural economy constitutes the main share in the structure of the Romanian rural economy. Romania is the country with the most divided agrarian structure within the EU-27, holding 32, 2% of the number of farms in Europe in 2010

and 7.7% of the usable agricultural area. The overwhelming percentage of the farms is represented by small farms, less than 2 acres, their share being, in 2010, of 73.3% in number and 13.0% in total area. At the same time, farms smaller than 10 acres represent 97.7% of the total number of farms and they hold 38.7% of the usable agricultural area. At the other end, we can find large farms of over 100 ha, which represent only 0.3% of the number of farms, and they use 48.8% of the agricultural area. The segment of medium-sized farms, between 10 and 100 hectares, which is generally the backbone of European agriculture, is quite frail in our country. Thus, farms between 10 and 100 hectares represent 1.8% of the total number and 12.3% of the total area (<http://www.presidency.ro/static/Cadrul%20National%20Strategic%20Rural.pdf>).

Considering the form of the holding, small farms are not operating as legal entities. In Romania, in 2010, there were about 31.000 holdings operating as legal entities, with an average of 191 hectares. By contrast, the 3.8 million farms without legal personality had an average of 1.9 ha. Overall, in 2010, legal holdings exploited 44% of the usable agricultural area, while the remaining 56% was exploited by farms without legal personality (<http://www.presidency.ro/static/Cadrul%20National%20Strategic%20Rural.pdf>).

Forestry (wood exploitation and processing, harvesting and processing products of the forest: fruits, mushrooms, herbs, etc., the specific mountain crafts related to artisanal processing of forest products, etc.) is a problem of rural development of Romania, because it represents only about 6% of the rural economic structure in our country (<http://www.presidency.ro/static/Cadrul%20National%20Strategic%20Rural.pdf>).

Forestry within the ecosystems made up of forests, however, is the branch that has multiple functions just like agriculture in the lowlands. Forestry, in conjunction with agriculture, can have a complementary economic function or a basic economic function in some areas.

The economy of the mountainous area, through sustainable natural resources it contains, is an important vector of rural development.

An extremely diverse countryside scenery, mostly well preserved, the country life with traditional components, large agricultural and forestry potential of the mountainous area, the specific architecture of the rural environment are natural factors that favour rural mountain tourism development.

At this point, despite the number of limitative factors (poor infrastructure in some areas, poor living conditions, insufficient human resource qualification in tourism, the lack of knowledge of a foreign language etc.), there are positive signals for expanding rural tourism and mountain farm tourism.

Rural tourism is advantageous because it acts for the purpose of opening new investment perspectives. Thus, tourism connects people from various environments and their ideas and actions directed towards the capitalization of various local resources are inherent. Among the potential rural tourists one may also find businessmen who have the ability to seize quickly the prospects of implementing new activities and their financial perspective, aspects that may be beneficial through their

effects on the rural community (jobs, upgrading infrastructure and services, penetrating the information system, etc.).

We must be aware that tourism can solve many of the social and economic problems faced by the rural environment, and the benefits that can be obtained from the practice of rural tourism are undeniable. Among them it is worth mentioning:

- Population stabilization due to labour force mobilization. This is an extremely important consequence for most rural areas, faced with the phenomenon of depopulation, occurred mainly because of the lack of secure financial perspectives of residents.
- Creating new jobs. The creation of new jobs is possible on condition the local implementation of the rural tourism is successful.
- Developing activities related to trade with food and agricultural products, handicrafts, transportation, exploitation of local heritage etc.
- Diversification in the use of labour force
- Multi-activity. It refers to the situation in which, at individual or family level, making ends meet can be possible by taking up additional activities (at least one), in addition to the basic activity. Thus, a farmer can have the availability to rent rooms to help the local administration provide tourist services (guide, animator, ski monitor, etc.). Multi-activity allows earning additional income, both in the context of the decline of a type of activity, and because of constraints stemming from the regularity of seasonal agricultural activities.
- Conservation of the urban heritage is possible in two cases, provided there is a tourist flow. Primarily, the conservation or restoration of historical or cultural objects can be achieved by charging access fees. Secondly, providing accommodation involves the restoration and re-opening of buildings abandoned as a result of the phenomenon of depopulation. This can lead to increased accommodation comfort - a factor considered to be limitative.

