THE CURRENT STRUCTURE OF THE RURAL ECONOMY. LABOR RESOURCES

STRUCTURA ACTUALĂ A ECONOMIEI RURALE. RESURSELE DE MUNCĂ

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Abstract: *This paper deals with a resource of the rural economy, namely the labor force. The current situation of the rural area in terms of micro and macroeconomic indicators.*

Key words: *Rural area, labor force, economic resources*

Romania enjoys from a great, but unexploited, development potential. With a total area of 238,000 km² and a population of over 21 million inhabitants, Romania is the second largest member of the European Union, after Poland. It represents 6% of the total area of the EU and 4% of its population. Investment and competitiveness in Romania are still elements that need to be improved to be able to accelerate growth and ensure income convergence with the European Union. In 2005, Romania had less than 1% of GDP in the European Community.

After recording a sharp decline towards the end of the 1990s, the Romanian economy has resumed growth since 2000 and recorded an average annual growth rate of 5%. The peak of this development was achieved in 2004, registering a GDP growth rate of 8.5%, compared to 2003. The current economic situation in Romania is critical, and European experts estimate that it will remain so for the next period. The assessments are contained in a study conducted in 2009 by the German institute ZEW (Centre for European Economic Research), in cooperation with Erste Group.[*]

[*] http://www.financiarul.com/articol_28048/situatia-economica-din-romania-va-ramane-critica.html

In terms of economic structure, agricultural activities in rural areas have the largest share of the rural region. This does not exclude the existence of other activities, on the contrary, forests and forestry in mountainous and hilly areas, have a vital role in the rural economy, plus recreation and agrotourism, public services, etc.. However, the rural economy remains largely agricultural.[*]

As defined by the national law[†], Romania's rural areas cover 87.1% of the country, comprising 45.1% of the population (July 1, 2005, according to indicators of the National Institute of Statistics), i.e. 9.7 million inhabitants. The average population density in rural areas has remained relatively constant over the years (about 45.1 inhabitants per km^2).

Specific activities, other than agriculture and forestry, in rural areas, depend on the territorial distribution / trade and other activities of the supply chain. Thus, one can say that the main activities available depend on the local natural resources, landscape and traditions of the area.

Statistics, agriculture, the food industry and forestry are essential for the rural economy, the presence of non-agricultural activities, related to the primary sector, especially natural resource exploitation and processing, are insignificant in economic terms.

In general, non-agricultural activities in rural areas include: mining, energy production and forestry, food processing, small businesses, service and manufacturing. Except for the mining and energy industries, non-agricultural activities are conducted primarily by micro-enterprises and small and medium enterprises (SME's).[‡]

However, the rural economy is poorly diversified and more dependent on agricultural activities, which results in low income rural entrepreneurs. The restructuring of agriculture and revitalizing the rural economy can be important levers of development.

Rural areas are an important part in framing the national population average, as shown in the table below, currently, 45% of the population of our country lives in rural areas.

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[*] Otiman P., I., Coordonator – Dezvoltarea rurală durabilă în România, Editura Academiei Române, Bucureşti, 2006.

[†] http://www.madr.ro/pages/page.php?self=01&sub=0107&tz=010702

[‡] Otiman P., I., Coordonator – Dezvoltarea rurală durabilă în România, Editura Academiei Române, Bucureşti, 2006.

Table. 1

Average population

	Total		Urban		Rural	
	%	no. pers.	%	no. pers.	%	no. pers.
2001	100	22.408.393	54,6	12.243.748	45,4	10.164.645
2002	100	21.680.974	52,7	11.435.080	47,3	10.245.894
2003	100	21.733.556	53,4	11.600.157	46,6	10.133.399
2004	100	21.673.328	54,9	11.895.598	45,1	9.777.730
2005	100	21.623.849	54,9	11.879.897	45,1	9.743.952
2006	100	21.584.365	55,2	11.913.938	44,8	9.670.427
2007	100	21.537.563	55,1	11.877.659	44,9	9.659.904
2008	100	21.504.442	55,0	11.835.328	45,0	9.669.114

Source: National Institute of Statistics, Statistical Yearbook 2009

The rural economy shows significant differences based on regions, the specific demographic, social and economic features.[*] This distinction is particularly obvious with regard to Romanian rural poverty, reflected in low living standards and lack of alternative income sources. Rural areas have substantial growth potential and a vital social role.

From the administrative point of view, Romania is organized at NUTS (Nomenclature of Territorial Units for Statistics) in 319 cities and towns (including 103 municipalities), which forms the urban area, and 2851 communes, which represents the rural area (31 December 2005), according to Law 350/2001 on spatial and town planning and Law 351/2001 on the approval of the National Zoning Plan.

