

Agricultural Transformation and the Rural Labour Market in Romania

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The events of December 1989 brought with them not only political changes but also a considerable reorganisation of land ownership relations and the structure of land holdings, which continues to cause problems for Romanian villages and to impact on the evolution of the village way of life.

The following study addresses four questions. The first part provides a brief survey of the processes currently constituting the transformation process of Romanian agriculture using primarily legal and statistical materials, but also the findings of a social survey carried out in 1996.¹ It poses the study's first two questions:

1. What were the key moments in the process of settling land ownership relations and transforming the structure of land holdings between 1990 and 1996?
2. What sorts of changes were initiated by the Democratic Convention government which came to power at the end of 1996, and to what extent had these been realised by the end of 1997?

The next part of the study uses qualitative interviews carried out in conjunction with the survey research to provide:

3. A closer look at village-level transformation.

The focus is first on agricultural restructuring and then on more general aspects of village life. The final part of the study is based mainly on the questionnaire survey and addresses the issue of:

4. How have the new land ownership conditions and the new structure of land holdings impacted on village employment and the village labour market?

1. Land Ownership Relations and the Structure of Land Holdings in Romania in the First Half of the 1990s

It would be meaningless to evaluate the reorganisation of land ownership in Romania solely from the point of view of economic rationality, if only because this was not the primary

¹ The survey was carried out in 1119 households in nine Transylvanian villages as part of the research programme ACE-PHARE 94-0598R co-ordinated by Dr. Nigel Swain, deputy director of the Centre for Central and Eastern European Studies of Liverpool University, and was financed by the EU. The participants of the Romanian research team, besides the author, were Dr. Ágnes Neményi village sociologist, senior lecturer and her assistant, Elemér Mezei, junior lecturer, information technologist. The questionnaire surveys were directed by the author in four villages and by Dr. Neményi in five villages. SPSS data processing was carried out by Elemér Mezei. The views presented in this study are the responsibility of the authors alone.

consideration of the holders of political power as they enacted the new legislation regulating the ownership and use of land. The criteria that determined decisions relating to land in the early 1990s were political and social in nature, and influenced considerably by notions of moral justice. Nevertheless, two important macro-economic factors played a role in making these political decisions. The first was that the state budget did not wish to, nor was it able to, maintain the inefficient and increasingly debt-ridden production of the agricultural producer co-operatives. The second was that hidden, 'behind the factory gates' unemployment could only be addressed if those who lost their jobs were ensured some means of making a living. It was not by chance that enterprises decided to close production units located in villages, or to make commuting workers redundant, first. As early as 1991, Law No. 1 of that year, which regulated support for the unemployed, specified that people whose family had two hectares of productive land in lowland areas, or four hectares in the mountains, should be considered agricultural producers, rather than unemployed, and thus should not qualify for unemployment benefit.

Four rather important legal aspects of the changes in land ownership and the structure of land holdings should be emphasised.² Law Decree No. 75, passed in January 1990, abolished measures which had prescribed compulsory deliveries for auxiliary family plots and also permitted the free market sale of their produce. At the same time, Law Decree No. 42 increased the permitted size of such plots from 0.15 hectares to 0.5 hectares, and extended the right to a plot (of 0.25 hectares) to villagers (and some town dwellers) who were not co-operative members.³ These measures did not satisfy villagers, least of all those who had lost significant amounts of land through forced collectivisation. These former land owners saw the return of their lands, or rather the return of the right to use their lands, since ownership had, technically, never passed to the co-operatives during the years of collectivised farming, as the chief test both of the new political formations, among them the Democratic Association of Hungarians in Romania, and of the new democracy in general.

The representatives of the provisional authorities were at this time preparing for elections and therefore subordinated the question of land acquisition to their particular political interests. Thus, the Act on the Land Stock (the second key piece of legislation), which came into force in February 1991, provided for the restoration of a maximum of 10 hectares of land per family as a partial realisation of the principle of moral justice. The enforcement of this Act took place amidst great loss of, and damage to, property (Vincze 1992). Only later did the power elite, and even some experts, become conscious of the fact that excluding certain natural persons from the possibility of acquiring land would have caused fewer problems than regulating and restricting the use of property once land had been acquired (Szűcs, Csendes, and Pálovics 1997).

It is also clear from almost 100 interviews conducted in five Transylvanian villages that the disbanding of agricultural co-operatives and the return of land was demanded primarily, and most aggressively, by people who had left the village decades before. Many of them had been the larger farmers of the village and had been exposed to persecution and atrocities as *kulaks* in the 1950s. They had had their children educated, often at the cost of considerable sacrifices, so that they did not have to work in the co-operatives. It was on the basis

2 These were: 1. Law decree on various measures concerning incentives for farmers (42/1990); 2. Act on the land stock (18/1991); 3. Act on agricultural companies and other forms of association in agriculture (36/1991); and 4. Act on land rental (16/ 1994).

3 For a thorough presentation in English of all the legislation associated with Romanian agricultural restructuring and its effects, see Sarris and Gavrilescu 1997. See also Verdery 1998.

of moral justice rather than economic calculations that the political authorities and the opposition decided to restore at least a part of their land to these people or their heirs.

