

## THE ROMANIAN RURAL HOUSEHOLD FROM SUSTAINABLE RURAL DEVELOPMENT PERSPECTIVE

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### Abstract

*The aim of the paper is to highlight, from the point of view of the specialized literature, the role of the Romanian rural household in rural economy, while taking into consideration the opportunities and constraints of the new rural development paradigm. The basic activity of the Romanian rural household is agriculture, with subsistence as main characteristic; yet it should not be neglected that agriculture must ensure food security, ensure the rural population's stability through job opportunities and decent incomes, contribute to environment protection, hence the need to increase the competitiveness and efficiency of farming activities on the subsistence household farm. The rural household (which partially overlaps with the small peasant farm) has a recognized role in maintaining the rural settlements, being responsible for the preservation of natural, social and cultural resources. The present generation of farmers, according to the European Commission, has the multiple role of farmer, custodian of rural areas and entrepreneur.*

*Key words:* rural household, rural economy, sustainable rural development

### INTRODUCTION

The rural household, as main actor in the rural area, needs to get adapted to the new national and European rural development trends.

Having in view the experience of developed countries, at present, the less developed rural countries are confronted with new challenges and new opportunities that the developed countries had not faced before. The challenges include a more demanding international competitive environment, rural population ageing, depopulation of predominantly rural areas, increased pressure on the limited natural resources and climate changes. The opportunities include technical progress in information and communications, agriculture, energy and health.

Thus, a new paradigm is needed for rural development, which should not neglect the lessons of the past, but also cope with the new challenges and opportunities of the 21<sup>st</sup> century (climate change, demographic changes, international competition and fast technological changes)[11].

### MATERIALS AND METHODS

The methodology used consisted in the European and Romanian literature review with regard to the role of the rural household with agricultural activity in the Romanian rural economy from sustainable rural development perspective.

### RESULTS AND DISCUSSIONS

The rural household most often overlaps with the peasant household farm/individual farm, which is a production and consumption entity having agriculture as main activity. The rural household, irrespective of its agricultural dimension, has an important role in maintaining human settlements in rural areas [12].

In Romania, there is a large number of small-sized farms, as subsistence and semi-subsistence farms, operating a significant part of the country's agricultural area. These farms have low productivity and a poor technical endowment, are highly fragmented and apply traditional agricultural practices with low

economic efficiency, having difficulties in adapting to the new technologies [7].

The developed countries of the European Union plead for the family farms, the medium-sized farm being considered a model of the agricultural policy in the Community. The family farms, with an adequate size, based on the private ownership upon land, or land lease, on which family labour is the main labour input, with a diversified production out of which a great part goes to the market – are a result of the orientation and support policies in agriculture, taking full advantage of the market laws.

Due to the low diversification level of the Romanian rural economy, the development of the rural area is conditioned by the agrarian economy, by the structure and viability of farms [3].

#### **Brief history of the Romanian rural household**

In order to highlight the main demographic, social, economic and cultural characteristics of the Romanian rural households, their evolution in recent history will be investigated, i.e. in the 20<sup>th</sup> century and early 21<sup>st</sup> century. This period has been marked by three great restructurings of the political regime and agriculture in Romania. Thus, the first restructuring was triggered by the great reform after World War 1<sup>st</sup>, followed by the communist restructuring and the post-communist restructuring (transition period and accession to the European Union).

The rural household in the inter-war period had the following characteristics:

- a great number of members on the household, consisting of several nuclei, child-centered households [1];
- the household had a low dependency on the products coming from outside the household;
- excessive fragmentation of property;
- the basic occupation of household members was agriculture;
- the household incomes were insufficient to meet the basic needs – poor population;
- excessive taxation;
- absence of an adequate and coherent credit system.

The rural household in the communist period had the following characteristics:

-diminution of the number of household members, diminution of the number of nuclei;

- expropriation of rural households;
- loss of individual farm autonomy;
- widespread emergence of agricultural workers and commuters;
- emergence of mixed occupations in the family, households consisting of persons working in agriculture and industry;

In the post-communist/present period, the rural household is characterized by:

-diminution of the demographic size of household, the rural household being almost equal to the urban household from this point of view;

-re-emergence of the individual farm resulting from land restitution to former owners;

-small land properties divided into a large number of parcels;

- lack of material endowments to support the agricultural activities;

-large number of persons working in agriculture and forestry;

-demographic ageing and increase of the number of pensioners and people on social welfare;

-weak presence on the market of domestic food products directly from producers;

- low incomes generated from agriculture and lack of non-agricultural activities as an alternative.

