

EVOLUTION OF THE AGRICULTURAL LAND FUND OF THE REPUBLIC OF MOLDOVA IN THE CONTEXT OF THE TRANSITION FROM THE HYPER-CENTRALIZED ECONOMIC SYSTEM TO THE MARKET ECONOMY

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Abstract

Efficient management of the agricultural land fund is one of the basic priorities of each state. The given resource represents the totality of the agricultural lands within a territorial-administrative unit. The Republic of Moldova, having a specific geopolitical position, during the twentieth century was subjected to various areas of influence, which imposed their own views on how to manage the land. As a result, all the political and administrative changes involved the fundamental reform of the agricultural sector and, directly, of the agricultural land fund. The paper is a reflection of the evolution of the country's land fund in the context of social and political change during the XX-XI century. The analysis of that period showed that the only viable and efficient method of managing the land fund agricultural is private property based on the implementation of modern production technologies. The general research methods (empirical and theoretical methods) were used in the process of elaborating this report, the analysis of statistical data reflecting the evolution of the national land fund as well as of the agricultural land areas were widely applied.

Key words: agriculture, land fund, reform, agricultural enterprise, consolidation, efficiency

INTRODUCTION

The land is the main factor that underlies the existence of a state, a fact based on a series of principles, such as: geographical - by drawing the perimeter on a certain area of land are delimited the borders of the state; political-administrative - by approving and executing a set of principles of conduct, both within the state and in international relations; socially - the land is the place where the vital processes of the human population or the citizens of the respective country take place, economically - it is the main source of food and raw material necessary for the daily activity of the society [11].

Being an extremely valuable resource, but at the same time impossible to expand territorial, the efficient administration of the available land fund has been an essential objective at both: state and community level. The success of this action, to a large extent, is conditioned by the quality of the political, social and economic systems in which the management

of the land fund takes place. Therefore, the history of the XX century proved that the market economic system, where agricultural land has the status of a commodity, is clearly superior to the economic system planned and widely propagated by the socialist-communist doctrine.

The Republic of Moldova, as the rest of the countries in the former socialist camp, has revised its economic development model, focusing on implementing a free market economy. Respectively, this fact imposed the execution of an extensive land reform which involved the redistribution of the country's population with agricultural lands, previously in the exclusive possession of the state. As a result, the administrative restructuring of the national land fund, but also of the former agricultural holdings has become a difficult and time-consuming process.

Stage of knowledge of the problem

The reforms and the successful management of the land fund of the Republic of Moldova is an extensive transition process, consisting of a

series of successive actions, aimed at achieving two objectives: creating and ensuring the functioning of a genuine land market; promoting the concept of sustainable agricultural land management [6].

In general, twenty years after the start of the restructuring, the goals have been achieved. The domestic land market operates according to the principles of the market economy. The management of agricultural land is being improved constantly, but there are also a number of issues that need to be addressed. These topics are: excessive plots of land, the delayed process of consolidating small and scattered lands, inefficient management of protection and conservation of the quality of the fertile soil [10, 7].

Also, land market does not operate correctly as land price is very small due to the low land efficiency [6].

In this context, the purpose of the paper is the analysis of the agricultural land fund across the time in the Republic of Moldova pointing out the land reforms and their consequences in terms of economic and social impact till nowadays. Also, it aimed to assess in what manner the agricultural land restructuring has led to land consolidation and maintaining of the property rights and allowed the development of agriculture in agricultural holdings based on the principles of the market economy.

MATERIALS AND METHODS

The general research methods (empirical and theoretical methods) were used in the process of elaborating this report, the analysis of statistical data reflecting the evolution of the national land fund as well as of the agricultural land areas were widely applied. Case studies aimed at land reform of the Republic of Moldova have been documented. Primary documents represented by specialized literature (books, monographs, scientific reports and teaching materials, etc.) as well as secondary documents in the form of institutional sources (statistics on the field) were used as sources for this research. The information provided by the National Bureau of Statistics was widely used, as well as the

data provided by the Agency for Land Relations and Cadaster of the Republic of Moldova.

RESULTS AND DISCUSSIONS

All the agrarian reforms carried out on the current territory of the Republic of Moldova during the last centuries were based on the evaluation of the form of ownership and the administration of agricultural lands. The main factors that have contributed decisively to the realization of these changes are political, social and economic one. This fact is amply proved by the agrarian reforms carried out during the 20th century - the beginning of the 21st century, the period when these changes represent a multitude of hopes, disappointments and thousands destroyed destinies.

