

THE IMPACT OF THE LABOR DEFICIT ON THE DEVELOPMENT OF THE AGRICULTURAL SECTOR OF THE REPUBLIC OF MOLDOVA

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Summary: *The problem of providing the national agricultural sector with labor force has increased with the intensification of the process of migration of the rural population to cities or abroad. As a result, this exodus considerably decreased the supply of labor in the given sector, creating a constant deficit of the given resource. The purpose of the given work is to reflect the considerations of the emergence and evolution of the given subject, the analysis of the current situation and in perspective, the definition of the means of improving the capacity of labor insurance of the agricultural sector. The general research methods (empirical and theoretical methods) were used in the preparation of the report, the analysis of statistical data reflecting the demographic changes in the rural area as well as the dynamics of the involvement of the rural population in the agricultural production process were widely applied. The report reflects both the analysis of statistical data and the derived conclusions, and the results are interpreted through the prism of social changes and economic reforms carried out in the rural area of the Republic of Moldova.*

Key words: *agriculture, workforce, reforms, crisis, impact.*

JEL classification: R23, Q15, Q18.

INTRODUCTION

The labor force is one of the basic elements of the national economy. Therefore, ensuring production processes with that resource is a vital task for most economic sectors. Currently, some fields, thanks to the implementation of automated technologies, can successfully substitute human physical force, but the domestic agricultural sector still requires the use of a large amount of labor.

This fact was valid both during the XX century, as well as at present, and the intensity of involvement of the rural population in agricultural processes is conditioned by social, political and economic factors. The series of agrarian reforms, diametrically opposed in terms of content and method of implementation, contained a common element – the extensive use of labor, available in the countryside until the end of the last century and insufficient today.

In the given context, the insufficiency of this resource requires a new reformation of the way of administering agricultural activities, a condition that requires the modernization of agricultural equipment, the use of advanced technologies, the transition from extensive to intensive agriculture with a high economic value.

RESEARCH METHODOLOGY, DATA AND HYPOTHESES

When preparing the given report, general research methods (empirical and theoretical methods) were used, the analysis of statistical data reflecting the level of involvement of the rural population in agricultural production processes was applied.

Primary documents represented by specialized literature (books, monographs, scientific reports and didactic materials, etc.), as well as secondary documents (statistics by field) were used as sources for the given research. The information provided by the National Bureau of Statistics of the Republic of Moldova and relevant international organizations was widely used.

RESULTS AND DISCUSSIONS

In the last one hundred years, the agricultural sector of the Republic of Moldova is one of the main users of the labor force, and the intensity of the involvement of the rural population in

agricultural works being determined, to a large extent, by the impact of political, administrative and economic transformations.

The efficiency of the use of labor in the domestic agricultural sector depended, to a large extent, on the periods when the agrarian reforms were implemented, the instruments used to carry out the given changes, but also on the social and political situation in the respective eras. How efficiently and rationally the authorities used this resource can be easily deduced from the statistical data that fully illustrate these periods

The interwar period of Bessarabia (1918-1939) being characterized by an extensive process of both economic and social reformation, had a significant effect on the demographic structure, but also on the population trained in agricultural works. The administrative reform, started with the reunification of Bessarabia to the Romanian Kingdom and implemented throughout the period, but also the great Agrarian Reform of 1921, characterized by the redistribution of agricultural land among the peasants, created conditions for even more active involvement of the population in the agricultural sphere. This phenomenon was also strongly fueled by the decline of industrial branches, a fact that greatly diminished the quality of life in the urban environment.

Thus, according to the General Census of the Romanian Population of 29.12. 1930, the total population of Bessarabia (without the region on the right side of the Dniester River) was 2,863.4 thousand citizens with the following residence: urban area - 370.1 thousand inhabitants (13.0%), rural area – 2 493,3 thousand inhabitants, of which 1 468.6 thousand or 58.9% were considered active. Taking into account the total involvement of the rural population in agricultural work (both children and the elderly), 2,363,707 inhabitants of the respective environment declared, during the Census, that the exploitation of the soil is their basic occupation, thus demonstrating the highest level of labor force involvement in the domestic agricultural sector throughout the XX century [1].

Thanks to the agrarian reform, an action that attracted the majority of the population to the agricultural process, a large part of the peasants was able to increase their consumption of food products. Thus, meat consumption per unit of consumption reached 35 kg, milk – 102.8 liters, sugar – 2.4 kg [1].

However, the opportunity for efficient use of the manpower available at that time was substantially compromised. Due to the high land taxes, the lack of an efficient credit system, the insufficiency of mechanized agricultural equipment, the frequent periods of drought, the development of the Bessarabian agricultural sector has considerably stagnated. This fact generated, towards the end of the interwar period, a significant wave of emigration of the rural population to other regions of Romania or abroad.