Following the empirical analysis by historical periods, we can notice that there are great similarities between the post-war and post-1989 periods; at the same time, during the communist period we can notice that the agricultural property consolidation was hindered, with the loss of production equipment and of the interest in the agricultural activities (through a massive rural exodus in the communist period). Even though the land properties were restituted after 1989, these could be farmed only by resorting to third-party agricultural work, as the agricultural equipment was lacking, and this situation generated high costs that the family could not cover. The repeated changes of the political regime resulted in lack of continuity, stability and sustainability of the Romanian agricultural sector [13].

**Present characteristics of the Romanian**

### rural households in the context of rural area sustainable development

The rural household is the main component of the rural area, providing stability and dynamics to the entire system. The stability provided by households refers to their resilience in the moments of crisis, based on the consumption of own-produced foodstuffs, as well as to the continuity of traditions and customs by household anchoring to the social, economic and social system. The dynamics refers to the moment when the household accepts and acquires the modernization elements and gets adapted to the social and economic behaviour of the new rural development trends. Mitrofan and Ciupercă (1998) reveal that permanent mutual transfers of norms and values are taking place between the rural and urban families [2].

In the year 2015, 43.5% of the number of Romania's households were found in the rural area, accounting for 3,312 thousand households where 9,150 thousand persons were living.

Table 1. Number of households in Romania, by residence areas (number of households)

	Total	Urban	Rural
1992	7,288,676	3,970,435	3,318,241
2002	7,392,131	3,995,239	3,396,892
2010	7,470,429	4,208,032	3,262,397
2015	7,470,000	4,158,000	3,312,000

Source: General Census of Population and Housing 1992, 2002 and 2011, NIS, Living Conditions of the Population in Romania, in the Year 2015, NIS [8]

It is worth noting that there is a general upward trend of households in Romania, yet the number of rural households decreased by 3.96% from the 2002 Census to the Census of 2010. In the period 1992 – 2002, the number of rural households increased by 2.37%. In the urban area, the number of households was higher by 5.98% in the year 2010 as against 1992.

The average size of rural household, in the year 2015, was 2.76 persons/household, down from 3.12 persons/household in 1992 to 2.83 persons/household in 2010, as revealed by the General Agricultural Censuses of Population

and Housing, in line with the decreasing trend of the population in Romania. Another reason that led to the decrease of the average household size is the fact that the nuclear family replaced the extended family, as an effect of lifestyle modernization [10].

Table 2. Average household size in Romania, by residence areas (persons/household)

	1992	2002	2010	2015
Total	3.07	2.89	2.67	2.65
Urban	3.03	2.79	2.54	2.57
Rural	3.12	3.01	2.83	2.76

Source: General Census of Population and Housing 1992, 2002 and 2011, NIS

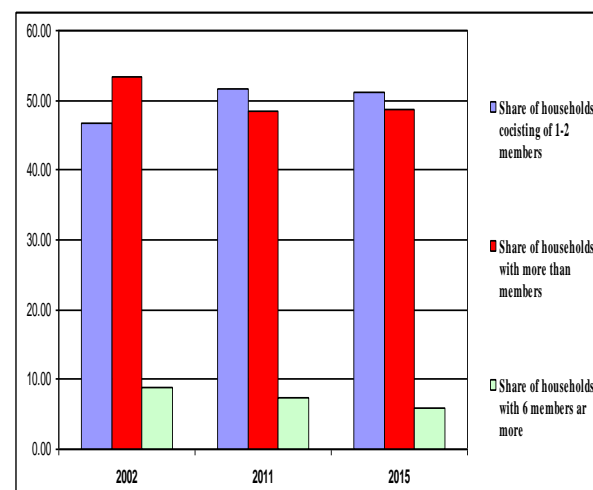


Fig. 1. Share of households by the number of members on household, 2002, 2011 and 2015

Source: General Census of Population and Housing 2002 and 2011, NIS, Living Conditions of the Population in Romania, in the Year 2015, NIS [8]

In the period 2002 – 2005, the number of rural households slightly increased, while the average household size decreased. The structure of households changed in terms of the number of members: the share of households with 6 members or more was down from 8.84% in 2002 to 7.27% in 2011 and 5.98% in 2015; at the same time, the share of households consisting of 1-2 members increased from 46.67% in 2002 to 51.64% in 2011, to reach 51.27% in 2015.