The first land reform, illustrated by relevant statistics, was carried out in the interwar period of Bessarabia (the official name interpreted by the Russian Empire of the territory of Moldova located on the left bank of the Prut River. Currently part of that territory forms the Republic of Moldova). 1919-1924. This reform was based on the following factors: social and economic inequality; the way in which the rural property was distributed, the increase of the number in rural population, the political situation of that period.

Thus, out of the total area of 4,129,589 ha of agricultural land subject to records in 1918 (including the land fund of Herta Lithuania, territory annexed to Ukraine in 1940), 1,327,491 ha or 32.15% belonged to people with more agricultural possessions, large of 109 ha.

The respective category of properties, including legal entities (monasteries, cities and state institutions), accounted for 2,171 units and owned 40.7% of the total area, while households with agricultural areas of less than 109 ha constituted 22,600 (59.3%) of units [1]. The given situation increased the discrepancy of incomes in the rural environment, making the given reform inevitable, fact that resulted in the redistribution of the existing land fund at that

time. Thus, the surplus of the agricultural area that exceeded more than 100 ha was subject to nationalization in favor of the state with a subsequent ownership of the peasants. As a result, the total area of agricultural land subject to redistribution was 1,491,920 ha, with 357,016 peasants being owned. Initially, it was thought that the minimum area of agricultural land to be owned by a peasant should be 6 ha, but in reality, it varied around 3 ha, in some cases even less than 1 ha.

This reform had both positive and negative aspects. Initially, it was possible to solve the current political and social problems, in a way it boosted the development of the industry thanks to the multiplication of trade relations between the new landowners and the producers of industrial goods. The negative effects of this reform have manifested themselves over time, being exposed by slowing down the mechanization of agricultural operations, excessive parceling of land plots. This has considerably stagnated the development of the agricultural sector in interwar Bessarabia.

The next land reform carried out on the territory of our country took place during the years 1940-1950, an action with a dramatic social, political and economic effect for the local population. Based on abuse, terror and violence, this reform presented a mixt between Marxist-Leninist ideology and a kind of economy based on socialism. According to this doctrine, the state had the exclusive right over all production resources, including the land fund, and the administration of this good being carried out through collective households (kolkhozes and sovhozes). This method of management had already been applied in the Soviet Union since 1924 and was to be imposed on the new annexed territories.

The actual reform began immediately after the annexation of Bessarabia to the Soviet Union (June 28, 1940). Initially, all agricultural land was nationalized, becoming subordinate to the state. However, as this process was carried out in the middle of the summer of that year and the common farms were not yet organized, the new authorities found themselves in a situation where they did not have the capacity

to carry out the harvesting process. In order to solve this situation, the Soviet officials resorted to an original trick, namely, the agricultural land left to be destroyed by the former owners was redistributed among the local peasants.

Subsequently, after the end of the harvest, the peasants were forced to return to the state almost entirely the agricultural production already harvested. With the end of World War II, the process of agricultural reform of Bessarabia (renamed the Moldavian Soviet Socialist Republic or MSSR) resumed. However, due to the disastrous economic situation, but also to the severe drought of 1946-1947, the reform process stagnated, being resumed in full force only in 1949. Thus, at the end of 1950, the agricultural land fund of the MSSR represented 2,808 thousand ha, of which 2,724 thousand ha (97%) were subject to collectivization, being nationalized, at the same time, 433,923 individual properties [8].

In the next ten years of Soviet administration, according to statistics for 1960, the agricultural land fund amounted to 2,717 ha, of which 2,366 ha were in the possession of 206 collective households, and the auxiliary households accounted for only 351 thousand ha [9]. Over the next 30 years, the structure of this fund has undergone some changes. Thus, according to statistics for 1990, the total area of agricultural land decreased by 8.6% compared to 1950, amounted to 2,566 thousand ha, of which: collective farms owned 2,222 ha, auxiliary households - 324 thousand ha, state land reserve - 7 thousand ha, other land beneficiaries - 13 thousand ha [5].

This agricultural reform, like the previous reform implemented during the years 1918-1924, was based on the redistribution of the agricultural land fund but with the implementation of the collective management model, this fact having both positive and negative aspects.

The good part of this restructuring was the consolidation of agricultural land that was excessively parceled out. By creating collective farms that owned several thousand hectares of agricultural land, it was possible to

implement more efficient agricultural production technologies. Thus, it was possible to introduce the crop rotation of agricultural fields, the widespread use of agricultural machinery and, respectively, the intensive mechanization and automation of agricultural processes, were created households specialized in producing a limited group of crops (vineyards, orchards, vegetables). . With the increase of the economic efficiency of the respective households, the living standard of the rural population involved in agricultural activities gradually increased, and this category until 1990 varied around 20% of the total available labor resources.

