MERGING AGRICULTURAL PROPERTIES IN ROMANIA
PAST AND PRESENT

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Abstract
The excessive fragmentation of the agricultural land in Romania hinders its proper exploitation and the application of advanced technologies. The production obtained is therefore poor in terms of quantity and quality, making agriculture a counterproductive economic sector. The remedy for this problem is land merging, a solution that was as actual in the interwar period as it is today. This paper aims to present the reasons for which the merging operations were imperative in the past and why they should be conducted in the present, given the Romanian agriculture’s situation.

Keywords: merging, agriculture, property, farms, land reform

1. Introduction
One of the major current concerns of the Romanian agriculture, the issue of merging rural properties, finds its origins further into the past. In the interwar period, the relations between people, including the land appropriation operations that have been conducted over the years, the numerous purchases and inheritances, led to an endless fragmentation of Romania’s agricultural land properties, which thus became administratively irrational and economically inefficient. The only remaining solution was the organization of merging agricultural properties, along with performing land cadastre operations.

Today, the agricultural land is still extremely fragmented. Merging plots into larger surfaces allows the establishment of rational farms, attracts investments and leads to productivity growth. Romanian agriculture needs to

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receive the proper attention as it has a lot of potential. Although the legislation concerning merging organization was always somewhat absent or insufficiently clear, at the moment there is a bill regarding this issue that is waiting to be voted.

By definition, land merging means bringing together two or more parcels of land belonging to different owners in order to ensure a more efficient agricultural exploitation.

2. Merging agricultural properties – a burning issue of the interwar period

In the period between the two world wars, many merging partisans were found amongst great intellectuals, significant personalities from the political, economical and scientific sphere, who were concerned with social issues, cooperatives and improving the living conditions of the population, especially of the underprivileged classes. Their attention was, of course, mainly directed towards agriculture. At that time, although Romania was undergoing a process of economic growth, it was still far from the developed countries. Agriculture was still the dominant branch; statistics show that around year 1938, three quarters of the population was employed in agriculture and 40% of the national income was produced by this sector.

The Romanian agriculture’s situation was not a favourable one, as it was being characterized by poor technical facilities, small capital investments, extensive land cropping, the predominance of the family economy and last but not least, the fragmentation of the rural property, along with an agrarian overpopulation. All this contributed to low yields in agriculture.

Among those who have sought solutions to the situation of agriculture and farmers in order to ensure the overall development of our nation there is Professor Nicolae Ghiulea\(^2\), an active supporter and propagandist of association, one of the leading theorists of Romanian cooperatism. He dedicated one of his books to the matter of merging agricultural properties, which was, in his opinion, a priority issue for the Romanian agriculture. Therefore, as we consider this work valuable and relevant for our study, we

\(^2\) Nicolae Ghiulea was a Romanian economist and sociologist, born in Iaşi, in 1884. During his career, Nicolae Ghiulea filled several administrative and social leading functions and was one of the most important representatives of the cooperative doctrine of the interwar period, being also known for his prestigious academic career and a rich publishing activity in the areas of statistical theory, social economy, cooperatism and sociology.
will further on present the agricultural situation in the interwar period and the need for merging, exposed through economist Nicolae Ghiulea’s filter.

Merging was an expensive and demanding operation that required mass support. Without offering aid, the state was expected to at least create propaganda among the peasantry, who had to be made aware of the importance of this action for the nation’s social and economic life. In this respect, there was a need for a united struggle through association in cooperatives able to carry out the merging operations. The positive results which the communities as forms of cooperatives for purchasing land previously had was the evidence that collective efforts and association are fruitful. The community for merging, believed Nicolae Ghiulea, was the best way to solve the problem of merging agricultural properties, as it was capable of using the unselfish and honest work of all, in order to achieve a high common economic and social goal. The public authorities’ obligations concerned facilitating the establishment of these associations, providing specialists, measuring instruments and favourable loans, while ensuring the legal framework for the entire merging operation and for the protection against fragmentation of the small agricultural properties.

The year 1864 found landless the majority of peasants. Before the appropriation, in our country there existed only three types of agricultural properties: a limited small and middle-sized peasant-owned property, an extended large-sized property owned by the state, the monasteries, institutions and nobles, and a sporadic property in the collective ownership of free peasants. The legal relationship between peasants and the great landowners differed from the one between employees and employers. Peasants were paid for their work, but, based on an ancient tradition, had, in addition, the right to live on those lands. This is, in fact, the evidence that the land was once possessed by the peasants, but they fell into servitude after their takeover by the great landowners’ ancestors. The Organic Regulation sanctioned the new relationship to the right of the major peasant, head of the family, living on the domain of a great owner to receive food, to use hay and pasture lands, and to his duty to work for the domain owner.