The beginning of the post-war period was marked by a series of dramatic events that directly affected the entire region of Bessarabia. Re-annexed to the Soviet Empire in 1944 and renamed the Moldavian Soviet Socialist Republic (RSSM), the area was subjected to a radical political, social and economic restructuring.

With the end of World War II, the process of agricultural reform of the RSSM also started, a reform based on Leninist-communist axioms, which placed in the foreground the eradication of private property and the use of collective labor or the collectivization of agriculture. However, due to the disastrous economic situation, as well as the severe drought of 1946-1947, the reform process stagnated, being resumed on a larger scale only in 1949. As of January 1, 1950, there were 1,747 kolkhozes in the SSR comprising 468,422 private peasant households. Almost 228 thousand able-bodied men and 466 thousand women, 125 thousand teenagers and the total number of farmers constituting approximately 43% of the rural population were integrated into collective farms [2].

As in the interwar period, the insufficiency of mechanized agricultural machinery required the intensive use of labor - a sufficient resource at that stage. The given situation significantly hampered the development of the agrarian complex, labor productivity being low. This fact reflected directly on the standard of living of the rural population. The peasants were exploited by performing compulsory work in the collective farm, not being paid until after 1964. Until then, they received grain or other products only at the end of the year, according to the amount of work performed and

calculated in work-days. The Stalinist system, which discriminated against the peasants, was gradually dismantled, Khrushchev (1953-1964) introducing a series of reforms by which the prices of food products were increased, thus increasing the incomes of the peasants. The same policy was continued by Brezhnev (1964-1982). However, at the end of the 70s, although the peasants performed about 80% of their work in the kolkhoz, the income from wages covered only 40% of their needs. The rest of the peasants' needs were covered by cultivating the plots of land next to the house, which were reduced by Khrushchev from 0.36 ha to 0.15 ha, although they produced 20-25% of the total agricultural production [1].

The gradual development of cities, the reindustrialization of the economy in the following years, the privileged working and living conditions of urban workers, compared to that of workers in the agricultural sphere, started the process of migration of the population from the villages. As a result, between 1950 and 1970, the number of the population trained in the agricultural process decreased by 93 thousand workers, a fact that amplifies the insufficiency of providing the sector with labor force. In the given context, the administrative bodies of the RSSM implemented a series of actions that drastically limited the migration of the rural population, forcing them to work only in the agricultural field. The freedom to settle in the city was restricted and conditional on obtaining the right of residence, which was a serious violation of human rights [5].

Another measure restricting the free movement of rural residents was limiting them from perfecting their identity documents (passports), or, without these documents, it was impossible to obtain a residence visa in cities. The only option for a change of job for Moldovan peasants was their employment in forestry works in the Far East of the USSR or clearing the steppes of Kazakhstan.

The economy of the Soviet Union was based on centralized planning and state ownership, a fact that allowed at the initial stage the initiation of an extensive process of industrialization of the country, a condition that more actively boosted the mechanization of agriculture. Thus, according to statistical data, in 1985, the records of agricultural households contained 52.4 thousand tractors, 30.4 thousand trucks, 4.4 thousand harvesters, 72.2 thousand units of agricultural machinery; being served by a number of 119.2 thousand mechanizes [3]. At that time, 757.1 thousand people (36.4% of the economically active population) were trained in RSSM agriculture. Subsequently, in the following five years, the number of employees in agriculture decreased precipitously, reaching 678.0 thousand people. in 1990.

In general terms, it could be stated that the Soviet period had a positive impact on the agricultural sector of the SSR. The intensive mechanization of agriculture allowed the increase of the labor productivity of the peasants. The maximum level (increasing by 84% compared to 1965) was reached in 1983. Later, due to the stagnation and severe recession in which the economy of the Soviet Union was mentioned, this indicator went into recession, recording a regression of - 10% in 1990 compared to 1989.

Even the high level of qualification of workers in the agricultural sphere could not improve the economic situation that was worsening more and more in the collective agricultural households. As a result of the faulty administration of all production resources, the phenomenon of overestimating the results obtained (to demonstrate that the production commitments were fulfilled) and the extent of the migration of the rural population, which towards the end of this period became more and more difficult to control, the agricultural sector of RSSM was becoming an inefficient field that needed radical reformation.

The declining productivity of agricultural land, the very low productivity of labor led to the collapse of the planned economy, but also of the Soviet Union as a state.

Due to these circumstances, the Republic of Moldova was established as a state, orienting its economic development towards an economy based on market economic relations. The given situation created new premises for the start of the next agricultural reform based on the redistribution of the

national agricultural land fund. At the same time, this fact required a change in the workforce management paradigm in the production process.

Starting with 1992, a long and complicated process of reorganization of the former collective households began. Initially, an attempt was made to apply a temporary transition method. The given method involved the collective management of these households, only that each member had the ownership right to a certain share of the patrimony of the given economic entity. In essence, these households, being renamed Agricultural Cooperatives, did not differ much from those of the Soviet type, except that they were completely self-managed. This type of management was able to ensure until 2000 (the year when the implementation of the "National Land Program" project began) the training of a total number of 766 thousand workers in the national agricultural sector [4].