However, the socialist economic system was far surpassed by the market economic system implemented by Western countries. This was evident in all sectors of the MSSR economy, but especially in agriculture. Regardless of the massive financial investments directed towards this sector, the tendencies to implement the super intensive system of agriculture, the yield and the macroeconomic indicators yielded a lot to those in the developed countries. Low productivity of agricultural land, irrational land use - which accelerated the process of erosion, very low labor productivity led to the economic collapse of this sector, the national economy as a whole, but also the Soviet Union as a state.

Due to these circumstances, the Republic of Moldova has established itself as a state, orienting its economic mode of development towards an economy based on market economic relations. This created new premises for the start of the next agricultural reform, and again based on the distribution of the national agricultural land fund, a reform that lasted over ten years.

At that time, the low economic efficiency of Soviet-style farms, the growing danger of supplying these households with production resources because of the disintegration of economic relations between the former Soviet republics required radical actions to reorganize the entire agricultural system.

The actual reform started in 1992, with the independence of the Republic of Moldova. Initially, this restructuring aimed at

reorganizing the former farms (kolkhozes and sovkhozes) into agricultural cooperatives of production with full rights of self-management - an action that was to increase the economic efficiency of these economic entities. The next action of this reform was the redistribution of real estate, including agricultural land, among the members of these households. However, as a result of the continuing deterioration of the national economy, the lack of experience of decision-makers, the reform did not yield any tangible results. Thus, the new households formed within five years have accumulated debts to the state and suppliers in the amount of millions of lei, and the process of transferring agricultural land owned by citizens was limited only to the privatization of plots of land near households, amounting to only 350 thousand ha or 10.3% of the agricultural land fund.

The process of liquidation of inefficient farms but also the massive redistribution of agricultural land accelerated in 1998 with the implementation of the project "National Land Program". As a result, 98.7% of the agricultural land was privatized over the next two years, 1,034 collective farms were completed, 864 collective farms were liquidated [8].

Land reform, as well as the reform of the entire agro-industrial complex, took place in the following years. According to the 2011 General Agricultural Census [8], both the structure of the national land fund and the forms of its administration had the configuration presented in Table 1.

In Moldova, of 2,243,540 ha agricultural land, 56.72% belongs to Agricultural holdings with legal personality and 43.28% to the ones without legal personality.

In the total number of agricultural holdings, accounting for 902,214, 99.61% are without legal personality. Among the agricultural holding without legal personality, there are 164,831 small family farms, with a share of 18.33%.

As a result the average farm size in Moldova is very small, only 2.49 ha/farm, but 0.38% of agricultural holdings representing the ones

with legal personality have an average size of 369.32 ha.

The smallest size is in the smallest family farms who owns only 0.06 ha/household (Table 1). Similar aspects were pointed out in

their research works by [10], [7] and [3] who affirmed the existence of land fragmentation and small size of the farms in Moldova, and that because of this modern technologies cannot be applied compared to EU countries.

Table 1. Agricultural land and farm structure in the Republic of Moldova

Farm type	No. units	% of total	Agricultural land, ha	% of total	Average land per farm ha
Total (a)+(b)	902,214	100.00	2,243,540	100.00	2.49
(a)Agricultural holdings with legal personality	3,446	0.38	1,272,666	56.72	369.32
(b)Agricultural holdings without legal personality	898,768	99.62	970,874	43.28	1.08
-Small agricultural farms	164,831	18.26	9,830	0.44	0.06

Source: General Agricultural Census, 2011 [8].

Reforming the process of redistribution of agricultural land has been completed, but a negative issue has emerged - excessive parceling of plots. Due to the large number of potential owners, the problem was obvious from the beginning of the first stage of the process. Thus, according to the Land Code (no. 828/199) of December 25, 1991 [4] based on the principle of social equity, approximately 1.5 million ha of agricultural land was divided into 1.2 million citizens.

The process of redistributing the agricultural land fund has resulted in an excessive subdivision of agricultural land. The average surface of the plot was around one hectare of agricultural land, but it was also delimited in arable land and land occupied by perennial crops, which further dispersed the agricultural area. Initially, in the distribution process, it was counted on the principle of neighborhood where the agricultural land was to be distributed among persons of different degrees of kinship in the perspective of the subsequent consolidation of the plots. In reality, the given option did not materialize, still maintaining the dispersed management character of these plots of land. Consequently, 704 067 households owned and processed 749.9 thousand ha of agricultural land, on average 1.06 ha for each household [2].