In the year 2015, 51.27% of total rural households had only 1-2 members and only 26.44% had dependent children. These data outline a picture of households with limited demographic reproduction capacity, most households consisting of pensioners. This

picture can be completed with the profile of household head: man (75.17% of households), aged 65 years and over (37.70%), with secondary education (78.85%), which reflects the traditional status of the household with man being the chief of the family, old-aged and with low educational level.

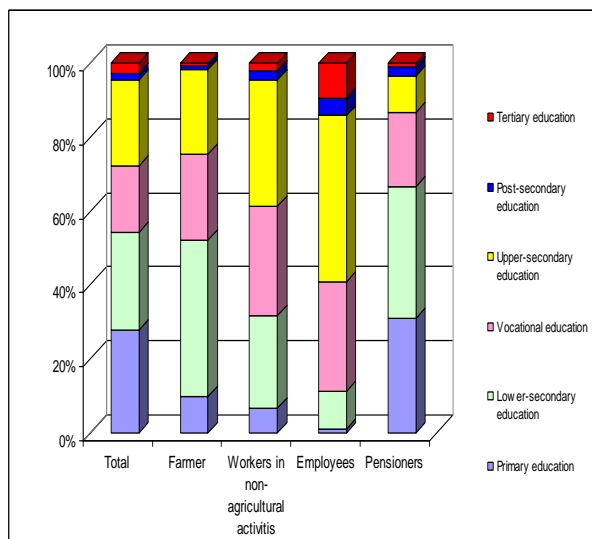


Fig. 2. Educational structure of household heads in the rural area, 2016

Source: NIS, 2017, Coordinates of the Living Standard in Romania. Incomes and Consumption of the Population. Year 2016 [9]

According to the household head's educational level, the lowest educational level is noticed on the households run by pensioners (66.53% graduated only primary and secondary education) and those run by farmers (52.07% graduated only primary or secondary education). The household heads with a non-agricultural activity as main activity, who are employed and work in non-agricultural sectors, have higher educational level (the employees with vocational, high school and post-high school training account for 79.04% and 63.64% of workers engaged in non-agricultural activities).

According to the household head's occupational status, 37.60% are run by pensioners and 31.10% are run by employees and only 18.20% are run by farmers, which means that farming is a subsidiary practice, which generates a subsistence agriculture without positive perspectives in the orientation towards a competitive economic activity.

In the year 2016, the total household income was 2,447.0 RON per household per month and 867.6 RON per person per month in the rural area. The average incomes per household in the rural area were by 26.45% lower than in the urban area, while the average incomes per person by 34.43% lower than in the urban area.

According to the household head's occupational status, the households run by employees and pensioners have the highest average incomes per person in the rural area, i.e. 1,114.81 RON per person and 894.68 RON per person respectively.

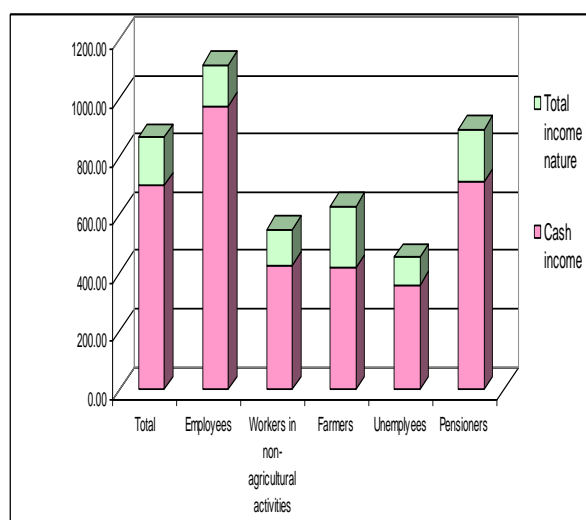


Fig. 3. Structure of total average incomes per person in the rural area, 2016

Source: NIS, 2017, Coordinates of the Living Standard in Romania. Incomes and Consumption of the Population. Year 2016 [9]

In the rural area, farm production was the main source of household incomes, accounting for 24.9% of total incomes, which represented the value of consumption of self-produced agri-food products (17.9% of total incomes), while the value of agricultural products under the form of cash incomes represented only 7.0% of total incomes of households in the rural area.

