

## Individual Farms Between 2002-2010 in Romania

Oana Eleonora GLOGOVETAN

Faculty of Economic Sciences, Bogdan Vodă University, Cluj Napoca, România;  
[anakun@yahoo.com](mailto:anakun@yahoo.com)

**Abstract:** Statistics in general, including Romania agricultural census, do not distinguish between the two types of individual farms: family or professional. The decrease in the number of individual farms between 2002 and 2010 can be observed in very small farms (less than 0.1 ha), and the size range 0.5-10 ha. One can notice that the surface of small farms is reduced and in almost equal proportions the number and area of farms larger than 10 ha increases. The bigger the surface is, the more substantial the increase is.

**Keywords:** individual farms, family farms, professional farms.

### INTRODUCTION

Farm (farm property), regardless of how its organization and form of ownership under which is found in agriculture has undergone many changes in conjunction with the economic system that functioned in a certain period of time in Romania (economic system capitalist system centralized economy and market economy system). Major changes in the economic system in Romania led to instability and discontinuity in the national agricultural system with direct implications on the farm (form of ownership, size, form of organization, etc.). (Samochiș and Glogovețan, 2011).

Farms as a form of organization of agricultural property was and is closely related to Romanian agrarian reforms great agrarian reform since 1921, 1945 agrarian reform, collectivization of agriculture from 1949 to 1962 and Law 18/1991). If the first land reform sought to solve the problem of peasant land ownership and creating a larger number of farms to the reduction in the number and size of large and very large farms, the collectivization of agriculture by eliminating private ownership of land, led to the creation of holdings very large, which had a single owner (the state). Agrarian reforms after 1989, since Law 18/1991, on the one hand led to restitution of ownership, on the other hand the excessive fragmentation of agricultural property in Romania.

Romania is the country with the EU divided agrarian structure. Romania had in 2010, 32.02 % of European farms and 7.7 % of the utilized agricultural area (Martins and Tosstorff, 2011). Restitution to former owners and their heirs, (started in the 90's) had some features that favored the fragmentation. The most important feature was limiting area returned up to 10 hectares per family, a situation that had to be corrected only in 2000 and 2005. The total area that were put in possession of the 3.8 million beneficiaries of Law 18/1991 (Land Law) was 9.3 million hectares. On the other hand, (the same law) by way of legal movement governed land, land transactions virtually locked up in 1997. Since 1998, the agricultural land market has been liberalized, preserving certain conditions (limiting areas owned 100 ha), and since 2005 has been fully liberalized for Romanian citizens.

The four major changes (in only a century) made it impossible to design an application especially lengthy Romanian agricultural project, as did the Western European countries.

In this paper covers the period 2002-2010 (the period between the last two censuses agricultural general). The objectives were taken into account to highlight what it had been changed between 2002 and 2010 in terms of individual farms in Romania.

## MATERIALS AND METHODS

The main source of documentation was represented by statistics provided by the National Statistics Institute of Romania. In this study it has been used the General Agricultural Census in 2002 and 2010.

The adopted work will include several distinct stages, including:

- clarify the notion of individual farms, family farms and professional individual farms;
- setting particularities of: patrimony, objectives, labor force, internal organization and management, administration and relationships with third parties;
- identify the advantages and disadvantages of family farms;
- determining, based on data, the evolution of individual farms since 2002 in 2010.

The methods used are the comparing and analysis of the number and areas of individual holdings.

Individual farms have been the subject of research studies (Samochiș and Glogovetan, 2011; Veres, 2011; Voicu, 2000).

## RESULTS AND DISCUSSION

### **Family farms**

Family farms were the dominant form of agriculture of our country (as well as always in Europe) until their abolition by the collectivization. They were reinstated by restoring private ownership of land after the events of 1989 in accordance with Law 18/1991 on the land currently being employed under the provisions of the Civil Code.

Patrimony of farm family is constituted one the property of the respective families, to which can be added any areas of land or other property held under a lease or other forms of this nature (lease, rental, on a free basis, etc).

Their sizes usually circumscribe the extent of work capacity that the family can provide. In current practice, this category also includes most of the semi-subsistence farms named with a range of 2 to 8 ESU (about 99% of them, about 350 thousand) as The Applicant's Guide to Measure 141 within the "National Program for Rural Development 2007-2013".