The land reform of 1864, although not entirely satisfactory, made social justice and created the small rural property. Then there followed 28

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3 The Organic Regulation was a quasi-constitutional organic law, enacted in 1831-1832, by the Russian imperial authorities in the Romanian Country (Ţara Românească) and Moldavia (Moldova).
years of agrarian agitation that culminated in the revolution of 1907. Measures to solve the agricultural issue were rapidly developed. Moreover, 1918 was the year of the great land reform, which held off this problem for a significant period of time, even if part of the arable land was in the hands of the great landowners. It was hard to tell if a total expropriation and a new appropriation would have been a better solution than cooperative organization and rationalization of production and capitalization of agricultural products.

Against alienation of the allotments that were obtained by land appropriation, a series of legal measures were taken in order to prevent the peasants to buy land to round their properties. The prohibition of land unification had its exact opposite effect, namely an endless fragmentation through dowering, selling and inheritance. It got to the point when every family had small properties, divided into several lots scattered over rays of tens of kilometres. This serious situation was also due to the unfair way in which engineers, pursuing their own gain, urged the peasants to accept lots divided into several parcels, citing the reasons of special qualities of soil and of the risks of natural hazards in different geographical areas.

In the interwar period, the small and medium agricultural properties were divided into numerous lots; the land was so fragmented that the agrarian economy could not be organized, the crop could not be rationalized, and the agriculture was not profitable. In 1930, the peasant property was in the following situation:

<table>
<thead>
<tr>
<th>Dimension of exploitation</th>
<th>Number of exploitations</th>
<th>Exploitation area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 5 ha</td>
<td>82,70%</td>
<td>41,98%</td>
</tr>
<tr>
<td>Between 5-10 ha</td>
<td>12,02%</td>
<td>19,14%</td>
</tr>
<tr>
<td>Between 10-20 ha</td>
<td>4,76%</td>
<td>17,23%</td>
</tr>
<tr>
<td>Over 20 ha</td>
<td>0,52%</td>
<td>21,65%</td>
</tr>
</tbody>
</table>

Source: A.G. Galan, 1938, p. 168

These plots of 5 ha, some even less than 3 ha, were not sufficient to assure people a decent life. Romania was, unfortunately, far ahead in Europe in this respect, as we can see in table 2.
The viable solution to this issue proposed by Nicolae Ghiulea was, of course, the merging of agricultural properties, operation which he defined as follows: „merging all parcels of different properties in a single field and then dividing it into as many lots as many owners there are, each lot being of a value equal to the total value of the lots of the same owner” (Ghiulea, 1937, p. 15). Merging also required the constructing agricultural infrastructure to allow the final creation of economic and rational agricultural properties, real bases for agricultural economic businesses, capable of ensuring profitability and progress even under small property.

Dispersed parcelling made land work expensive, irrational, and counterproductive. Transport was expensive, security also and farmers were unable to obtain long-term loans due to their inability to guarantee mortgage. The rationalization of the land factor had to therefore start by merging agricultural properties, with setting the minimum indivisible lot of 5 hectares. This minimum, equivalent to the small property, was allowed to be increased to 10, 50 or even 100 hectares, depending on the establishment of one of the agricultural property types: small, medium, large or collective. Merging was expected to allow the development of rational agricultural units, of regular size and with exit to the road. The process gave the owners surfaces equal to the amount of the parcels previously held, close to the village centre if the property was small, and far from the hearth of the village along with increasing property size.

Merging agricultural properties encountered many obstacles, namely: psychological (the peasants’ distrust that the land they received was of the same quality or even the fear of losing their ownership), selfish (contravening the interests of the wealthy, whose properties were going to be moved away from the centre of the village), technical (an important requisite of surveyor
engines and measuring instruments), financial (the need for huge amounts of money to carry out the operation, collected from the contribution of the persons concerned and state loans) and last but not least, legal (the opportunity of a merging law). These numerous and diverse obstacles made the problem of merging agricultural properties one of the most difficult problems posed by the Romanian interwar agrarian economy.