Changes in Romanian land ownership and the structure of holdings were, thus, greatly affected by two factors. First, land was also restored in kind to heirs who were not employed in agriculture. Second, land was restored in its 'historic boundaries' (i.e. the actual land lost was returned, not its equivalent). In the mountains this principle was followed everywhere, and even in the lowlands there were few exceptions, although in areas outside Transylvania, where there was no land register, land was often returned in a single unit rather than in dispersed plots. The result was the creation, nationally, of approximately 40 million small plots. Romanian agriculture can only partially exploit the fundamental advantage that the private ownership of land can confer by making owners interested in maintaining the quality of their land, because ownership and use of land have been separated from one another to a significant extent. City-bound heirs and elderly villagers alike are unable to work the land, and thus, in many places, the actual work is taken on by agricultural companies (see below) or individual renters. This is why it was also necessary to create the legal framework for both the regulation of agricultural companies and other entities operating in agriculture, and for the operation of land rental, the third and fourth key pieces of legislation respectively.

Since Romanian collective farms had not generally owned machinery, mechanical services having been performed by Machine and Tractor Stations (Agromecs), the distribution of co-operative property related primarily to animals, stables and other farm buildings. Liquidation committees were established to oversee this process, although, in fact, in many places, as will be seen below, animals and anything else that could be easily carried were often removed before these committees had time to meet. In theory, the procedure was as follows. Once outstanding debts had been taken into account, the remaining property was distributed to members and those who had contributed to the foundation of the farm. Sixty percent of the property share was based on the amount of labour contributed to the co-operative, and the remaining 40 per cent was based on the amount of land originally contributed to the co-operative. If there was no legal successor to the farm, the members took out their shares in the form of physical assets up to the value of their property shares, without there being a need for an auction. If a single co-operative successor emerged, that body took over the co-operative's property and also its debts. If, on the other hand, more than one successor organisation emerged, then auctions had to take place in order to determine which successor got hold of the former co-operative's more valuable assets.

The most common successor organisations to co-operatives were 'family partnerships' and 'agricultural companies.' The former were loose partnerships of farming families which registered with the relevant authorities but did not have a legal identity of their own. The latter were corporations in that they had a separate legal identity, but they usually continued the management structures of the former co-operative, and the co-operative principle of one member, one vote.⁴ In addition, like other corporations, they could not own land in their own right without ministerial permission, and their property shares functioned as a basis for determining profit share rather than as a tradable asset. They also benefited from a five year exemption from profits tax, provided they continued in operation for ten years.

⁴ There is no established English term for these entities. The former have been variously called 'family associations,' 'family partnerships,' 'informal associations,' the latter 'formal farmer associations,' 'legal associations,' 'agricultural associations.' The usage adopted here places the emphasis on their different status in company law.

The former state farms were technically transformed into commercial state agricultural companies by Law 15 of August 1990, but they continued to be dependent on the state for support and were wholly owned by the state. The Machine and Tractor Stations remained initially in state hands. Privatisation began, in theory, in 1993 when 90 the total of 521 were privatised, but it only gathered pace in 1996 (in our surveyed villages most were still in state hands in 1996). The favoured form of privatisation for these bodies was the management-employee buy-out.

This, then, was the legal framework for restructuring. But one of the awkward questions concerning Romanian agricultural transformation is the conversion of legal structures in practical reality. By September 1998, seven years after the passing of the relevant laws, still only 73.5 per cent of owners had received the documents proving title to their land. The allocation of land was particularly slow in places where, early on, at least a part of the co-operative was successfully transformed into an agricultural company, and where leaders were fearful that there would be some members who would no longer want to have their land worked in this way, or who would sell it if this became possible once they had final legal title to their land.⁵ Nevertheless, despite the slow pace of establishing legal title, both laws of 1991 led to profound changes in a) the structure of real rather than 'on paper' ownership; b) the distribution of agricultural land between different types of farming entity; and c) the organisational form in which land was farmed.

In 1989 in Romania there had been 411 state farm and 3776 agricultural co-operatives which accounted for 29.7 per cent and 60.7 per cent of total agricultural land respectively. The small number of private farms which remained, mainly in the most mountainous regions of Transylvania, owned 9.6 per cent of total agricultural land. Act 18 abolished the agricultural producer co-operatives, which meant that the 60.7 per cent reverted to its previous owners or their heirs. A part of state owned land also came to be owned by share holders (approximately 300,000 people and 607,000 hectares of land).

Following the early spontaneous land occupations and subsequent transformations carried out in the spirit of the 1991 law, by 1995, the situation had changed to the following. Some 47.8 per cent of the land was worked by 3.6 million small farms of an average area of 2.3 hectares. Of these, 38.9 per cent were holdings of less than one hectare, 34.2 per cent were between 1–3 hectares, 15.9 per cent between 3–5 hectares, and only 11 per cent were larger than 5 hectares. In addition to these individual family farms, there were approximately 13,700 family partnerships, with an average area of 112 hectares, making up 10.4 per cent of the total agricultural land, and 1970 agricultural companies, with an average area 446 hectares, making up 11.9 per cent of total agricultural land. The state agricultural companies numbered 627 in 1995, with an average area 2882 hectares, covering 12.2 per cent of agricultural land. Village pastures and other common land accounted for the remaining 17.7 per cent. There were significant regional differences, however. In the southern part of the country, holdings were larger and the number of agricultural companies was also higher, while Transylvania was characterised by small-scale family farms (Dumitru 1997: 135).