From this point of view, the fundamental characteristic of the holding is that the farm property identifies with the family (or vice versa, the assets of the family are not separated from the assets of the holding) consisting of all movable and immovable property that is both owned and used by that family (land, animals, and house, household annexes, machinery, equipment, facilities) (Voicu, 2000).

- The objective of the family farm is mainly to produce plant and animal goods (and the other secondary activities) required for family consumption and for obtaining cash income by selling these goods on the "market" - directly, through partnerships, through intermediaries, contracts, etc.).

- The labor force is made entirely or mainly of members of that farmer's family. For certain periods of time or only for certain works people outside the farm can also be employed.

- Internal organization lacks formalism, consisting of a single center of decision exercised by "the manager" who is often the same person with the manager himself, hence their classification under the broad category of individual holdings. He is given all the attributes of an entrepreneur. The production inputs converge towards him (the responsibility of their management), technical, economic, marketing, etc, decisions come from him, in the conditions of the establishment concerned. What is characteristic is that, at the same time, he also performs physical labor to achieve technological operations.

All of the above and especially family farms objective clearly differentiate them from other types of farms and especially from the so-called "professional" ones. While other types of farms, as in fact economic enterprises in general, aim at making profit (obviously as big as possible), family farms aim at ensuring plant and animal goods and a higher monetary income to ensure that family's needs.

This essential distinction, with major consequences, has been described and demonstrated by A.V. Chayanov, (Chayanov, 1966) frequently cited in the literature (Tracy, 1997). He starts from the fact that the family farm building on the work of family members, does not use employment or wages and therefore it does not operate with a net profit, thus being configured in a particular type of economy, "family economy" whose purpose is not profit, its strategy being based on the relationship "work-needs". This can be found in the key indicator that EU currently uses, the so-called "gross margin" extending its use to all agriculture.

In relation to third parties, although the holding belongs to the family, it does not appear as a distinct subject of law, even if it is basically a group of persons having no legal personality. As a result, the civil responsibility is attributed to the manager of the farm with all its assets. Relationships between family members and first of all between husband and wife shall be governed by the Civil Code.

The family farm is the dominant form in the total number of farms with a number of advantages:

- greater resilience to economic crises that can affect the economy in general and particularly agricultural production;
- provides a greater number of jobs per unit of agricultural land than large commercial farms, thus contributing significantly to limiting the exodus (see Martins, 2011; Veres, 2011; Samochiș and Glogovetan, 2011);
- can participate in the protection of the agro-environment to a greater extent;
- provides incomparably greater opportunities to obtain biological products ("bio").

Family farms, due to "their reason for being", to their specific economic mechanism and the purpose of their work, can have a significant part in obtaining pure products:

- setting the family farm on the entire inhabited territory as well as their often complex profile offer the possibility of a direct relationship "producer-consumer", avoiding all types of intermediaries, directly and implicitly ensuring the authenticity of the products, while reducing the proportions of other complications such as labeling, the amplitude of the (currently required) veterinary sanitary control of the products etc.;
- developing them can stimulate the increase of the share of the middle class in rural areas and thus develop and strengthen them at a superior level;
- provides the material basis of existence and creation of further strong families consisting of three generations, able to preserve, transmit and exploit the skills and authentic traditions of particular ethno cultural value.

The shortcomings of this type of farms can be grouped into two broad categories:

- shortcomings from their generally small size, which reduces their economic force against the excessively sharp rise of monopolies lately. This refers both to the "realization"

("selling) of the products and providing the resources, especially the financial ones. Both difficulties can be reduced by various forms of association, from simple forms" groups of producers" to the most complex: cooperatives of processing and capitalization of agricultural production (of various degrees of difficulty) and credit unions (which have heavily faded lately).

- flaws resulting from a deficiency (which is increasing) in the training of this group of farmers. In order to diminish this flaw, apart from the reconstruction and development of vocational schools of 'professional' and medium level and other measures to disseminate knowledge, a special place must be given to agricultural consultancy, through the re-establishment of these organisms, but on other concepts than those specific to the early twentieth century, taking into consideration the current knowledge needs of the heads of family farms, the technical needs, but especially the economic, juridical, financial ones, assistance for accessing EU funds and perhaps even in other areas.

#### Professional individual farm

The emergence of this type of farms in our country is closely linked to the implementation of the Land Law, Law no 18/1991, concerning the privatization of commercial agricultural companies from former IAS, and in addition to these there are other normative acts that followed them.

