

AGRARIAN REFORM – ACHIEVEMENTS AND PERSPECTIVES

Tudor BAJURA*, Natalia MOCANU**

* Institute for Finance , Statistics and Economy

45 Ion Creanga 45, MD-2064, Chisinau, The Republic of Moldova, Phone : +373 22 74 34 08

** The State Agrarian University of Moldova

44 Mircești , MD 2049, Chisinau, The Republic of Moldova, Phone : +373 22 43 87 37,

E-mail: mocanunatalia@gmail.com

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Abstract

Property reform means the tonality of economic, politic, social and other kinds of measures meant, on the one hand, to ensure the diversity of property forms and to improve their structure, and on the other hand, to from premises of the efficient exercise of property rights on the economic potential elements, the corporate governmental mechanisms being included.

In the Republic of Moldova, according to the Law nr. 459-XII from 22.01.91 on property, there are three types of property: private, collective, including “kolkhoz”, and state property.

INTRODUCTION

Creation of a modern structure of the national economy as a whole and its rural element in particular, was one of the main goals of deep social and economic reforms, that the Republic of Moldova is going through in the last two decades. Beginning of reforms has been solemnly declared in the Decision by the Parliament of the Republic of Moldova “On concept of transition to the market economy in the Republic of Moldova” [2]. As a basic criterion of executive power activity the Parliament of the Republic of Moldova has established the need to make the required changes in the structure of the national economy that will ensure promotion of an efficient economic policy. The above-mentioned decision made by the Parliament of the Republic of Moldova has practically established legal basis of reforms in the national economy – private property on production facilities, including agricultural land. It was followed by a set of regulatory acts that specified both the contents and forms of fulfillment of such reforms. After a detailed retrospective analysis, it is easy to conclude that a special attention and lots of efforts during the reform period have been paid to creation of a sustainable regulatory basis in a post-communist economy, which is called – private property.

Breakup of a system of fictitious socialism, frequently called (in works of western economists) – “capitalism monopolized by the state” has accelerated social and economic reforms throughout the former socialist-communist region, including form soviet pseudo-socialist republics.

MATERIAL AND METHOD

Methods of research consisted in systemic, compared analysis and a complex approach to the studied topic, subject to established goals and objectives. In this paper there were used mathematical and statistical methods, such as: classification, synthesis, static and dynamic compared

analysis, correlation analysis, methods of induction and deduction, graphic representation of investigated events and phenomena.

RESULTS AND DISCUSSIONS

Although in the Republic of Moldova privatization process has been procrastinated for a long time, by the end of the first decade of reforms (2000) it has been completed. Anyhow, in the third millennium the national economic has entered on the basis of stressed domination of private property on agricultural land and other means of production in the main field of economic activity.

For example, if at the beginning of the reform period (1990) farmers actually owned only 7.3% of agricultural land that was extensively tilled (arable land plus multiannual plantations), then by the end of this period (2000) share of agricultural land in private ownership constituted 86.5 %. Share of global agricultural production obtained on the basis of private property on agricultural land constituted this year 98.7 per cent.

From the above-indicated conclusion we may conclude that during the first decade of reforms both the agricultural sector, as the main field of economic activity in rural area, and other industrial and its branches (in the first place – trade, motor transport, capital construction and others) have been totally privatized and accordingly adapted to conditions of activity in accordance with needs of a free market. Despite this, as compared to urban area, privatization scenario in rural area proves to be restrained, limited in time, spaced and fields of activity. As opposed to municipalities and large cities, in Moldovan villages the whole social infrastructure has been left out of the privatization process – education, healthcare, culture, sport, roads, utilities, etc.

As a consequence, despite human, financial, investment, etc. potential, rural area in the Republic of Moldova presently is backward as compared to republican environment, and especially as compared to urban areas. Statistical data shows that at the beginning of 2008 rural

population of the Republic of Moldova constituted 2096.6 thousand people, or 58.7 % of the total number of country's population. Although the demographic situation in rural area in recent years is characterized by continued reduction in population of villages and communes, their share still prevails in the structure of residents of the country.

As for financial aspect, domination of the rural area becomes more obvious. According to data of the Agency for land relation and cadastre of the Republic of Moldova, total incorporated area of cities and municipalities in the country constitutes 48.2 thousand ha or only 15.3 % of total incorporated area of the country. The share of urban area in total area of the country is even more insignificant. As at 1st of January 2009 incorporated urban area constituted 1.5 % of integrated area of the Republic of Moldova.