Wages and social benefits are the most important income categories for the rural household, as they represent 42.2% in the case of wages and 25.6% in the case of social benefits; yet depending on the household head's occupational status, we can notice very great differences in their contribution to the

total income per person, namely:

- in the case of wages, their contribution to total income ranges from 10.70% in the case of households run by workers in non-agricultural activities and those run by farmers to 79.00% in the case of households run by employees;
- as regards the social benefits, their contribution to total income ranges from 5.50% in the case of households run by employees to 53.10% in case of households run by retirees.

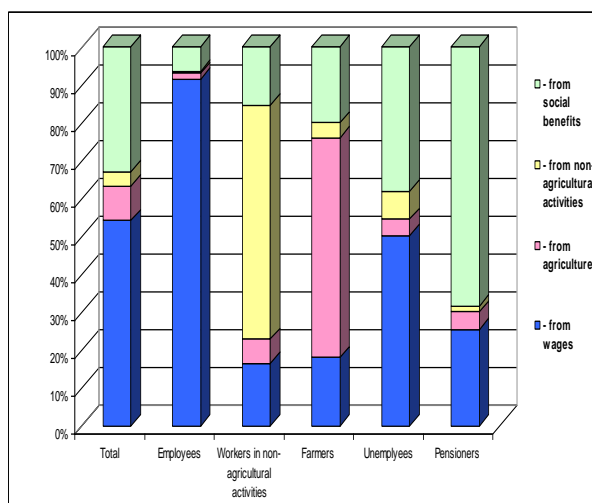


Fig. 4. Structure of cash incomes by origin of money in the rural area, 2016

Source: NIS, 2017, Coordinates of the Living Standard in Romania. Incomes and Consumption of the Population. Year 2016 [9]

Having in view the two main economic activities in the rural area, namely agricultural and non-agricultural, these have a lower contribution to the total average incomes per person, i.e. 7.00% and 3.10% respectively. The share of expenditures in incomes is relatively similar in the two residence areas, namely 87.86% in the rural area and 84.50% in the urban area, yet the structure of expenditures by the two areas is different. The share of cash expenditures account for 94.8% in the urban area as against 79.7% in the rural area, this situation being generated by the high share of own-produced food in rural areas. The rural households pay less on food and beverages, services and fees, taxes and different social contributions, yet their investment and production expenditures are higher than on urban households.

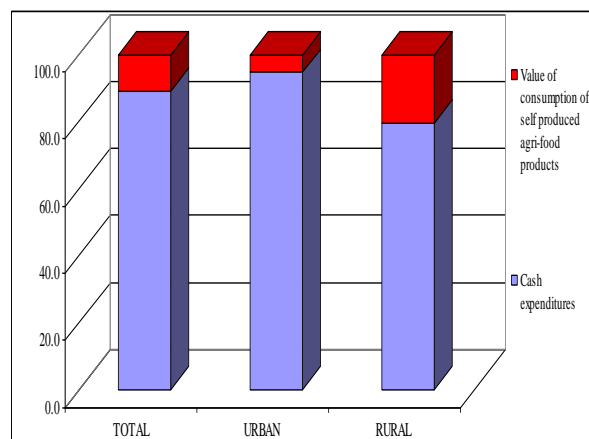


Fig. 5. Structure of average monthly expenditures by residence areas, 2015

Source: NIS, 2017, Coordinates of the Living Standard in Romania. Incomes and Consumption of the Population. Year 2016 [9]

The structure of expenditures by the occupational status of household head reveals certain differences, among which the most important are the following:

- in the case of households of employees, the category of tax expenses, contributions and fees represents 25.5%, as against other households where the share of these expenditures range from 3.3% in the case of households of non-agricultural workers to 9.7% in the case of the unemployed;
- in the case of households of farmers, the greatest expenditures are represented by investments and production, both in value and in percentage terms.

In the year 2016, Romania had 3,300,672 individual farms, accounting for 99.55% of the total number of farms without legal status. These holdings provide a clear/pertinent picture of the farming activity of rural households.<sup>1</sup>

The average size of utilized agricultural area is 2.04 ha.

The distribution of farms by rurality level is the following:

- 59.84% of individual farms are located in the predominantly rural areas, using an average land area of 1.99 ha;
- 39.54% of individual farms are present in

<sup>1</sup> In the absence of data on all indicators analyzed at the level of individual farms, the data on agricultural holdings without legal status will be used.

the intermediate areas, using an average area of 2.15ha;

- 0.61% of individual farms are found in the predominantly urban areas, using an average area of 1.01 ha.

