

## COMPLEX RELATIONSHIPS BETWEEN THE RURAL ECONOMY DIVERSIFY AND DEVELOPMENT OF INFRASTRUCTURE

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**Abstract:** *European and global experience showed that to have a prosperous and diversified rural economy, or even a rural economy based on mining and agriculture, it is necessary to create an appropriate infrastructure and foremost a communication infrastructure and providing energy. Later, however, rural entities should have public utilities adapted to local conditions and investments for environment protection. These activities occur in complementary infrastructure development perspective, they reinforce each other and provide high efficiency investments and complex development of human settlements.*

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### 1. IMPORTANCE OF AGRICULTURE IN RURAL DEVELOPMENT OF ROMANIA

Our economy since 1989 has been a prolonged transitional period proved that the negative effects occurred in almost all sectors. This period was characterized by multiple searches for solutions to the country's economy to become functional. One of the branches that have participated in growth was the agriculture and food industry, although a pertinent analysis of global efficiency indicators shows that it has a much greater potential to achievements. In Romania, agriculture can become again one of the main branches of the economy, if part of investors would redirect and would invest in this area.

In terms of financial resources and their quality, Romania is among the top 10 European countries. Thus, the area per one inhabitant of our country is on average 0.65 hectares of agricultural land. OUR COUNTRY can be considered as an agricultural country with great potential, but it is important how it is operated, being known that the rural household farming in bulk, oriented to individual farms and less associative forms ie national characteristics demonstrated in the last 20 years [Istudor, 2006]. Romanian agriculture is in a deep and comprehensive reform. It seeks a radical shift to cover all the structural components of this important branch of the economy [Nicolescu, Plumb, Pricop, Verboncu, 2003].

European and global experience showed that to have a prosperous and diversified rural economy, or even a rural economy based on mining and agriculture, it is necessary to create an appropriate infrastructure and foremost a communication infrastructure and providing energy. Later, however, rural public utilities should have adapted to local conditions and investment environment. These activities occur in complementary infrastructure development perspective; they reinforce each other and provide high efficiency investments and complex development of human settlements.

### 2. SPECIFIC ASPECTS OF AGRICULTURAL HOLDINGS MANAGEMENT

Farms influence felt in all their peculiarities of agriculture, but also their own forms. As such, even radical changes experienced by this sector influence their management.

First, it is a management in branch of an economy in which runs an extensive restructuring, referring to ownership, farm, production, marketing or technological structures. In our country, there is a clear picture of a deep fragmentation of ownership and a high number of family farms run by people who have no specialized agricultural training requirements to achieve appropriate management and its economic performance as good.

Secondly, we must not forget the role of empiricism in the tradition of the production activities, especially poor technical equipment and capitalization, which increases the human effort. In this regard, there is need to improve labor, natural conditions and farm economic flows. These two issues raised generate specific types and forms management holdings.

Another key issue is that in our country, as in all European Union countries, where family farms, management is by its leader, who is required to have a certain level of specialized training, and even may be advised. However, to us this is neglected due to lack of information or lack of confidence in state institutions.

The large share of elderly population engaged in agriculture is a well-known issue. But that means in some cases a lack of interest in strengthening and modernizing holding or expressing entrepreneurial spirit with risks assumed (they affect family situation) [Dropu, 2007]. Age producers, insufficient financing and levels of input prices, low knowledge could involve the use of traditional methods of farming or production structures based orientation to meet food consumption needs of the household. These issues do not encourage commercial agriculture looking to produce for the market. Lack of knowledge management can be mitigated through assistance and advice from bodies, provided that the responsiveness of farm managers. Early retirement of farmers is a difficult problem for Romania, where small farms predominate, and the farming population is large. To be able to effectively practice early retirement of farmers, it is necessary to take over the Government's obligation to create a pension fund, which to administer conditioning in relation to early retirement walking on geographical areas and rural areas.

Management training is necessary and complex, its absence leading to undesirable effects such as: wrong methods used in the cultivation, lack of orientation to plant and animal varieties with high yield, improper use of chemicals, the collection and use of economic instruments contained Policy support of agriculture. These are just some of the issues raised by the heads of farms must find viable solutions in time. Modernization of agriculture and the efficient management of farms require, along with others, and there is a farmer with a certain level of training and general in order to cover production and economic results and financial.