In turn, communes are mostly made up of several villages (there are a total of 12,946 villages), which have administrative responsibilities. Cities and towns are clustered in counties, which have administrative functions. The 42 counties are grouped into eight regions, with no administrative functions. Currently, Romania has a database containing relevant indicators of rural areas.

The natural movement of the population is presented in Table. 2 and well as you can see, the natural increase is negative.

The rural population is not evenly distributed. There are significant differences in terms of population density, all over Romania. Most

[*] Peț E. – Marketing agroalimentar, Editura Agroprint, Timişoara, 2009.

municipalities with fewer than 50 inhabitants per km^2 are grouped in the Western part of the country, compared to areas East and South, where municipalities prevail, and the population density is of 50-100 inhabitants per km^2. The most populated rural areas are in the North-East of the country, where the birth rate is high, and Southern regions, heavily industrialized during the communist era. There are great disparities, especially caused by the influence of the regional and county landforms. In this context, there are 24 municipalities and cities that, fully or partially, overlap with the Danube Delta Biosphere Reserve, where the average population density is of 28.7 inhabitants per km^2.

Table. 2

Natural movement of the rural population

Years	Live births	Deaths	Natural increase	Live births	Deaths	Natural increase
	TOTAL			RURAL		
	Complete data			Rates (per 1,000 inhabitants)		
1990	157.796	147.755	10.041	14,3	13,4	0,9
2000	126.267	147.384	-21.117	12,3	14,4	-2,1
2001	117.936	149.540	-31.604	11,5	14,6	-3,1
2002	112.339	156.441	-44.102	11,0	15,3	-4,3
2003	111.544	154.292	-42.748	11,0	15,2	-4,2
2004	104.913	144.574	-39.661	10,7	14,7	-4,0
2005	103.240	145.292	-42.052	10,6	14,9	-4,3
2006	100.006	141.710	-41.704	10,3	14,6	-4,3
2007	98.361	137.403	-39.042	10,2	14,2	-4,0
2008	100.382	138.850	-38.468	10,4	14,3	-3,9

Source: National Institute of Statistics, Statistical Yearbook 2009

The structure of migration flows, in and out of rural areas, can illustrate the existing labor resources in rural areas.

The substantial aging of the population is a phenomenon occurred due to the reduction of infant birth in rural areas and the exodus of population to urban areas and foreign countries. These changes have resulted in a sharp increase in the proportion of older people in the population.

The difference between the active rural population and the employed rural population is explained by the lack of jobs in rural areas, but also through the migration of population from rural to urban areas.

Table. 3

The structure of urban and rural internal migration flows, caused by a change of address

Number of persons						
	2003	**2004**	**2005**	**2006**	**2007**	**2008**
Total	**331.747**	**369.892**	**272.604**	**334.025**	**374.156**	**389.254**
From rural to urban areas	76.797	77.941	60.195	75.275	80.235	78.671
From rural to rural areas	64.070	77.950	55.032	64.001	80.253	78.478
From urban to rural areas	100.282	117.495	80.732	93.924	118.237	124.828

Source: National Institute of Statistics, Statistical Yearbook 2009

In terms of occupations, rural areas are mainly production areas, in which primary sector activities have a higher percentage of their economy.[*] Agriculture, product processing, forestry - with forest exploitation, industry, domestic industry, handicraft production, etc.., they all complement the rural economy. Productive services, related to agriculture and forestry, are beginning to take shape and to make a contribution in this area, plus the development of agriculture-related industries.[†]

In what regards the professions practiced in rural areas, they are practical, manual, some of which require a degree of professional skill and even multiple qualifications.

An important feature of rural areas consists in a low population density and size of human, well-ventilated settlements. Communities in rural areas have specific characteristics, namely, human relationships are better, and mutual assistance is more frequent. Residents know each other from all points of view, and their ranking is done taking into account the behavior within the family and the society.

Romania's labor market has undergone significant transformations, in the context of the economic transition, manifested, in particular, by

[*] Otiman P., I., Coordonator – Dezvoltarea rurală durabilă în România, Editura Academiei Române, Bucureşti, 2006.

[†] Lelescu T. – Managementul serviciilor în spaţiul rural, Editura Ornella Design, Timişoara, 2010.

reducing the active population and employed population, by keeping the unemployment rate relatively constant and by increasing long-term unemployment, being particularly affected by the limited ability to create new jobs. With the reduction of employment, major changes have occurred in sectors, industries, regions, ownerships, age, professional status.[*]

The evolution of labor resources in Romania was, in the last decade, under the impact of demographic and social phenomena, such as: accelerating the fertility decline and maintaining a high mortality, increased emigration and loss of quality of medical services and health care. These phenomena have contributed to increasing the share of population aged 60 and over, as well as maintaining a high level of the demographic dependency ratio, especially in rural areas.

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[*] Otiman P., I., Coordonator – Dezvoltarea rurală durabilă în România, Editura Academiei Române, Bucureşti, 2006.