- The patrimony of the professional individual farm, consists of all assets, rights and obligations of economic value used in obtaining the objective of the unit (land, buildings, equipment, machinery and tractors, stocks, cash, etc) from the property of the entrepreneur as a natural person, and from other sources (lease, concession on a free basis, rent, etc). Their size can vary from very small to large and very large.

- Unlike family farms, professional individual farms aim at the production of agricultural plant and animal products for profit (obviously as big as possible). This leads some authors to name them "individual farm business."

- The labor force consists, apart from the entrepreneur who is the owner, of the persons employed by him as employees (with all the legal aspects that come from this position) with different structures (particularly in terms of training) according to the needs of that holding.

- The organizational structure and management structure can be of different degrees of complexity depending on the size and complexity of the farm.

- Administration is provided by the manager, which may be its owner himself or a person authorized by the owner in the contract of mandate. Usually the head of the individual farm has special training, hence the name they are given "professional individual farms".

- Civil liability rests with the owner, the individual entrepreneur, as natural person, with all his assets.

Currently (2010) in our country, the total number of individual farms (according to RGA data including all landowners regardless of the size of the surface) is 3,814.6 million representing 99.2% of the total number of farms accounting for 8.3 million hectares U.A.A., representing 52.9% of the total U.A.A. of these.

We can have an idea about the number of family farms on the basis of the data, provided by RGA 2010 on the destination of the agricultural production of individual farms (with no legal personality) and is illustrated in (Tab.1).

Even if one takes into account the total number in both categories (both "over" and "under" 50% of domestic consumption) units with very small surfaces that cannot be assessed as farms as well, and conversely, the fact that some family farms with small surfaces but

super-specialized in intensive crops (flowers, vegetables in greenhouses and solariums) or intensive breeding birds or other species, farms with a consumption of over 50% can be considered in fact family farms. So, the number of individual farms with their consumption more than 50% representing 93.8% of all individual farms are prevalent both on the whole and in each size class they fall into.

Tab. 1

The number of individual holdings, according to the purpose of agricultural production and the size classes of the area that is used (2010)

Size class (ha)	Destination of agricultural production (number of holdings)	
	For its own consumption more than 50%	For its own consumption less than 50%
less than 0.1	500,811	17,618
0.1-0.3	638,439	21,591
0.3-0.5	339,828	14,153
0.5-1	585,064	30,211
1-2	668,666	41,389
2-5	668,584	55,284
5-10	156,348	23,178
10-20	31,663	9,836
20-30	127	8,660
30-50	-	7,077
50-100	-	5,615
over 100	-	4,203
Total	3,589,530	238,815

Source: INS, General Agricultural Census Table 3, p. 5

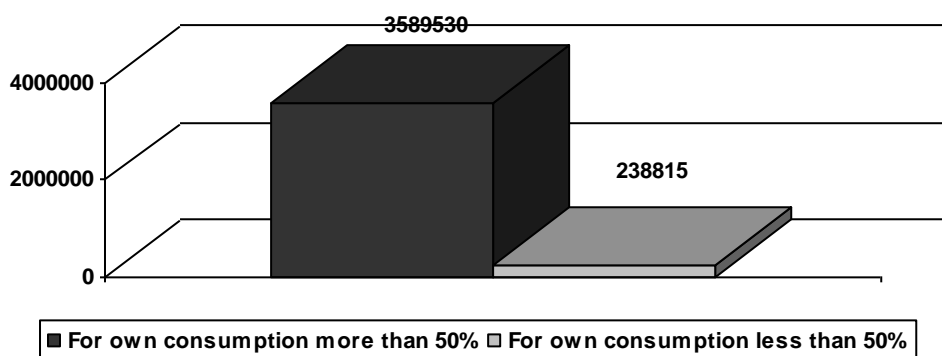


Fig.1. Destination of agricultural production (number of holdings)

One can notice that the holdings in the first category (own consumption of over 50%) are extended only to the size classes of 20 to 30 ha, with virtually all of them (99.99%) in the classes of up to 20 ha, while units with their "own consumption under 50%" (obviously including 0.0%) extend throughout all the dimensions considered, 4,203 of them holding an average of 218 ha UAA.

However the number of individual farms is very high even if we consider the very low scale units. As one can notice in the Tab. 2 their number decreased significantly (-14.5%) throughout the decade (2002-2010) while remaining at the same level as a share of the total number of holdings.