Out of total individual farms, 92.06% have an area up to 5 ha. The medium-sized farms, from 5 to 20 de ha, account for 7.23% of total farms. The developed countries of the European Union have pleaded for the family farm, the medium-sized farm being considered the model of the agricultural policy of the Community, with beneficial effects at economic, social and cultural level as well as in terms of environmental protection.

The structure of individual farms [4] according to the farming activity carried out results in the grouping of farms as follows:

- in the predominantly rural and intermediate areas, 74% of farms were engaged in crop and livestock farming, 24% only in crop farming and 2% only in raising animals;

- in the predominantly urban areas, 52% of farms were involved in crop and livestock farming activities, 44% only in crop farming and 4% only in livestock farming.

Romania's agriculture is at the level of EU-6 from the years 1964-1970:

- The primary production value per hectare on the Romanian farms (900 euro/ha) is almost 2.5 times lower than the EU average (2,000 euro/ha);

- the Romanian farm endowment (350 euro tangible assets) is about 26 times lower than on the average farm in the EU (9,000 euro);

- the banking credits provided to a Romanian farm (110 euro/ha) are 16 times lower than those provided in the EU (2,000 euro/ha) [5].

In Romania there is a large number of small-sized farms (90% individual subsistence and semi-subsistence farms) that use a significant part of the country's utilized agricultural area (56%). These farms have low productivity, a poor technical endowment and fragmented land properties, they apply traditional farming practices with poor economic performance, with great resilience to the process of the new agricultural technology integration.

Under NRDP 2014-2020, support measures to small-sized farms (with an economic size

ranging from 4,000 to 11,900 Euro SO) appeared for the first time, in order to improve the small-sized farm management and to increase their incomes). The support will be provided under the form of a lump sum for the implementation of objectives provided for in the Business Plan (sub-measure 6.3.). The number of potential eligible beneficiaries is about 370,000 farms.

Under NRDP 2014-2020, support measures for the small-sized agricultural holdings appeared for the first time, for small farms (with an economic size ranging from 4,000-11,900 euro SO), aiming at improving the small-sized farm management and increasing the market orientation and revenues for this category of farms [7]. The support will be provided under the form of a lump sum for the implementation of objectives established in the Business Plan (sub-measure 6.3). The support provided to small-sized farms is mainly meant to determine the structural change [6] and opening to the market of the small farms with potential to become viable agricultural farms, as well as to increase the capacity to identify new opportunities to sell their products.

Sub-measure 6.5 is addressed to small farmers who participated in the Small Farmer Scheme under Pillar I for one year at least and who commit themselves to definitively transfer their entire agricultural holding and the corresponding payment rights to another farmer. According to APIA data from 2011, the number of potential beneficiaries for the Simplified Small Farmer Scheme under Pillar I was estimated at 840,000 farmers.

This sub-measure takes into account that, in addition to transfers of ownership right, the voluntary transfer of land by some farmers to other farmers can also be achieved by long-time disposal of the right of land use (e.g. land lease), in order to facilitate land/farm consolidation and therefore, alongside other measures, farm restructuring.

## CONCLUSIONS

The rural household nowadays has to face the same challenges faced by the rural area it is part of. At present, the farming sector prevails

in the Romanian rural economy, and its main characteristic is the high share of subsistence farms, largely overlapping with the rural households, which mainly produce for self-consumption and only occasionally for the market and use the largest part of UAA and a great part of labour input. The farming practice must ensure food security, contribute to the fight against climate change, provide jobs and incomes to the rural population.

The individual rural household represents the basic element in the organization of the contemporary world, representing a way of existence that ensures the maintenance/preservation and functioning of the rural space. This entity must be considered as a living organism, integrated into the natural, social and economic environment, with an important role in the proper operation of the rural society it is part of. The rural household survival is absolutely necessary as its disappearance would have serious consequences, among which the following:

- diminution of workforce that supports environmental and nature responsible activities;
- biodiversity diminution and loss of the genetic fund of plants and animals of autochthonous origin;
- gradual diminution of traditional products;
- gradual diminution of food security and independence;
- loss of cultural peasant identity (traditions, folklore, peasant ethics) and disappearance of specific occupations.

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