Our survey carried out in nine Transylvanian villages in 1996 presents a more detailed picture of the present state of land ownership and use in this region. In selecting the villages to be included in the survey we distinguished between three types:

- a) villages which were distant from the centre, with economies based on traditional agricultural production with a weak industrial infrastructure,

⁵ Those who rented their land to associations received a certificate indicating only how much land they owned. The boundaries of the land were not established, nor was it measured out.

- b) villages close to the centre which were closely tied to a city with a powerful, developed economy,
- c) areas of structural crisis where socialist industrialisation had created a centre of heavy industry which was, consequently, in a process of decline.

The findings revealed that 90 per cent of households owned land which they cultivated themselves. The proportion was highest (95 per cent) in areas which were traditionally based on agricultural production and distant from large cities or industrial centres. The size and distribution of holdings owned by the farms varied according to the type of village, but dwarf holdings and small farms were characteristic of the entire region. In our sample, the proportion of holdings over 10 hectares was 4 per cent, while the share of those under 3 hectares was 64.8 per cent. The fact that, in the villages in areas of structural crisis, more than 50 per cent of farms were under one hectare indicates clearly that here agricultural employment cannot be seen as a cure for unemployment. In the sample as a whole, 10 per cent of households did not own any land, but this proportion was almost twice as high (18.4 per cent) in the villages located close to the centre.

Farmers worked most of the land themselves (87–94 per cent). A few rented it out to relatives or other private farmers (9–16 per cent), and the number renting their land out to an agricultural company or family partnership was also quite low (1.4–9 per cent). Most of those who own land also worked it, or a part of it (91.1 per cent), but where they were able to, elderly farmers tended to rent their land out or left it fallow. It is precisely because of the absence of agricultural companies and other private renters in more remote rural areas that 22 per cent of farmers there left their land uncultivated.

After 1989, a land market developed, but mainly in the form of ‘pocket contracts,’ and it did not lead to a concentration of holdings. The plots which changed owners were mostly (68 per cent) under one hectare. Our survey revealed that most land owning households did not run their farms as a business. Most only produced for their own consumption, or occasional surpluses were taken to the market on a more or less regular basis. This was how 81–93 per cent of the households characterised their farming. Incomes from agricultural work only made up a small part of family income, and thus farming could be considered part-time; but by removing the need to spend cash on what would otherwise require considerable expenditure, it had a more than incidental impact on household budgets.

2. Steps towards Further Modification of Land Ownership and Property Relations?

In 1997 a new transformation process was set in motion with regard to forms of land ownership and property structures which was directed at both further expanding and strengthening small and medium sized holdings, and at winding-up loss-making state property through privatisation or liquidation.

After lengthy parliamentary debates, Law 169, which amended and supplemented Act 18/1991 on the land stock, was passed in November 1997. The Act was directed at completing the agricultural reforms, at enforcing the principle of *restitutio in integrum*, whilst keeping the actual economic and social situation of the country in mind. It did not alter the existing legal situation, in as much as ownership rights already established in 1991 were unaffected, but it offered the possibility for those who had previously owned larger tracts of land, but had received only the maximum of 10 hectares, to get back their holdings of 1945 (the post war land reform had set maxima of 50 hectares of arable land and 30 hectares of

forest). In essence, the law restricted itself to assessing demand and relating this to possibilities. Subsequent legislation would determine the form and amount of compensation to be offered to those who suffered losses as a consequence of the 187/1945 and 83/1949 expropriation laws. The law also gave unclaimed land to local councils rather than the state; allowed local councils to reclaim former communal pasture from the state; permitted legally recognised churches to reclaim land; removed restrictions on selling land within ten years; returned the 0.5 hectare plots allocated in 1990 to their original owners; required agricultural companies to clarify the ownership of land in their use within a year or face liquidation; and increased the maximum amount of land that could be privately owned per family from 100 to 200 hectares.

Law 169/1997 should have provided the foundation for developing viable, privately owned, medium-to-large holdings, although it had some intrinsic disadvantages and it relied on the existence of the political will to complete the process of property restitution and pass the additional legislation necessary to complete the process. Amongst its disadvantages, was the fact that it probably increased further the divide between land ownership and land use, increasing further the outflow of revenue from agriculture, which, in the long run, would increase prices. Even so, the law represented a considerable step forward in the direction of clarifying land ownership, without which the development of a stable agriculture ready for European integration would be impossible.

But its Achilles heel was its dependence on the political will for reform. Progress implementing Law 169 was painfully slow. By September 1998 no concrete steps had been taken, although applications for land had been processed, and politicians even disagreed on aspects that the law had apparently clarified, such as whether churches could receive land and whether there should be an overall maximum of 50 hectares. With this over politicisation of the land reform, the point at which land ownership relations would finally be clarified was being pushed back into an unknown future and the situation of uncertainty continued to prevail.

The other promise of the Democratic Convention government was to speed up privatisation, especially of the state agricultural companies. Law 18/1991 had essentially left the former state farms intact. People who had contributed land to co-operatives which had then been converted into state farm land before 1989 became share holders in the state farms, and thus gained a certain additional income, but they did not get their land back. Later, after 1994, it was made possible for former owners of this type to rent and cultivate their former land, and exercise their rights to ownership after a period of five years, a process likely to be accelerated by Act 169/1997.