The redistribution of the agricultural land fund through the mentioned project served as a strong impetus for the new owners to manage their acquired lands individually. At the same time, if the land redistribution happened according to the plan, then the division of the technical-material base suffered a total collapse, being destroyed both the fixed funds and the entire fleet of cars and tractors. As a result, some of the employees, later employed in the agricultural sector, found themselves unemployed, being forced to find other sources of livelihood. The sharp regression of the sector from a semi-intensive agriculture to a subsistence agriculture only amplified the number of people who abandoned the given sector.

The dramatic decrease in the standard of living, the lack of jobs or the low remuneration of employees in the agrarian sector amplified even more strongly the migration process of the rural population. Consequently, in 2020, only 175.9 thousand people were trained in agriculture, or 73% less than in 2000.

In order to reduce the negative impact on the lack of labor in the agricultural sector, the central 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 were developed and adopted with the aim of developing the land market, creating optimal conditions for the establishment and activity of new forms of agricultural enterprises. Agricultural entrepreneurs, with the support of the state, managed to implement a series of measures aimed at compensating for the lack of labor in the given sector. These include: procurement and use of modern agricultural techniques, application of modern production technologies with maximum mechanization of agricultural operations etc. As a result, the value of global production obtained in 2021 by agricultural enterprises was 1,550 million USD, an indicator that represented an increase of 7.4 times compared to 2000 [6].

In the given context, the intensive mechanization of agriculture had a positive effect on reducing the impact of labor shortage in the given sector. But the given transformation increased even more the share of cereal and technical crops in the structure of the sown areas (up to 92.3%) and the decrease of the total area of land occupied by horticultural crops.

Currently, the national agricultural sector has reached the point when it is obliged to identify a new development vector, which can be: a. the further development of the production model based on the maximum use of mechanized techniques but with a structure totally dominated by cereal crops and of the technical ones; b. the transition to the agriculture model with high economic value but with the involvement of an increased number of skilled workers.

The first option, based on the specialization of agricultural enterprises in the cultivation of only cereals and technical crops, was and is a measure that temporarily mitigated the lack of labor, but the positive effects are already exhausted, the eminence of the risk that the entire sector will enter into -in a long process of stagnation being eminent.

The second option has as its essence the diversification of the cultivation of agricultural crops, giving priority to those with an added value, as well as the attraction of qualified labor. The realization

of this model requires a longer period, requires greater investments but also time to perfect the personnel involved in the production process.

As a result, the qualification of the workers will contribute to the increase of productivity and the quality of the work performed, which will allow the rationalization of the use of labor force. In turn, the given action will increase the level of labor remuneration and make physical activity in the agricultural sector more attractive.

CONCLUSION

During the XX century, the rural area of the Republic of Moldova was a stable supplier of labor for the agricultural sector. Depending on the political, social and economic context, the efficiency of using this resource in that period remained quite low.

The interwar era was characterized by a record number of citizens involved in agricultural work, but the very low level of mechanization of production operations considerably reduced the efficiency of the use of this fund.

The post-war or Soviet period, marked by a radical reformation of the agrarian sector, based on a collectivization of all production resources, intensively used the available labor force. The low standard of living of the rural population, at that time, triggered the process of migration to the cities, creating a labor shortage in the given sector. To counter this phenomenon, the authorities imposed a rigid control over the migration process. As a result, the majority of the rural population was forced to work only in the agricultural sphere. Regardless of the fact that until the end of the Soviet era, a very high level of mechanization and automation of agriculture was achieved, labor productivity remained low, labor management in agricultural processes was defective. As a result, the early 1990s were marked by a total degradation of collective agricultural households.

With the independence of the Republic of Moldova, and with the transition to the economic system of the market economy, the agricultural sector was again reformed, with the emphasis on private property. The reform was characterized by a long period of change, followed by a severe economic decline and a considerable reduction in the number of workers trained in agricultural work. This fact radically changed the structure of cultivated crops, with a total dominance of cereal and technical crops. The horticultural sector, where the labor force is used the most, has been and continues to be the most affected by the lack of this resource.

In perspective, the main objective of the agricultural field is the transition to the system of sustainable agriculture with a high economic value, and this fact requires the attraction of a large number of qualified labor force. Therefore, one of the priorities of the authorities at all levels is to attract and raise the level of training of the workforce that is currently available in Moldovan villages.

The development of methods to make the use of labor more efficient in the national agricultural sector serves as a research objective or theme for the collaborators of the Institute of Economic Research, an activity that is carried out within the State Program "*Development of new economic instruments for evaluating and stimulating the competitiveness of the Republic's agriculture" Moldova for the years 2020-2023*" (number - 20.80009.0807.16.).

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