Because appropriation laws have failed to establish a land cadastre and land registers, the law of April 13th, 1933 came to correct this error. Sabotaging the cadastre and the land registers reinforced the belief that the Romanian people prefer blur in detriment to the correct reality, having the impression that this way their interests are better protected, and that they are exempted from taxes. Administration itself embraced the same attitude to hide the injustice and the falsehood of the activities it performed. Despite the desire of some to remain in control of properties that were not theirs, or to hide obligations that would have burdened their properties, the 1933 law was applied because it was impossible for only our country to remain without a clear delimitation, without an outright ownership designation, without an accurate record of the property and a regular record of all the changes that occurred or were going to occur in the property during time.

In order to become one of the civilized countries, Romania had to have all the properties listed and described in land registers, based on the land cadastre. These operations were not, of course, less expensive. Rather, they involved a large number of surveyor and cadastral engineers, special tools, spending billions and a serious work stretched over several years. The sacrifices demanded by the two operations made the inclusion of the merging operation opportune, as it was going to facilitate all the activities planned. A pertinent order was: performing the topographic measurements, merging the agricultural properties and then obtaining a new rational and right division of land and, ultimately, completing the cadastre by recording in land books.

The land reform in 1918 became insufficient, requiring another reform that allowed farmers to use the land they received rationally. The crop on small parcels was primitive, destroying the land and causing the peasantry’s decay. Costs exceeded by far the incomes from the agricultural enterprise, and the rural economy was falling into ruin.

The economic benefits of merging were huge. The peasant was going to be able to use modern means to achieve a rational culture, manage his land in order to achieve savings in production and even organize farm culture, which was much more profitable than cereal culture. It was also easier for the
administrative bodies to provide the adequate guidance for a good crop, and for the agricultural policy to be better prepared and placed in the overall economic policy.

Organizing farms was going to provide unity to the lands, as the significant investments were able to prevent fragmentation by inheritance. The state, on the other hand, was going to help peasants by encouraging farm crops, promulgating the indivisible lot law and, especially, by organizing mortgage loans. In the existing conditions at that time, the fragmentation of agricultural properties prevented the organization of an advantageous mortgage. However, after the land cadastre, land merging and registration of properties in land books, the properties were going to be a sufficient guarantee for obtaining credits adequate to their value, in favourable conditions, with low interest and long term.

Eventually, merging was supposed to resolve the serious conflicts between farmers and allowed a better placement of the village land, while offering definitive legal documents of ownership. The new land reform which included merging aimed the final settlement of the Romanian rural economy.

The land reform had been easily done and had thanked everyone as each became a landholder, being somewhat indifferent to the land quality of the equal lots received. But merging was going to expropriate the peasant rather than the great landowners, and the lots the farmers received back were not necessarily of the same size, even if they had an identical value. In order to remove any kind of inequities in the distribution of lots, the merging organization had to follow a special law, which the state was obliged to make available, even with a possible amendment to the Constitution.

It was preferred that the merging operation was made by the state, in order to avoid its excessive prolongation, as it had previously happened with the land appropriation, and to ensure a smooth course of the activities. The state was the only one able to offer the guarantee of impartiality, competent and reliable authorities, the appropriate measurement technique and the required large amounts of money. The economic and financial situation of the interwar period, though, did not allow the state to be the main actor. However, what it was able to do was to provide a modest support through an active propaganda and a special law, because, without an external incentive and without lawful pressure, landowners were not able to reach a consensus.

As merging was supposed to be placed in the care and duty of the interested, it could not have been done unless the persons concerned associated. A collective work was necessary and therefore the merging
communities composed of the majority of the landowners were a suitable solution.

The landowners therefore had a common interest, of an economic and social nature, attainable by organizing the cooperative association. Because community work was specific to our country and the past offered the positive experience of the communities for purchasing land, the action was likely to be fruitful, with the propaganda carried out by the state and the support given through specialists, financial credits and legislation.

The community structure had been used in land rental, but sharing economy dissatisfied the peasantry. The organization of merging communities took into consideration the peasants’ fear of being converted into agricultural production cooperatives, and, consequently, they were established for a limited period of time, living just until they fulfilled their purpose. Continuing these communities as farming units would not have been a bad idea, given their indisputable benefits, but of course with the prior approval of the cooperative members or their agreeing to extend the activity. The community for merging and agricultural exploitation was established as any production cooperative, in accordance with the law on the organization of cooperatives. The object of this cooperative was the merging of the agricultural properties of the associated members and the guiding of the exploitation of the new lots as indivisible farms necessarily up to 5 ha. Again, the latter condition could have been satisfied only with the full agreement of most villagers. Merging, in turn, could not be imposed by the state, so it was supposed to be imposed with the decision of the majority of farmers through collective will.