However, the key problem with the former state farms was not lack of clarity of the ownership of the land that they used, but that they had also accumulated enormous debts, partly as a consequence of their low efficiency and unprofessional management, and partly because of the collapse in internal and external demand and the credit policy of the banks. In the period between 1990 and 1996 they received 80 per cent of all subsidies given to agriculture, yet their debts continued to increase. The programme of the 1996 government saw privatisation as the inevitable solution to the financial problems of such farms, but implementation of privatisation proceeded more slowly than planned. The reasons for this were partly that privatisation was opposed by certain interest groups, partly because there were technological difficulties in privatising enormously large-scale, integrated livestock companies, and partly because it conjured up fears of food shortages. Although the private sector in agriculture accounts for approximately 80 per cent of production, only a small portion of it makes its way to urban consumers, and the large state owned companies continue to be looked to to guarantee food supplies. Despite these fears, re-organisation of

the national cereals marketing monopoly (ROMCEREAL) began in 1995 when it was broken up into county level monopolies, and in 1997 the privatisation of these county monopolies also came onto the agenda. But progress in the livestock sector remained slow. By September 1997, seven of the county's 46 pig farms had been privatised, seven had been liquidated, seven were in the process of privatisation, and ten were in the process of liquidation; but privatisation of the remaining 15 had not even begun. The situation was similar in the case of poultry farming. The opposition and the mass media aggressively criticised the government, claiming that they were attempting to destroy the farms, while the IMF and World Bank complained about the slow pace of reform. The second stage in the transformation process appeared to have stalled.

3. A Closer Look at Village Level Transformation

This section first considers the impact of co-operative restructuring at the local level in four of the Transylvanian villages included in our research, before considering some additional impacts of post-socialist restructuring at the village level.

In the village of C, near Alba Iulia, the popular will was to sack all the co-operative staff, disband the co-operative and take home all the animals. The former management was frightened by the crowd of 80–100 angry members at the co-operative general meeting and simply got into a car and drove away. MB, a local woman who had worked as an economist in the co-operative for years, attempted to restore order. She was anxious that the property of the co-operative should not simply be lost. After ten minutes of arguments, she requested permission to speak. 'None of you have more land in the communal property than I do. It hurts me too to see what is happening to these assets. If you dismiss the leaders, someone will have to be responsible for this property. I accept that responsibility.'

MB's intervention at least meant that the transformation was carried out in accordance with the 18/1991 law. The meeting then organised a committee which drew up an inventory and assessed the value of the animals. The calculation of individuals shares in co-operative assets took place according to the legal norm: 60 per cent based on the work done and 40 per cent based on the land brought in the co-operative. The process of evaluating the assets and determining shares took three days, during which time 100 people waited patiently outside the doors. In the end, there were no complaints. People took their animals home, but a large number were immediately slaughtered so that the number of animals in the village, by the mid 1990s, was roughly the same as it was when there was private farming in the past.

MB's goal was to set up an agricultural company for those who did not want to farm privately. There were some 270 land owners who were interested in farming jointly, with a total area of 320 hectares, 250 hectares of it arable. Ten of the owners had about 10 hectares, a further six had 4–5 hectares, four people owned about three hectares and the rest owned less than one hectare of land. Initially the villagers agreed that they would work together, which gave them the possibility of jointly buying tractors. But then the villagers who owned least land, the majority, complained that they did not want to buy equipment which the well-to-do would benefit from to a far greater extent than they. So, in the end, no formal agricultural company was established, although they nevertheless began to cultivate the land jointly. Their agreement was for everyone to grow what they wanted on their own parcel of land, but to cultivate jointly five large 20–60 hectare fields, which meant that, not only did they have to agree as a group about crop rotations, but, more important, they had to come to an agreement with those who owned land within these large fields that

the pattern of rotation was acceptable to them. This solution worked for a time. Potatoes were grown on 25 hectares and a profitable vine nursery extended over 2 hectares. (The village had a strong tradition in viticulture.) By the Spring of 1997, however, even this form of minimal collaboration proved impossible. The villagers could not agree on the pattern of crop rotation and accept the fact that in some years, for the good of everyone, their land must occasionally grow less profitable crops. The partnership therefore collapsed, although MB continued to farm the land of a few villagers on a private basis, and kept hold of a lorry and some store rooms inherited from the co-operative in case people wanted to move again to collaborative farming.

MS in C exemplified the difficulties encountered by those wanting to become a medium-sized family farmer. He had graduated with a degree of agronomy in 1974, and had worked in the co-operative sector of agriculture for most of his life before, in the 1980s, becoming the manager of a viticultural association of co-operatives in C. After 1990, he decided that the only thing to do was to become a farmer. He started with 30 hectares of land and bought a tractor and some second hand machines. He tried to farm commercially for two years, but failed. There was insufficient rain, the barley did not germinate, or it was destroyed by frost, input prices increased radically, while the price paid by the cereals purchasing company remained the same; and he received no aid from the state. He decided to give up full-time farming and look for a more secure form of income. He ended up working for the local branch of the Caritas charity, but he continued to farm part-time on 10 hectares, supplemented by fattening 10–20 pigs which he sold to a local private butcher.