Agro-tourism national policies, the components of the strategy for rural development in general and mountain development, in particular, should stimulate the benefits of rural tourism, with a view to exempt from taxes, fees, to reduce fiscal pressure, as a whole, to reduce prices and keep the traditional customers (individuals from urban areas with modest incomes, foreigners keen on discovering the rural traditions of the area, children from urban areas etc.).

Encouraging and developing rural tourism and mountain tourism has a significant educational component that refers, mainly, to recognizing cultural and spiritual traditions or historical, architectural values or landscapes of the rural space.

3. SOCIAL ECONOMIC CHARACTERISTICS OF RURAL DEVELOPMENT IN ROMANIA

The labour market in rural areas in Romania is dominated by skilled manual occupations (farmers and craftsmen), with a large number of active people employed in the subsistence economy and thus disconnected from the mechanisms of the market economy. This, of course, leads to a certain kind of behaviour and a certain level of economic performance of a substantial segment of the country's population.

As shown in the survey regarding labour in households (AMOGO), half of the active population in rural areas are currently working in agriculture (with related activities of forestry and fishing), while at national level, the agricultural sector comprises 30% of the total number of employees. According to groups of occupations, the largest share in the total of population employed is held by farmers and skilled workers in agriculture, followed by craftsmen.

Thus, the labour market in rural areas in Romania is dominated by skilled manual occupations (farmers and craftsmen), with a large number of active people employed in the subsistence economy and thus disconnected from the mechanisms of the market economy. This leads to a significant economic stagnation for almost one half of the country's population.

With regard to the issue of unemployment in rural areas, the unemployment rate decreased from 3.1% in 2000 to 2.5% in 2004, and it registered period of fluctuations between 2005 and 2010, reaching 5.4% in 2009, and decreasing to 5.0% in 2010. In 2012, the rate of unemployment in the countryside is of 5.1%, as compared to 8.6% in urban areas (http://www.insse.ro/cms/files/publicatii/Romania%20in%20cifre%202013_ro.pdf).

Fluctuations are complementary, meaning that some of those who became unemployed in urban areas have tried to look for work abroad, while others joined or re-joined subsistence agriculture, some of them going back to the countryside because they could no longer make ends meet in urban areas after the loss of job and at the end of the period in which they received the unemployment benefit.

In both residence environments, most affected by unemployment are people belonging to the group with ages between 15 and 24.

An interesting aspect that characterizes the labour market in rural areas is that some employers in rural areas, especially those that are focused on non-agricultural activities (tourism, trade, manufacturing industry), said that there is a peculiar phenomenon, namely seasonal non-availability of labour power during agricultural work periods. Many of the employees are leaving the workplace to help their families in agricultural activities.

In other words, subsistence farming does not function merely as a passive factor for the stagnation or slow-down of the economic development in rural areas through extremely low efficiency, the lack of resource planning and entrepreneurial vision; because of social-psychological pressure from the family and kinship relations, participating in subsistence farming becomes mandatory for some of the young people who live in rural areas.

This model corresponds, in principle, to those young people with a low level of training, who do not belong to some solid social networking which can help them find a job at a local level or a temporary job abroad.

Temporary migration represents for some of the young people in rural areas not only a source of significant income and a way of gaining new skills, but also indirect access to a lifestyle and a different economic mentality.

As far as the incomes of rural population are concerned, it is noted that almost half of these come from wages, significant proportions and approximately equal shares come from social benefits and payments in kind.

The incidence of poverty is considerably higher in rural areas and among workers in agriculture. Although there have been significant progress in terms of reducing absolute poverty, the benefits of the new wave of growth do not reach all segments of the population.

In Romania, poverty prevails in rural areas, since over 70% of the poor are found in rural areas.

There are substantial differences between the regions regarding the incidence of poverty. Rural areas in Eastern and South-Western part of the country are the poorest, while the rural population around the capital and in the Western part of the country has a better material situation.

At European Union level, according to Eurostat researches, the risk of poverty and social exclusion is higher in Eastern European States compared to the EU average, or the EU16 average.

