Transformations of the Romanian agricultural paradigm under domestic economic policy reforms: An analysis during 1960–2011

Andrei Jean Vasile\textsuperscript{a,b}, Mieila Mihai\textsuperscript{b}, Panait Mirela\textsuperscript{a}

\textsuperscript{a} Petroleum – Gas University of Ploiești, B-dul București, No. 39, 100680, Ploiești, Prahova, Romania  
\textsuperscript{b} Valahia University of Targoviste, Lt. Stancu Ion Street, No. 35, Targoviste, Dambovita, Romania

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\textbf{A B S T R A C T} 

The main aim of this paper is to investigate the transformations of the Romanian agricultural paradigm under the domestic economic policy reforms. An econometric approach is adopted by analyzing the evolution of Romanian agriculture between 1960 and 2011 from the perspective of its implications on residential land economy. This methodological choice relies on its high degree of applicability and its ability to reveal the massive transformation of the Romanian agricultural paradigm during the period under focus. Two regression models have been developed in the attempt to analyze the evolution of total value added and labor productivity in agriculture. The results obtained during the research confirm that Romanian agriculture exhibits determinant and significant elements able to trigger a massive change of paradigm.

\section{1. Introduction}

Transformations of the Romanian agricultural economic paradigm under the residential land policy reforms have imposed massive and irreversible adaptations to a new and better functional system. The domestic economy had to develop a new set of specific functional rules and redesign the whole agricultural economic system in order to converge toward the European Union (EU) agricultural model. Redesigning the agricultural sector in Romania was a long and exhausting process, much longer than in the case of former ex-socialist economies, which continues to persist in a structural transition to achieve the performance of the EU agricultural model.

As it is remarked in literature, (Vasile \textit{et al.}, 2011), the main goal of restructuring Romanian agriculture follows the old requirements in the field regarding the transformation and modernization of the agricultural sector and food industry in order to achieve high levels of sectorial competitiveness and a great contribution in generating gross valued added and sustainable economic growth (Vasile \textit{et al.}, 2011).

In the former socialist countries, such as Romania, agriculture has represented and it continues to represent a major economic branch with significant and direct influences on economic development and population welfare. Romanian agriculture has experienced dramatic transformations in the last fifty years, moving from the socialist centralized production system to the free market economy exigencies, where the production has to fulfill a complex and new sets of requirements in order to determine its own share of market. The adjustment within the Romanian economy – including the agricultural sector – of the EU convergence requirements and mechanisms to the new policy reality (Andrei and Alecu, 2016; Drăgan and Drăgoi, 2013; Andrei and Darvasi, 2012) has imposed a change in consumption patterns (Sima and Gheorghe, 2015), as well as the cross-sectional sustainability evaluation (Popescu \textit{et al.}, 2017) in order to understand the necessity of sectorial transformations of the Romanian agricultural economic paradigm under the residential land policy reforms and estimate whether Romanian agriculture is on the right path.

Accession to the European Union has also imposed massive changes and a new agricultural paradigm in Romanian economy. All the transformations of the Romanian agricultural economic paradigm under the domestic land policy reforms has triggered an intense process of reforming and reassembling the rural communities on new considerations and principles, with agriculture emphasizing its multifunctional role and getting closer to the EU agricultural model.

In this context, agriculture continues to be considered a vital component, with an enormous influence on the whole society. As Ogen (2007) argues, agriculture has had a major multiplier effect on all economic sectors, being both consumer and supplier for a wide range of products. Therefore, agriculture has stopped being just a support for the majority of the economic branches as it has been considered so far and it becomes a more sensitive sector with major influences on residential land economies. Moreover, the land evinces its own symbolism inherent in Romanian economy and the tradition of the rural population. As Wolford \textit{et al.} (2013) notice in their study, the land represents not only...
a production mean but it also materializes the ground on which the state produces and reproduces itself.

As scholarly studies argue (Ciutacu et al., 2015; Andrei and Gheorghe, 2014), after massive transformations and subsequent reforms, Romanian agricultural paradigm is still confined within traditional exploitation forms and structures and continues to raise numerous problems regarding its performances.

Starting from the assumption that agriculture assures a wide range of activities acting as a provider of raw materials, a warrantor of food safety or as a source of livelihood for the rural communities, the Romanian agricultural production system has been massively transformed during the years, in terms of the land use paradigms, productivity and operating systems.