The excessive number of small farms has completely distorted the agricultural

production process. Being limited in the application of modern production technologies, lacking financial and production sources, these entities reoriented themselves to an extensive agriculture without an added economic value, and the production obtained was destined for self-consumption. Therefore, the contribution of these households to the development of the national economy was minimal.

In order to remedy this situation, the central administrative authorities have started an extensive process of consolidating agricultural land, taking into account, at the same time, the principle of the right to property. A set of mechanisms was developed and adopted with the aim of developing the land market, creating the optimal conditions for establishment and activity for new forms of agricultural enterprises. As a result, in the landscape of national economic activities are currently active such legal forms as: Limited Liability Companies (LLC), Individual Enterprises (IT), Peasant Households (GO), Joint Stock Companies (SA).

This has favored a broad restructuring of the forms of land administration resulting in obvious progress in the economic recovery of the agricultural sector. According to the data provided by the Agency for Land Relations and Cadaster of the Republic of Moldova on 1.01.2021, the national agricultural land fund

has not undergone essential changes and constitutes 1,376,1 thousand ha in the possession of 1,283,239 landowners. However, due to efforts to consolidate and optimize management methods, the number of agricultural holdings that own or lease large

areas of agricultural land has increased substantially. After reporting the aforementioned source, on January 1, 2021 the situation of agricultural land and farm structure in the Republic of Moldova was as presented in Table 2.

Table 2. Agricultural land and farm structure in the Republic of Moldova on January 1, 2021

Farm type	No. units	% of total	Agricultural land, thousand ha	% of total	Average land per farm ha
Total (a)+(b)	307,783	100.00	1,376.1	100.00	1.66
(a) peasant households	271,160	88.1	466.6	33.9	1.72
(b) limited liability companies	34,187	11.1	812.3	59.0	23.76
(c) agricultural cooperatives	1,408	0.46	69.9	5.1	49.64
(d) joint stock companies	1,028	0.34	27.3	2.0	26.55

Source: [4]. Cadastre of the Republic of Moldova 2021.

The data in Table 2 show that currently the most viable forms of agricultural land management (from an economic point of view) are the limited liability companies (59% of the agricultural land fund) and the peasant households (33.9%). In the future, there is a clear downward trend in the number of households and the areas worked by these economic entities. This is influenced by economic opportunities, the much wider scope of maneuver offered by the legislation of the Republic of Moldova to limited liability companies.

At the same time, the simplification of the lease relations and the increase of the minimum period of leasing of the agricultural land allows these economic entities to successfully implement advanced production technologies.

Due to the market relations, the principle of economic efficiency, the given structure is in a permanent change. This is conditioned both by the principles of economic activity and by the policies promoted by central and local authorities.

A significant contribution to the efficiency of the economic activity of agricultural enterprises is provided by scientific research institutions in the Republic of Moldova. Through research projects and programs, for example the State Program "*Development of*

new economic instruments for assessing and stimulating the competitiveness of agriculture in the Republic of Moldova for the years 2020-2023" (figure - 20.80009.0807.16), executed within the National Institute of Economic Research in Chisinau, both the optimal land management models and the ways to attract investments for the development of a sustainable agriculture are identified.

CONCLUSIONS

On the basis of all agrarian reforms carried out on the territory of the Republic of Moldova was based on the administrative restructuring of the agricultural land fund.

These actions were triggered under pressure from social, economic and political factors.

The first attested reform in statistical materials took place between 1918 and 1924 and aimed at redistributing agricultural land in order to alleviate economic inequity between different social classes. The result of this restructuring has resulted in the re-ownership of a significant number of peasants, but in the long run this action has led to a delay in the development of the agricultural sector caused by the excessive subdivision of agricultural plots.

The reform from 1940 to 1950 was carried out on the principles of communist ideology, the total nationalization of the agricultural land fund was carried out, large collective households were set up. Due to the total consolidation of agricultural land, it has been possible to mechanize large-scale agricultural processes, the introduction of new production technologies, but the hyper-centralized socialist economic system has substantially diminished the economic efficiency of these households.

As a result of the political events of the early 1990s and the independence of the Republic of Moldova, the central authorities decided to implement the market economy principle as a model for development. Since 1992, the agricultural land fund has undergone extensive administrative restructuring. As a result, this fund was redistributed to 1.2 million citizens, which led to an excessive subdivision of agricultural land.

The efforts of the authorities within 30 years of the start of this process have succeeded in: building a viable land; restructuring the agricultural sector by creating the premises for land consolidation; maintaining the right to property; the emergence of new types of agricultural enterprises operating on the principles of the market economy.

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