### 3. THE IMPACT OF DEVELOPMENT OF RURAL INDUSTRIES AND SERVICES ON THE VILLAGE SETTLEMENTS

Conditions Romanian society evolves and especially, its stage of development requires that today and in the coming decade, whatever growth possibilities and formulas, to give priority attention to modernizing the rural economy. News this orientation stems from the fact that over 45% live in villages of the population, here we have an economy lagging behind, in relation to structural and managerial broken agriculture, with farmers getting old and misfit's modern market economy. Many small farmers are not interested in modernization and efficiency, but intended to have them all and if you cannot buy anything. Every sale, especially when receiving a low price, the manufacturer considers a defeat or even worse a shame. The result of such a mindset of many Romanian farmers is that they just want to survive in an unstable economy with a market hostile agricultural producer and constantly threatened by unpredictable seizures. Either this economy, almost natural in many places, lacking essential elements of civilization and rudimentary infrastructure need to be

converted and included in the current decade, in the modern world of rural areas in European countries.

Achieving a work so grand, complex and important first requires the use of human and material resources from any hamlet, but a new concept in development. The new concept of rural development is based on two fundamental pillars:

- diversify the villages economy by stimulating the developments of industrial activities and services, providing jobs, increasing income and demographic stability;
- a radical change in rural-urban relations by creating a new type of human settlements with a diversified economy which in the foreseeable future to be reach close levels to the development of cities or to be organized as metropolitan areas.

Industrial activities and services is a very important area to create a diversified economy. And this process of diversification of the rural economy should be supported and accelerated to EU membership and sustained even after many years as necessary to change the way of thinking, to create appropriate structures and relationships to ensure the functioning of the market economy not only in cities but also in every village settlement. Who traveled in recent months, the villages of our country heard the comments of people who understand this and that EU entry. Although each participant in discussions that matter is his opinion, there seems in these discussions two large groups of views. A group version supports ultra-optimistic that the EU gives aid, building roads, housing and pay higher pensions after a few years. Others see only restrictions and difficulties (e.g. up hybrid vines, drops brandy boilers, a strict evidence of animals).

However, the EU does not do any of those listed. She wants to draw us into a free and fair economy where competition is governed by the rules judiciously set, known and respected by all. Union does not require us to abandon hybrid varieties, but only our advice. We also recommended that small producers of alcohol, having a boiler scale, to be legally registered, meet the minimum standards of hygiene and pay duty if the factory more than 50 liters. Such recommendations are numerous and relate to the vegetable, animal husbandry and forestry. If you do not apply, however risking losing million. The secret is that the country is to compete with countries that already have some age and experience.

Common Agricultural Policy of UE, which included rural zone in their entirety, it is a policy with a lot that has created common rules of functioning of markets, marketing of agricultural products and oriented in a new development of rural settlements. Rural development policies apply and evolve with the principles of formation of the single market of goods within the EU agricultural products transported without restrictions, favors the consumption of products originating in the EU, the environment in the process of development of rural settlements and ensure financial solidarity between Member States, as joint actions are financed from a single budget. Funding for these activities, particularly those related to subsidize agriculture and rural development costs more. Only for EU, agricultural subsidies allocated over 60 billion every year. A significant part of that money arrived in Romania by implementing SAPARD, ISPA and PHARE. However, this money can be used effectively in the rural economy is necessary for each customer - business or local community - to contribute to the well-established projects. Recipients of money received from the EU they must have a force and financial support to ensure successful implementation of projects established practice. Hence, farms and rural communities to benefit from EU financial support are necessary to use the actions that strengthen farms and ensure diversification of the rural economy. An important tool that can be used for this purpose is the development of infrastructure, expansion of industrial activities and services in rural areas.

The experience of the past has shown us that the rules for receiving this money was specifically regulated and supervised. Recipients of grants were required to develop business plans judiciously targeted investment to start their own forces, and only then to European settlement funds. However, small farms were not in the majority of cases the financial means to start an investment that meets the requirements to be financed from EU funds nor were staff to help them to prepare projects and then manage. No local councils of the communes, the potential recipient of funding programs such as "Development and improvement of rural infrastructure" does not have enough money in the budget and people with training to develop projects and manage them competent to complete. This explains why the EU funding, although Grant has progressed slowly, remaining unused funds, and in rural areas who were most in need of financial support, the fewer projects were approved for funding.

Such a development gives us little hope that in the coming years, our agricultural holdings and generally rural real progress will be made as visible. Rural development appears as a tough and difficult progress. The villagers have no money, and the money obtained from agriculture very difficult and this is added the fact that grants are not included in the investment management of rural development due to poor or non-compliance of administration and finance. Rural development can be achieved only with money. Analyses carried out in village's shows that there are often lacking and young people to carry out rural development programs. Rural population is aging and has a professional structure to be improved to meet the requirements of a diversified rural economy. Measures taken to attract young people from villages only a first installation of 1000 euro, land and credit facilities, were not you expecting adhesion promoters such measures.