In this context, like the other former socialist countries, Romania is facing numerous problems in fulfilling the criteria of a well-functioning and highly competitive market economy, and the agricultural sector makes no exception. As Romanian scholars postulate (Ciutacu et al., 2015; Popescu et al., 2017; Done et al., 2012; Tudorel et al., 2011; Ion, 2011), the residential land agricultural system was often the priority for the national economy even after the collapse of the whole system.

The transition to the market economy and adoption of agricultural reform measures have generated massive controversies involving, on the one hand, a deep fragmentation of agricultural land ownership, and on the other hand, the emergence of the large farms owning high tech equipment, leading to a clearly polarised Romanian agricultural economy with volatile results. Thus the transformations that took place have contributed to reducing the performance of the agricultural sector, making it most of the times, as noted in literature, a safety net for a more numerous rural population.

Starting from the premise that agriculture represents, at least in the Romanian case, a major economic branch, encompassing connotations that exceed the food safety approach, and becomes a highly dependent economic variable in the general picture of economic development, we deem important to analyze the land use paradigm changes and their correlation with the agricultural performance by measuring the value added evolution in Romanian agriculture.

This research is developed along two main lines of investigation. The first concerns the transformations of the Romanian agricultural paradigm under the policy reforms, by surveying several variables, as follows: the contribution of the agricultural sector to the main economic indicators (its share in the Gross Domestic Product (GDP), its share in the Gross Value Added (GVA)), the effort made in order to modernize the agricultural sector as a result of the investments allotted to the sector (the share of agricultural investments in total capital investments and the share of agriculture in fixed capital), the contribution of the sector to enhancing product value which results into increased exports (share of agriculture in exports), and finally the importance of the agricultural sector to mobilizing the labor force in rural areas by examining the evolution of the share of population working in agriculture.

By means of econometric analysis, the second line of research aims to investigate the evolution of value added in Romanian agriculture during 1960–2011, from the perspective of its implications on the rural communities and on the residential land economy as a whole. In this context, the research objectives were centered upon: the econometric methods to analyze the influence of eleven dependent variables and their contribution to generating agricultural value added in Romania and the use of the ADF and Phillips-Peron (PP) tests to develop two regression models for modeling the evolution of value added in Romanian agriculture.

2. Transformations of the Romanian agricultural paradigm under the domestic policy reforms

Analyzing the transformations of the Romanian agricultural economic paradigm engendered by the residential land policy reforms implies a delicate effort to understand the subtle sectorial operating mechanisms under the economic pressure and it requires paying thorough attention to the evolution of some of the most determinant and specific indicators considered in the analysis.

Achieving the standards of a free market and high competitive economy has imposed great economic transformations which have affected all the Romanian economic system. In this context, agriculture, as a basic economic branch had to adapt to the new conditions in the field. The evolution and transformations of the Romanian agricultural paradigm is the main result of the long and ineffective reforms’ process and policy approaches occurring throughout a long period of time. Despite the fact that Romanian agriculture has been the subject of numerous economic reforms during the years, it continues to hold important shares in economic development.

Valuing the residential land agricultural potential has determined numerous and massive transformations of the Romanian agricultural paradigm in order to achieve a highly competitive economy. These transformations are visible through the evolution of the most commonly used economic indicators such as the share of agriculture in generating GDP and GVA, which proves that agriculture holds a determinant economic position.

As presented in Fig. 1, despite the fact that the share of agriculture in GDP and GVA is decreasing, the values highlight the trend of the Romanian economy to become a free market economy, where agriculture plays a modest role in creating value added and GDP. If in 1990, at the outset of the transition period, agriculture held a share of 21.82% in GDP and 23.75% share in GVA, in 2011, the share decreased by 3.3 times in GDP and 3.17 times in GVA. This decrease of this sector’s share to the major economic indicators as GDP and GVA does not mean a reduction in its importance within national economy, but rather a sectoral adjustment, necessary in the context of achieving the exigencies of the free market economy and convergence with the European agricultural model. This evolution proves that Romanian economy tends to overcome its main agricultural character and

Fig. 1. Importance of the Romanian agriculture Evolution by main economic indicators, 1990–2011.
Source: author’s own calculus on INS (2017a,b).
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