Tab. 2

Individual farms (with no legal personality), group of size according to UAA, in 2002 and 2010

Size class (ha)	2002				2010			
	Number		Surface		Number		Surface	
	x 1000	%	1000 ha	%	x 1000	%	1000 ha	%
Less than 0.1	487.0	10.9	23.3	0.3	289.4	7.6	15.8	0.2
0.1-0.3	685.9	15.4	120.4	1.4	695.2	18.2	127.9	1.5
0.3-0.5	329.3	7.4	125.5	1.5	379.2	9.9	144.8	1.7
0.5-1	716.4	16.0	500.3	5.9	630.7	11.5	442.9	5.3
1-2	869.3	20.1	1,272.4	15.1	723.9	19.0	1,034.1	12.4
2-5	1,025.1	22.9	3,159.8	37.4	795.3	20.9	2,463.1	29.7
5-10	260.4	5.8	1,719.4	20.3	219.9	5.8	1,466.8	17.7
10-20	47.3	1.1	592.2	7.0	53.1	1.4	693.9	8.4
20-30	5.8	0.1	136.7	1.6	10.1	0.3	242.3	2.9
30-50	3.6	0.1	136.2	1.6	7.6	0.2	292.0	3.5
50-100	2.9	0.1	187.6	2.2	5.9	0.1	404.4	4.9
Under 100	2.3	0.1	480.7	5.7	4.4	0.1	979.5	11.8
Total	4,462.2	100	8,454.4	100	3,814.6	100	8,307.4	100

Source: INS, General Agricultural Census - 2002, <http://www.insse.ro/cms/files/GAC/index.htm>; INS, General Agricultural Census - 2010, p. 6

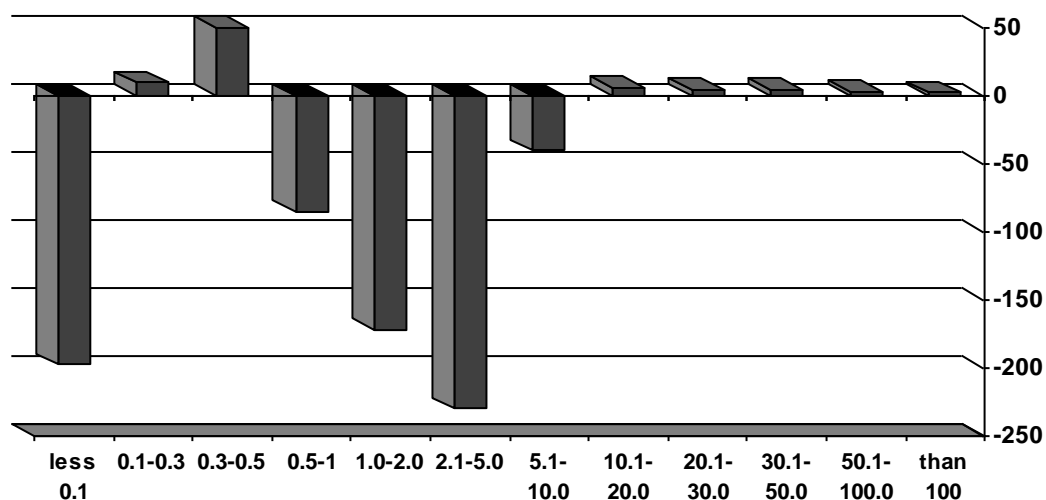


Fig.2. Evolution of individual farms – 2010/2002 (number)

The reduction was observed in holdings of very small surfaces (less than 0.1 ha), and in the size range from 0.5-10 ha. It is true that most small farms do not have the attributes of agricultural holdings they are mere annexes (gardens), family households. They can be, however, areas of the holdings which have a number of animals (even breeders) or intensive crops (flowers, greenhouses etc.).

One can notice that the surface of small farms is reduced and almost in equal proportions the number and area of holdings larger than 10 ha increase. The bigger the surface is, the more substantial the increase is.

## CONCLUSION

In conclusion, we can say that in Romania, between the two agricultural censuses, the number of individual farms has decreased. The most significant reductions were observed in agricultural holdings below 0.1 ha (about 40%), farms between 1-2 hectares (about 16%) and farms of 2-5 ha (about 22%). There were less significant increases in holdings larger than 10 hectares as well. In order to align the CAP Romanian agricultural policy of the EU, the number of farms which have less than 5 ha has to decrease.

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