Romania did not have a law regulating transactions arising from merging agricultural properties. The law on the agrarian reform provided in one of its articles the merging operation, but a special law created for this purpose remained only a goal, never being voted.

The appropriation had been performed defectively, incompletely, and therefore a special law for merging was even more necessary. Certain laws for merging were applied regionally, but their validity could not be extended for the whole territory, so the merging problem always appeared in our country as a very difficult legal problem.

An appropriate law for merging had to take into account several key issues. First, it had to clearly define and limit the principle of merging. Then, it was necessary that the law established the land categories that were to be the object of the merging operation and the entire set of measures necessary for the identification, measurement, evaluation and registration of land
procedures. The law was then supplemented by a number of provisions related to the possible litigations and by strict rules of the merging plan. The authorities responsible with merging, their responsibilities and the full process of applying the operation were also subject to the desirable law. In addition, the following were included in the law: the procedure of transforming old parcels in single lots of equal value, the principle of lot indivisibility, incentives for merged lots to be exploited in farms, the principle of compulsory merging when meeting the majority, supporting the setting up of merging and farming communities, the completion of the parcelling and appropriation measures of the land reform, the procedures and the ways of judgement, the measures for property registration in land books after the merger, indicating the sources of income necessary for the operation and transitory measures for the organization of merging in Transylvania.

The measures to merge the rural properties were not sufficient though, needing to be supplemented by others against further fragmentation of the agricultural lands. One of the main causes of this limitless spray of lands was prohibiting the alienation of appropriated lots. The consequences were more than unfortunate, as this did not allow parcel regrouping and the ambitious peasant’s initiative to build a serious household was not encouraged. The laws that followed granted some freedom of movement for the rural goods and limited the state’s right for pre-emption. These measures, along with the priority right of each owner to purchase a parcel of land adjoining his property, made possible the merging operation by direct transactions between landowners.

Another cause for the fragmentation of agricultural lands was closely linked to the inheritance rules included in the Civil Code. The divisions between heirs should have known the limit of a minimum number of hectares under which division would have been prohibited. One recommendation was to return to the old hereditary regime, where in case of a property that was too small, the whole inheritance was assigned to the youngest son, the others receiving compensations.

Finally, the peasants’ lands were also fragmented because of crops that were easy to split. As a means of combating the worsening of the situation, farms appeared to be a more than viable solution.

These and others, aiming to protect and strengthen the rural property, are the measures that Nicolae Ghiulea proposed in order to prevent fragmentation and the possible destruction of the small agricultural property, keeping the good economic and social results that the merging of the
agricultural property and an economic and rational settlement of the small agricultural property were able to draw.

3. The actuality of merging agricultural properties

The problem of merging agricultural properties is still of actuality, as it is today one of the most pressing issues on the Ministry of Agriculture’s agenda. Compared to earlier times, the approach is somewhat different. However, the ultimate goal is the same: making the Romanian agriculture profitable.

At the moment, the agricultural land in our country is extremely fragmented. There are approximately 40 million plots; this fact does not allow proper exploitation and prevents the application of advanced technologies. The production obtained is therefore poor in terms of quantity and quality.

Overall, the situation of the Romanian agriculture is the following: there is a structural imbalance due to the existence of a large number of small farms (in 2010 they accounted for 93% of all farms and exploited only 32.3% of total agricultural area) in comparison with the few very large farms; the share of employment in agriculture in the total active population is constantly decreasing; there is an aging workforce in this sector. For these reasons, most small farms in Romania have low chances of becoming competitive and market oriented.

It is encouraging to know that there is a solution to this problem, and the successes obtained by other countries can be taken as examples. We say this because, in the ’60s, things were similar in the European Community: 80% of farms were too small, the active rural population was aging, and the production was below potential. Nevertheless, the last 30 years West European countries’ history has shown us that, once the optimal size of a farm is established for each area and a new generation of farmers along are encouraged and trained, a country can produce more in quantity and better in quality.

The need for merging agricultural properties is therefore imperative. But its realization requires a series of prior steps and especially support from the state, particularly in the adoption of legislation in this regard.

The preliminary data from the General Agricultural Census 2010 show that the uncultivated agricultural land is of 2.2 million hectares, but there is no accurate data on the location, structure and owners of the lots. Today, a farmer can hardly form a small farm or expand his property, because the land around usually does not have its ownership situation resolved. Therefore, the process
of merging farmlands primary requires completing the agricultural cadastre. A modern agriculture and a correct merger imply that the agricultural cadastre is previously done.