The situation in Romania is quite heavy, our agriculture broken and the lowest efficiency preparing to compete western agriculture, agriculture super-tech and high level of efficiency. U.E. can give billions of dollars, but we very much difficulty we can use. At the set is added and the poor state of private agricultural and rural entrepreneurs in general, not clear direction where to use small amounts of investment and uncertain to them. To overcome such a condition required more effort from the county agricultural departments to publicize EU support, qualified support for the development and management of projects for funding. Also a need to initiate actions by economic agents related to rural life and the administrative bodies that in villages to progress as rapidly as industrial activities and services. Such a development is meant to form a diversified rural economy that can provide jobs, revenue growth and increased opportunities to use grant funds that we offer today's European Union.

#### **4. DIVERSIFICATION OF THE RURAL ECONOMY AND THE USE OF HUMAN RESOURCES**

To browse the current period of transformation good condition countryside, rural society in Romania needs a realistic orientation and material and financial support to create long-term infrastructure. Major changes in rural development is required by the actual state is currently the rural economy. Taken together, in our rural society is far from demands required by the EU

Romania is considered a country with many farmers, but deeper analysis reveals several other important issues. Agricultural area of the country is divided into over 4.8 million farms and their owners are people who do not live in villages, a large number of farmers are aging and, although young land surface barely exceeding 1ha. In such a situation there are two major problems awaiting solution. The first relates to the need to take all-necessary action to form, of the 7.7 million hectares owned by small farmers, farms that can form a force in the EU agricultural market competition second major problem is to solutions to leverage the active rural population. Solving these problems can be conveniently achieved by rational

economic and social action oriented and continuously supported. Such action shall include, in their essence, measures to diversify the rural economy and the transformation of rural settlements into cities based on multiple activities where villager to obtain income and living conditions similar to those of the city. An important way to achieve this is to develop an infrastructure in rural areas stimulated the expansion of industrial activities and services.

Infusion of non-agricultural activities in rural areas has multiple causes. The changes that took place in the villages, for decades, have damaged economic and social balance in rural areas. Today has enough work to be a mono-dominant feature of Romanian rural communities. At the same time agriculture practiced by farmers is rudimentary and not market-oriented, but for self-consumption. This is evidenced by economic backwardness and poverty of the villages; you ought to be dominated by European-style farms. This condition can be achieved by stimulation of arable land consolidation trend that manifests as a more general process in villages. For farms to be competitive, it is necessary that they be technically equipped to be financially supported, and the national agricultural market to operate without major

convulsions. But the positive trends of the plant must be extended to animal husbandry, where these positive trends evolve slowly. Here over 90% of livestock owned by small producers and measures to support young people to create micro-livestock will yield results only in the coming years.

EU do not require for Romania measures to remove all agricultural producers which cannot force competition, but there is already ample economic and social measures to leading at concentration of farms and ensuring preferment management to raise agriculture of Member states to enter the competition. The easiest to use and which meets the conditions of our country as one where it works great diversity of farm types, geographical areas and agricultural branches appropriate, but that the organization and management applied to the market behaves on an equal to equal. In such circumstances, it is expected to obtain a farming twice that obtained so far. However, there is a social problem that can hardly be solved, namely the employment of over 4 million farmers who have small areas with heavy cover their own consumption. They do not produce for the market and will retire from farming. This is very delicate and must be implemented with great care by specialists in the field.

## **5. CONCLUSIONS**

Rural agricultural development will directly increase farmer's income, diversifying the economy of the villages and making resources for modernization. The most realistic solution for our country can be identified if a whole rethink rural development, rural economy to be diversified according to the natural and economic conditions in each area. Industrial activities and services intended to absorb a large part of farmers leaving their farms; these occupations will be the aggregate income sources and provide a way to ensure the sustainable development of rural economy. This aspect should be followed closely because small businesses can appeal and other labor, appear new social cases. Non-agricultural activities in rural areas should not be seen as competing elements agriculture, stifle or limit the scope of farmers, on the contrary, they appear as complementary actions and gives farmers work enhances efficiency and sustainability of the rural economy and rural resident's income high. Rural areas cannot grow, cannot provide jobs, income and demographic stability when one focuses only on agriculture. The future of these settlements can be ensured only if the rural economy is diversified and in this way form a fundamental prerequisite for sustainable development of rural areas as part of the national economy, which tends to shape, currently bases its sustainability progress.

An orientation to diversify the rural economy and thereby ensure sustainable development of rural settlements corresponds to trends occurring today in the development of national and world economies. It is known that in the Declaration on sustainable development in Johannesburg were established objectives and means of action for non-agricultural activities in rural areas and at the same time be strong holdings in common and have the means to buy or lease farmland . Some research shows that each local commune farmers a percentage of about 1%, which started promising business, but more such initiatives should be encouraged not to depend on agricultural products of other countries.

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