The closure of the co-operative that farmed in M and the other villages controlled by the M local authority in the Szekler Land of Transylvania was a protracted affair. The first stage was the break-up of the co-operative into its constituent parts. By the end of 1990 all but one of the villages had left and only L remained with the M co-operative. The latter was finally wound up on 30 March 1992. At first there was an attempt to create an agricultural company, and 60 per cent of the former co-operative membership opted for it. But the 40 per cent who remained outside put such pressure on the others to return to private farming that the agricultural company folded for good later in 1992. The co-operative stables were demolished and the headquarters of the co-operative emptied. All of its contents were sold, much bought 'for a song' by the book-keeper; and the building remained unused. As in other villages, there were also accusations of wrong-doings in relation to the return of land. The former leadership of the co-operative got themselves appointed to the land claims committee and redistributed the land unfairly, and to their personal advantage, excluding some older members entirely from any benefit. The village in fact voted for a consolidation of holdings, but the land claims committee distributed the land for themselves without any consolidation of holdings. Animals were distributed on the basis of the numbers originally contributed to the co-operative. But many were sold or slaughtered immediately since they had no fodder to feed them with. The agronomists of the co-operative tried to introduce moderation into the proceedings, but 'load-mouthed blusterers,' mainly 'outside owners,' urban dwellers who had inherited land in the village, shouted them down and tried to exclude them from receiving any land at all. Even though the land reprivatisation law stated that specialists were entitled to 0.5 hectares, in M it still had not been decided in 1995 whether they would receive land, or how, since all farmers insisted on getting back all their land even if they then left it uncultivated.

M provides another illustration of a failure to make a success of family farming. In 1991 AN (former communist mayor and chairman of the co-operative) embarked on a private farming career as an addition to his existing business buying and selling agricultural chemicals. He rented 50 hectares of land with a partner in the village of L (administered by M).

Only 35, mainly elderly, people live in the village and they happily rented their land to the two men. The following year they rented a further 30 hectares in the neighbouring village and they continued to cultivate the 80 hectares land for three years. But after that they stopped the enterprise because it was insufficiently profitable. Part of the reason for their failure had been that they had no machines and had to rely on a machine and tractor station. But, at that time, machine and tractor stations could rent land from private farmers for themselves, and were given a special subsidy if they did, so they were always interested in cultivating their own rented land first, and customers had to wait. AN concentrated on other business activities, but continued to rent 10 hectares, using the services of another machine and tractor station. He therefore fully appreciated the importance of machinery to successful farming and praised people who worked in the industrial units of the co-operative and the employees of the tractor and machine stations who knew about the machines, saved some money, bought tractors and started out on the road towards a more developed farming. 'Only those agricultural entrepreneurs or land owners who gradually buy machines can manage.'

In the village of N in the Kalotaszeg region too, no agricultural company or family partnership emerged to replace the co-operative. It was discussed, and it was the larger and more successful farmers who saw merit in the idea, while the poorer farmers were disinterested, an interesting reversal of the pattern at the time of collectivisation when, generally, it was the poor who accepted the co-operative idea and the rich who opposed it. When the 40 key families in the village rejected the idea, the plan was dropped. Transformation then became a rather messy affair. The village became divided within itself. One half immediately tried to take out their land, animals and other property from the common stock, while the others tried to continue farming communally until the end of the year. There was no organisation or supervision of the process: many people picked randomly and at will from the communal herds and properties, and many of the co-operative buildings were simply pulled down. The official allocation of land had not been completed by 1995, but, long before that, everyone had already taken back the land that they had contributed to the co-operative and was cultivating it privately.

In P, in a more fertile region near the town of Braşov, the process of co-operative transformation went relatively smoothly. The socialist co-operative was wound up, but this was generally not accompanied by vandalism: although there were, inevitably, arguments about who was due what, these did not continue for long. Livestock farming was closed down entirely, however, a process which was carried out in a 'chaotic way.' The animals were distributed to the members, and the stables were left abandoned. Some 1,000 pedigree dairy cows disappeared in this way, either slaughtered or sold.

Two agricultural companies were established following the closure of the co-operative. The IN agricultural company was created by a manager of the former co-operative's fodder store in order to ensure employment for himself and his wife who had worked as a store-keeper. He managed the new company, and his wife handled the accounts. Most of its members were people from families which, after the Second World War, had moved to the village to benefit from the 0.5 hectares of land that they could claim from the land formerly owned by the German population as part of the post-war land reform. Others joined because they too, like the manager, had moved to the region from Moldavia.

The second agricultural company, the BA Agricultural Company, was a more conventional co-operative successor body. It was headed by the former socialist co-operative farm chairman and consisted of 367 landowners, 80 of whom were not local, who owned roughly 1000 hectares in all. The labour force was much smaller than it had been in socialist days, and the number of employees had been reduced to five workers in administration (the chairman, a works manager, two book-keepers and the deputy chairman

of the management committee), eight tractor drivers and four other drivers. The deputy chairman was local, as were the book-keepers. None of the other professionals from the socialist co-operative worked in the company. One became a teacher, another started to work for the Chamber of Agriculture, and the third opened a shop in a nearby town. As in the old co-operative, only the employees (who in many cases were also members) received a salary. The members received 1,000 kilos of wheat and potatoes for every hectare farmed by the company. As in the socialist co-operative too, every family retained 1–1.5 hectares of their own land for their own use, on which they normally grew potatoes; the rest of the land was in the company. Because most of the younger villagers had jobs and only the elderly were available to work, the company faced a labour shortage for seasonal work, as indeed had its predecessor. To solve this, they employed a team to work the land which came from a village 22 kilometres away. They would come for a week, were collected and taken home by bus, and were paid in sugar beet. The company was mechanised sufficiently well not to need to use the services of the agriculture and tractor station, unlike the IN agricultural company. They took over three tractors (which did work) and three cars (one of which worked) from the co-operative, and bought three second hand tractors from the former machine station with a state loan. In 1992 they bought two more new tractors from the tractor factory in Braşov. The company was relatively wealthy and has recently received some machines from Belgium, Germany and Austria as part of the PHARE programme.