It should be mentioned that as at 1st of January 2008 the Republic of Moldova has been divided in 32 regions, 5 municipalities and two administrative-territorial units. In total the territory of Moldova has been divided into 978 local administrations, of which – 917 are village and commune administrations. Total number of localities on the above-mentioned date was 1679 of which – 65 cities and municipalities, and 1614 – rural localities (sate villages and communes).

Although, in accordance with statistical data rural area presents hosts 96.1 per cent of all localities of the country, average weighted number of residents is 1300 persons in each village (commune).

In the same time, the main industries of economic activity in rural area, represented by agriculture, forestry and fishing, accounting for very small share in total Gross Domestic Product (GDP) of the country, and in 2008 constituted only 9.9 %. Although a detailed analysis of economic activity performed in rural area during transition to a more effective economy, based on principle and laws of a free market, is shown in chapter 3, it should be mentioned from the start that there is an obvious disproportion between available resources of labor force, agricultural land and production factors on the one part, and results of utilization of these resources on the other part.

It is well known that the theory of restructuring rural economies in transition until now has not been elaborated and does not exist. However, the national economy of the Republic of Moldova, and economic systems of other member countries of CIS, are presently going through transformation of administrative control management mechanism into a market economy mechanism. Regardless of their national, regional, structural, etc. specificity, all such transformation, as shown in the following sections, bring enormous losses both in the available production potential, and results obtained from economic activity in rural area in transition.

Therefore, the issue of restructuring rural economies in the area of former Soviet Union (presently, with some exceptions, Commonwealth of Independent State countries) is not treated at the national level. It is major problem for 1/6 of the earth where over 266 million people live. Even if they have actually admitted priorities and lack of alternatives to the market economy, organized full-scale

agricultural land and property privatization, all CIS countries (except for Belorussia, where mass privatization has never been performed) had to face a problem of continuing post-privatization reforms in the agrarian sector and throughout the whole rural area as a whole.

Vulgar appreciation and opinions that privatization of the main production factors forms a core of reforms in villages, cannot be accepted. Privatization has created the basis for reforms, however, privatization process and, in particular results of such process – giving out land ownership certificates, which often is not shown in nature, cannot be appreciated as reform in general. In order to avoid viewing such confirmation as unjustified, let us remind what were the initial goals of reforms in agrarian sector.

The goal of agrarian reform is radical changes in existing economic, organizational and legal relations in village, meet needs of the population in the country in a variety of food products of proper quality, ensure social and economic liberty of people engaged in agriculture, stimulation of export of product produced in the agricultural food complex, higher living standard for farmers, improvement of work conditions and social insurance, improvement of environmental condition on the basis of property denationalization and employment of various forms. It is clear that out of the whole set of 'radical changes' only the latter two have been actually fulfilled (still partially). We mean a multitude of legal organization forms of economic activity in rural area and fulfillment (sometimes formal) of denationalization process. We can only acknowledge that until now the goals of agrarian reform have not been approached and achieved. And once again it brings us to a conclusion that reforms in agrarian sector have stopped halfway. It is hard to imagine how this industry is still operating, which used to be the basic industry of the national economy. The agriculture in this industry had (and still has) an important role in development of rural area. According to our estimates, share of agrarian sector (including agriculture, forestry and fishing) in the whole amount of gross domestic product in rural area constitutes (as per year 2008) – 77.7 %. Accordingly, if in average for the country the amount of gross domestic product as calculated per capita constituted 14 916 lei, per capita value in villages and communes constitutes only 3242.4 lei or 21.7 % (in current prices of year 2008).

CONCLUSIONS

Taking into consideration such small amount of the gross domestic product, either per capita, or per hectare of agricultural land, we may draw a conclusion that there is a number of unsolved issues both in production (organization of production), and income from sales of agricultural products (services) in the domestic and foreign market. Taking into consideration that every 10 persons within an age capable of work in rural areas maintain approximately 13 persons from other age categories (children and elderly people), the amount of GDP calculated per economically active person constitutes only 7419.7 lei annually. It results in lower level of salaries for workers in rural area, which is

always almost 2 times smaller than average salary in the whole national economy. As a consequence, a large part of village residents (especially young people, with average special education and university degrees) leave abroad and seek employment in better paid places. Uncontrolled and truly alarming departure of labor force has been noticed, in the first place, in agriculture, a field of economic activity, which during the whole period before reforms was characterized with lowest indicators of organic structure of capital. In reality, however, people leave from agrarian sector, while the remaining workers cannot increase productivity, which shows in low salaries, other forms of per capita income, summarized in reduced amount of rural and agricultural GDP.

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