Regarding legislation, the Ministry of Agriculture and Rural Development has prepared a bill aimed at merging agricultural lands that are located in the unincorporated areas and stimulating the concentration of lands in viable, market oriented commercial farms. The law provides a premium for the ones renouncing their exploitation (30-100 EUR/ha/year for lease, 200 EUR/ha for sale), supporting expenses for notary, cadastre and real estate advertising services and guaranteeing loans for the purchase of land. Today the law is still in draft, being sent for approval.

Merging can help the development of irrigation systems and reduce excessive dependence of the Romanian agriculture on the weather. But in order to achieve this, authorities should formulate a set of policies aimed mainly towards offering bonuses to elderly farmers for renouncing their lands and discouraging the individuals that do not cultivate the land they own (through taxes).

Merging lands into large agricultural exploitations may also have another beneficial effect: making profitable economic ties with the retail chains and the manufacturing industry and maximizing the agricultural production achieved.

Taking into account the experience of other countries, an appropriate measure to remedy the current situation of the Romanian agriculture would be a temporary state intervention in the land market as an interim owner. This can be done, as the Minister of Agriculture and Rural Development said, by setting up a land bank to help land merging in order to increase Romanian farms’ productivity. Together with the governmental institutions, the bank may acquire lands, administer them temporarily while performing their cadastre and merging in farms, then sell them or rent them to active farmers. The bank would have right of pre-emption in purchasing land, to ensure that the lands remain, as far as possible, in the exploitation of Romanian farmers. It is in the interest of the national economy that the land remains in the hands of Romanians and is exploited by them.

The benefits the state would obtain after such intervention in the land market are not to be ignored: the formation of a large number of medium farms and that of a rural middle class; the transition from a subsistence agriculture to an entrepreneurial one; the growth of the association and
cooperation degree; an increase in taxed labour and in the level of taxation of income from agriculture.

After granting primacy to Romanians, the merging targets attracting foreign investment as well. As we have seen, the properties of most farmers in Romania are less than 10 hectares, i.e. very small, unattractive to be later purchased and operated by an institutional trader. For a foreign investor, it is important to know that he can buy a large area of land which is easy to manage and easy to exploit. The merging law, as it was proposed, allows and compensates the individuals who have small areas of land to lease them on long-term or sell them to their neighbours, who would thus form larger areas of land. This initiative should be encouraged and, with the enforcement of this law, more than two million hectares that are currently not cultivated in Romania will enter the economic cycle.

If, now, land prices vary between 1,000 and 5,000 EUR/ha, the merging regulations could bring their price close to that practiced in Europe, namely 8000 - 10,000 EUR/ha.

A coherent strategy for the development of the Romanian agriculture must include, in addition to achieving the merging operation, a program to facilitate private investments in agro-processing capacities in the food industry, which should develop in rural areas. Also, the government should support the development of the road, water and sanitation infrastructure in rural areas, ensuring the overall economic development of our country.

4. Conclusions

In the interwar period solutions were sought for mending the consequences of the agrarian reforms and improving the situation of the peasants who had recently become landowners. The poor distribution of land plots made the small farmers unable to organize a rational culture. The excessive fragmentation did not allow the establishment of productive farms, but mostly the achievement of the family economy. The simple peasant, lacking sufficient funds, did not have the technical equipment needed to make a profit from agriculture, to overcome their minimum subsistence. Capital investments were lacking completely and the culture was being achieved extensively, contrary to the habits of the developed countries. Nicolae Ghiulea found, as we have seen, a solution to this problem: merging agricultural properties by using communities and with the observance of a specially written law, while achieving the land cadastre through the registration of all agricultural properties in land books, operations facilitated by the state. The
merger was then followed by a correct and rational redistribution of the lands to their original owners. With the guarantee of unitary and profitable lands, farmers gained access to credits, they were able to buy advanced tools and manage their land in order to achieve savings in production. His proposal went further to continuing the communities formed for merging in the form of agricultural production cooperatives, whose benefits were undeniable. The compulsoriness of this action was out of discussion though, the choice of keeping the communities being of the majority of villagers’. The basic idea was forming properties which, by law, had to be of at least 5 hectares and that were going to offer numerous benefits.

The present situation, as we could see, is much similar. The agricultural land is still fragmented, farm exploitations are hard to organize, the application of advanced technologies is hindered, production is low, there are few investments, the data regarding property ownership are inexact, there has not yet been approved a clear legislation concerning the merging operation and there is need for state intervention. The future can be promising though. Nowadays, Romania can benefit from the European Union’s support as well, in order to improve agriculture’s profitability, so it has a solid ally towards its overall economic development.

5. References

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