In addition to these two agricultural companies, a number of smaller family partnerships were also set up, each with a handful of members contributing an average of around 5 hectares each. In P, with its two agricultural companies and numerous family partnerships, the norm was for families to rent most of their land to the companies or partnerships and retain a smaller plot for themselves. Half of the villagers only grew sufficient produce for their own needs, others with larger plots sold occasionally, but only 15–20 per cent of land owners marketed their produce on a regular basis. Part-time, and predominantly subsistence farming was thus the norm for the village.

Generally throughout Romania, the initial craving for land had subsided by mid decade. People were quite willing to let their land form a part of an agricultural company in return for as little as 10–20 per cent of the crop, but in most areas nobody wanted to rent the land, and many of the agricultural companies formed at the beginning had already been wound up. Many elderly farmers complained that most of their pension was spent on cultivating the land, and the amount of work involved was crippling them. If they did not have land, they could live happily off their pensions, but as things were they had to work permanently and very hard. Most of them let themselves become slaves to the land in this way in order to support their children living in the city or to supplement their small co-operative pension.

Work in the co-operative had been much more comfortable, nobody had to work themselves to death. Most people only worked in the co-operative in order to qualify for their household plot, and it was also easy to steal from the communal fields. In the final years the situation had become stricter, anyone who was caught could go to prison for stealing as little as a sack of maize. The co-operatives paid their members' social insurance contributions, something which few post-socialist private farmers bothered with, a social time bomb to explode in a few decades. They also offered social support, mainly to their own members, but also to the school, the *culture house* and, clandestinely, even to the church. The newly emerged agricultural companies were unable to take on this role.

It is true that the co-operatives were inefficient and their members lacked any interest in their efficient operation. They could not survive in their old form in conditions of a market economy. Nevertheless, in 1996 a great number of former co-operative members regretted the disbanding of the co-operatives and found it particularly painful that valuable assets

(stables, grain stores, plantations, livestock herds etc.) that many of them had worked hard creating had been destroyed or had fallen into the hands of 'shady dealers.'

The idea that private farmers, having got back their lands, would behave as businessmen proved illusory. Their farms were not sufficiently well equipped for this, nor were they helped by increasing transport costs; but the main obstacle was the mentality of the people. According to the priest in the village of N, one of the chief problems is that people are still waiting for someone to give orders, to take care of them. A local example can illustrate this general statement.

'Although the farmers had experienced for themselves that it was not possible to harvest cereals properly with the dilapidated machines of the state machine and tractor station, and that its drivers were irresponsible workers, it needed the priest to convince the people, with great difficulty, to club together and jointly buy a combine harvester. In the end, he managed to convince 25 families, the church also contributed, and they bought the machine, which paid for itself within two years.' 'People are wary of communal initiatives, they are waiting for an outside entrepreneur to turn up, someone with capital who wishes to invest it in the village, for example by running a milk processing plant.'

This comment was made in a village which used to have a profitable, efficient milk processing and marketing co-operative before collectivisation.

A characteristic feature of Romanian villages was the expansion of shops selling second hand clothes and shoes. Second hand clothes made up a considerable part of the Western aid which began to arrive in the country after December 1989. In many villages, initially, the distribution of this aid, which often created conflict situations, was the task of church representatives, the mayor's office, or the head of the local school. Later the products were sold and the income from them used for communal purposes. By mid decade, however, this activity had become an entirely commercial operation. These cheap and relatively high quality imported clothes had largely put out of business the local textile and footwear workshops of either individual craftsmen or, more commonly, consumer co-operatives.

Some of the businesses were parasitic in nature, in that they were dependent on close personal relations with a state sector company. For example, the former head of an agricultural co-operative, who had a secondary school qualification in crop farming, was from 1990 a paid employee of the plant protection centre in the nearby town, but at the same time he had his own private company which sold crop protection products. It became general practice for managers of state companies to start private businesses in their own names or, more frequently, in the name of one of their family members. These private businesses either obtained products from the state company at wholesale prices and sold them at retail prices, or they received commissions of one sort or another from the state company.

In most cases there was almost no co-operation between the individual villages that made up a commune, the lowest level of Romanian local government. The situation was, in fact, quite the reverse, there were conflicts over issues such as the use of pasture and, primarily, the distribution of the local budget. Human relationships also deteriorated after 1990. The land question caused a great deal of friction, even within families. People looked on in envy if one person did better than the rest. The fact in itself that, after the villagers had got their land back, they had very little time for anything other than work had a very destructive influence on interpersonal relationships.

At the beginning of the 1990s two typically Romanian phenomena influenced village life. One was temporary out migration to work in Hungary or Western countries as 'guest workers,' the other was the material and spiritual support offered by Western twinned villages. Many migrant labourers, most, but not all, skilled workers (brick layers, carpenters, joiners, seamstresses etc.), amassed by working abroad the money that they needed in order to start

a business, or buy a tractor or other pieces of equipment. There were few, however, who could use their tractor effectively. The mayor of M noted that there were over one hundred tractors registered by the mayor's office, but only a few people had obtained the necessary driving licence for driving tractors on public roads.