4. STRATEGIC EU ORIENTATIONS FOR RURAL DEVELOPMENT

All the strategies, programs and European projects for agriculture are focused on sustainable rural development, as a factor of sustainable economic growth. This means strong rural economy, built on a modern infrastructure with adequate technical equipment for the rural territory, with emphasis on the diversification of activities, as well as on the protection of the environment and the landscape, and the effect thereof, an acceptable standard of rural life.

The strategies and programs of the European Union regarding rural development are focused on a series of axes and priorities (http://europa.eu/legislation_summaries/agriculture/general_framework/160042_ro.htm):

- The axis „competitiveness of agriculture, of foodstuff and forestry” refers to human and material capital;
- The axis „management of space and environment” provides measures for the protection and improvement of natural resources, of agricultural and forest systems and of cultural landscapes from rural areas of Europe;
- The axis „quality of life and diversification of rural economy” contributes to the development of rural territories by promoting services destined to population, micro-enterprises, rural tourism and the exploitation of the cultural patrimony;
- The axis „Leader”, introduces innovative management possibilities through local action strategies.
- Priority 1: Improving competitiveness in agriculture and forestry
- Priority 2: Improving the environment and landscape
- Priority 3: Improving the quality of life in rural areas and encouraging diversification of rural economy
- Priority 4: Setting up local offices for employment and diversification

5. AREAS OF ACTION FOR THE DEVELOPMENT OF RURAL ECONOMY IN OUR COUNTRY

In our country, characterized by a significant proportion of rural areas, sustainable economic growth can be achieved, above all, only if medium and long term investments are made in the development of the rural economy, in the productive agri-foodstuff sector, in advanced technologies, in competitive commercial circuits for Romanian agricultural products, through the extension of the agricultural market, alleviating the turmoil and diminish fluctuations in production and prices by extending the penetration of Romanian agricultural products on third markets, especially on the European common market. These can be possible, if account is taken of:

➤ The development of the rural SME sector

For the development of rural SMEs sector an important strategic goal that must be kept in mind is to stimulate entrepreneurship within the Romanian rural environment in order to support sustainable economic development (based on the use of the diversity of local resources) and to increase the level of employment (particularly in non-agricultural activities).

In the Small Business Act for Europe (2011), the European Commission pointed out that the main challenge is the need for a larger number of entrepreneurs, entrepreneurship being a powerful factor for economic growth and job creation.

➤ Increasing competitiveness of agriculture, forestry and food sector is very important for performance improvement and revitalization of rural areas, as well as for the creation of new jobs. There is a good potential for increasing production of quality foodstuff, for the modernization of the sector in general, for changing the status of importing country to exporting country. Investments for increasing competitiveness within farms and units processing agricultural products, are required in order to achieve accelerated economic growth, which will lead ultimately to the convergence of income with the EU level.

Improving the performance of the sector will have positive effects on the micro- and macro-economic stability; it will help ensure a balance of food consumption and food security, an increase in the share of commercial farms within the total farm holdings and will contribute to the creation of jobs, including the absorption of surplus labour force from agriculture.

➤ Developing human capital and reduction of rural poverty

Human capital is of particular importance to rural development. Rural development and diversification of the rural economy depend on the level of education, of knowledge and qualification. While improving and maintaining an adequate level of basic infrastructure is an important element in social-economic development of the rural environment, professional training is the "engine" for a good development.

Infrastructure and facilities related to primary and professional education constitute important tools for the conversion of agricultural labour force into non-agricultural jobs. The low level of training is reflected in the quality of the workforce in rural areas, being a restrictive factor for the economic development of this area. The perspective of diversification of economic activities cannot be supported by workers

with insufficient training or experience, and for this one has to pay great attention to the actions of qualification and retraining of the workforce.

At the same time, in the future, decision makers must focus on increasing employment in rural areas. This goal can be achieved by: developing social economy by involving relevant rural actors (intra-village associations, NGO, associations, public institutions); improved access and the participation of vulnerable groups on the labour market (young people, women); promoting equal opportunities on the rural labour market.

As a proposition/statement of the above, it should be noted that the development of rural area leads to improvement in the quality of life of rural population (by reducing the level of poverty, increasing employment of manpower), to preserving the landscape, to preservation of the cultural space, etc. and all these contribute to a sustainable economic growth at macroeconomic level.

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