At first it was hoped that the return of private ownership in land would be the basis for village development, but this was only partially successful. Very few of the wealthy farmers of former times, or their heirs who had left in the 1960s, returned to their villages to farm the land. They hoped merely to gain some extra income from renting out their land while waiting for a wealthy buyer to arrive to whom they could sell it. Those wealthier farmers and their children who stayed in the village and worked in agriculture, either as paid employees in state farms or in the co-operative management, were able to capitalise on their expertise and connections, and many became heads of family partnerships or agricultural companies. In a value system in which size of holding had again come to the fore, these people won general esteem. In non-agricultural businesses, it was former commuters or those who had returned from work abroad who predominated.

A relatively new phenomenon was the increased concern for preserving old traditions in many villages. The re-evaluation of cultural traditions came about primarily through links with twinned villages. The ethnically Hungarian village of M in our research came to be visited every summer by Dutch, Swiss, and of course Hungarians, who studied the local dances and songs, and cultural groups from the village also went on tours to foreign countries. Even in villages where folk costume had not been in use for a long time, it became fashionable to wear it for festivals and holidays; choirs and folk-dance ensembles were being formed; old folk customs were being revived; and village festivals were being organised.⁶

But progress was far slower in reviving economic traditions of co-operation. In a village which had had an efficient and profitable milk collecting, processing and marketing co-operative from 1940, it proved impossible to get farmers to co-operate – mutual trust was simply lacking. Or, in the village C, famous for its vineyards, it proved impossible to bring villagers together either for the sale of vine cuttings, or for the production of wines of uniform quality.

In the villages we surveyed, the first priority in the development strategies, which mayors were obliged to draw up, was the development of infrastructure; and they planned to cover these from their local budgets. In the view of most mayors, the representatives of most villages generally had no clear idea about what needed to be done to make their village prosper. 'There is no strategy of economic development, people live only for today.'

In this vacuum, the role of the church came to the fore, especially in villages where the priest acted as kind of 'catalyst person.' In N in the Kalotaszeg region, it was the priest who suggested the purchase of the combine harvester. He then started enlisting Dutch support to establish a village mill, had a guest-house built to accommodate foreign visitors, organised English lessons for village children, and supported the church choir, as well. On the

⁶ Ethnic identity clearly played an important role in this aspect of post-socialist development, but there is no evidence that it affected the pattern of land restitution and co-operative transformation in the same systematic way as was the case in Bulgaria (Swinnen and Mathijs 1998: 338). On the other hand, the Hungarian minority is concentrated in Transylvania where the mountainous terrain tended to favour a return to family farming rather than the creation of agricultural companies, and, as Verdery (1998: 167–168) has illustrated, the post war confiscation of German land and its redistribution to Romanians could result in conflicts between Romanian and Germans for the same piece of land almost half a century later (something which did not occur under Hungary's indirect restitution, as Katalin Kovács's contribution to this collection makes clear). In addition, in the sorts of conflicts over land and resources described above, ethnic tensions inevitably came to the surface.

other hand, the importance of schools diminished after socialism collapsed. Many children (and their parents) considered studying a waste of time when the children were needed to help on the farm. The danger of increasing rural illiteracy was real again.

4. Village Employment and the Village Labour Market

More detailed consideration of the village labour market impacts of the Romanian agricultural transformation is appropriate because more general employment difficulties associated with the transformation of the national economy have been largely shifted onto agriculture and the villages. This partly explains why the number of those working in agriculture grew from 3055 thousand in 1990 to 3249 thousand in 1996. The fact that people who have more than two hectares of arable land in lowland areas, or four hectares in the mountains, are not registered as unemployed but as private agricultural producers considerably distorts village labour force comparisons with the other Central European countries, although a similar policy is followed in Poland, and, elsewhere, those who are unemployed for over a year disappear from the statistics and are often obliged to make a living from agriculture.

The results of our 1996 survey provide a good overview of the employment position of village labour. As few as a third of respondents in the selected villages were either in employment (31.3 per cent) or unemployed (4.7 per cent), and almost two thirds were made up of private producers, self-employed entrepreneurs, pensioners and housewives. There was some regional variation. The employment rate was lower in remote villages (29.7 per cent) than in those closer to the centre (34.9 per cent), while in villages in areas of structural crisis, the unemployment rate was almost twice as high (7.8 per cent) as in the other two types of region (3.2 per cent). Within the category of those neither employed nor unemployed, the proportion of pensioners was highest (57.5 per cent) followed by 'others' (housewives, students and so on) (28.5 per cent). The proportion of full-time self-employed farmers was very low (7.6 per cent), as was that of entrepreneurs (6.4 per cent). Regional differences also manifested themselves in the number of private farmers and entrepreneurs. In remote, traditionally agricultural villages, there were more private farmers, but even here they represented only 11.4 per cent of households, while in villages close to the centre the rate was extremely low (2.6 per cent). The proportion of 'entrepreneurs' was higher in villages in areas of structural crisis, presumably reflecting the self-employment of those recently made redundant, while in villages far from the centre the share of entrepreneurs was very low (3.1 per cent).

We also considered the extent to which agricultural production could provide employment and livelihood for villagers. The situation regarding the amount of land available to villagers has already been discussed above. The data on machinery provision only serves to confirm this picture: 82 per cent of those who farmed land did not have any agricultural machinery. The situation was slightly better in traditionally agricultural villages (71.5 per cent), but, in villages in areas of structural crisis, 92.3 per cent of all farms were completely without machinery. Those few who did have machinery at their disposal were the larger farmers: 50.5 per cent of holdings over 7 hectares owned machinery, and in the case of holdings larger than 11 hectares the share was 77.5 per cent. Not surprisingly, with such low levels of mechanisation, most production was for self-consumption rather than the market. The proportion of farmers who, over the past ten years, regularly marketed their produce or made more than 50 per cent of their income from the sale of agricultural products, was under 10 per cent.

Turning to those in employment, in 50 per cent of cases, the place of employment was the same as the place of residence, but there were significant variations according to region.

In villages close to the centre and of those in areas of structural crisis, 53.5 per cent of respondents in employment commuted to nearby towns, while in the case of remote villages the proportion of commuters was only 9 per cent. Almost 40 per cent of employees were employed by companies of fewer than 25. It is also important to consider the size of companies where villagers work, because, as privatisation accelerates, the level of unemployment is likely to be higher in larger companies. Medium sized companies with staffs of 26–200 employed 30 per cent of village employees, as did companies with over 200 employees. The share of those working for large companies was particularly high among commuters in villages near the centre (43.7 per cent).

Only 12 per cent of village employees worked for agricultural companies (including state agricultural companies), just under 20 per cent in remote villages and around 8 per cent in the other two types of village. Between 31–52 per cent of employees, depending on region, worked for non-agricultural state companies.

In a situation where agriculture offered only part-time employment and permanent jobs outside agriculture were uncertain, the number of those forced by circumstance to become ‘entrepreneurs’ also increased. The situation of village ‘entrepreneurs’ in our surveyed villages in 1996 was as follows.⁷

In the full sample, there were only 114 entrepreneurs, a share of 10.2 per cent. The proportion was lower in the remote villages (7.1 per cent compared with around 12 per cent in villages in the other two types of region). Between 49–62 per cent of them had previously been employed outside agriculture and in 80 per cent of cases the business was located in the businessman’s own home village or town. The most common field of activity was commerce (42 per cent), followed by agricultural production (27.7 per cent) and other productive and maintenance services (23.0 per cent). There were no significant differences according to the type of region, except that in remote villages the share of commerce was much higher (56 per cent) than in villages close to the centre (31.8 per cent). Interestingly, even in remote villages only 16 per cent of entrepreneurs were agricultural entrepreneurs (commercial farmers), while the proportion was twice as high in areas of structural crisis.

As far as the direct impact of these entrepreneurs on village employment is concerned, 20 per cent of the entrepreneurs were self-employed, working entirely on their own, and 58.9 per cent worked with family members and relatives only. Only 29.5 per cent employed non-family members. Furthermore, 65 per cent of the entrepreneurs did not plan to create any new jobs in the coming year, and only 2 per cent thought that they might create 10 new jobs in the coming year. Data about how the businesses used their profits also indicated that these were family businesses rather than classic entrepreneurial undertakings which accumulate only to accumulate further. Some 56.4 per cent responded that their main use of profits was for family consumption, compared with 36.4 per cent who ranked expanding the business first, and only 4.1 per cent who ranked extending the business into new areas of activity as their primary use for business profits. Profits, for these businesses, was clearly family income to be consumed, and not the financial basis for future expansion. ‘Entrepreneurs’ were individuals struggling to make a living for themselves and their families, not major new players on the local labour market.

⁷ We considered someone an entrepreneur if they carried out agricultural production as a business, if they were involved in an activity, either full time, part time, or as pensioners, which was registered by the local mayor’s office as enterprise or if they were the managers or (part) owners of private companies which were included in the company register of the Chamber of Commerce.

Summary

The life of village people has changed a great deal since 1990. Polarisation has accelerated, the divide between rich and poor has grown. Our interviews revealed that it has again become common to look down on people who have little land, or who moved to the village from somewhere else. The village unemployed will not work for local farmers. The real rich of the villages are those who had some money at the time of the transformation and were able to buy up co-operative or machine and tractor station assets, and who also had the network of contacts necessary to make best use of the buildings or equipment that they acquired. Many of those who embarked on commercial rather than subsistence farming alone have already failed, but those who managed to organise processing and marketing alongside it have generally been successful, although even they are now threatened by general impoverishment and the drastic reduction in consumption. Government policy has pushed the unemployed into the villages and into agriculture. But it is clear that they cannot live from agriculture alone, while, in the current economic climate, local 'entrepreneurs' can do little more than offer jobs to themselves and their family members.

Romanian villages are going through a period of transformation. A stable situation is yet to emerge both economically and socially. But such stability will not be possible until land ownership relations have been clarified. It is a fact that villages are incapable of providing a livelihood for the almost six million people of working age who live in them, except, at best, at the level of mere physical survival. Until the economy as a whole begins to grow, there will be lots of poor people living in villages. For as long as villagers try to get along independently one from another, often at one another's expense rather than collaborating, there is little chance of recovery.

Based on a translation by Orsolya Frank

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