Rural Development Policy and Indicators of Demographic Dependency

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Abstract: The rural economy in Romania is poorly diversified and depends to a very large extent on agriculture, dominated by subsistence and semi-subsistence farms producing mainly for own consumption and only marginally for the market. The main demographic trends of rural Romania are the declining and aging of the population due to both natural birth decrease and migration from rural to urban areas of the young population. The low educational level of the rural population is another important issue in terms of employment. Rural incomes are lower than those from the urban areas and the income gap continues to grow as a result the incidence of poverty is significantly higher in the rural area.

Keywords: rural development, rural economy, demographic dependency, sustainable society, sustainable development.

JEL classification: R11, Q01, Q56

Introduction

"Rural development is of major importance for Romania, since 87 % of the country is rural area where 45% of population lives. Romanian rural area is characterized largely by unsatisfactory living conditions caused by underdevelopment of physical infrastructure (roads, water, sewage system) and also of social services (health, educational and cultural)".

The rural development policy for 2014-2020 focuses on three strategic long-term objectives, which align to The Europa 2020 Strategy and PAC objectives. Thus, this aims to:

• to stimulate the competitiveness of agriculture
• to ensure sustainable management of natural resources and combating climate change and
• to promote balanced territorial development of rural economies and communities, including creating and maintaining jobs.¹

The 2013 reform keeps many of the principles of rural development policy implemented in 2007-2013. For example, the policy will be implemented by all national and/or regional rural development programs (RDPs), conducted over periods of seven years.

1. The Rural Development Policy

But overall, the 2013 reform introduces several changes:

• improves strategic approach for developing RDPs
• strengthens the contents of rural development measures
• simplifies the rules and/or reduce the administrative burden where possible and
• correlates more the rural development policy with the other structural funds and European investments (ESI)

In the developing national programs (PNDR), Member States will have to comply with at least four of the six common European priority axes:

1. encouraging knowledge transfer and innovation in agriculture, forestry and rural areas
2. increasing sustainability / competitiveness of all branches of agriculture and promoting innovative agricultural technologies and sustainable management of forests
3. promoting food chain organization, animal welfare and risk management in agriculture
4. restoring, preserving and strengthening ecosystems that are related to agriculture and forestry
5. promoting resource efficiency and supporting the shift towards a low-carbon emissions economy and resisting climate change in agricultural, food and forestry sectors
6. promoting social inclusion, poverty reduction and economic development in rural areas.

The six priority axes of rural development include detailed action areas. Under rural development programs, Member States/regions set quantitative targets for each area of action, based on analysis of the needs of the covered RPD territory.

Then they determine what action they will take to achieve the goals and what funds will be allocated for each measure. (fig. 1)

The amounts necessary are from the European Agricultural Fund for Rural Development (EAFRD) from national/regional funds and sometimes from private sources.

The rural economy in Romania is poorly diversified and depends to a very large extent on agriculture, dominated by subsistence and semi-subsistence farms producing mainly for own consumption and only marginally for the market. The main demographic trends of rural Romania are the declining and aging of the population due to both natural birth decrease and migration from rural to urban areas of the young population. The low educational level of the rural population is another important issue in terms of employment. Rural incomes are lower than those from the urban areas and the income
gap continues to grow as a result the incidence of poverty is significantly higher in the rural area. This description, not very optimistic, applies to “typical”, "medium" rural areas according to statistics. But in reality the situation varies from case to case: in Romania we can find both developing villages and also rural areas lagging behind and facing serious socio-economic problems and other villages are disappearing.

![Draft EU Budget 2016](source: europa.eu)

Generally rural areas can be differentiated from urban areas through a range of features, but there are significant differences between different rural areas. It is important to recognize their impact on the general welfare of the area (including the employment situation) and on intervention measures needed to improve the current situation, so the policy "one size fits all" cannot be applied to rural development.

**2. Indicators of demographic dependency**

Population distribution by residence and age group points out that in rural areas, demographic aging is accentuated. Romania's population is predominantly urban, from 1 January 2014 the ratio of population living in towns and cities is 53.9%, slightly lower from January 1, 2012 (54.0%).

In urban areas, the most numerous population segments are the age groups between 35-39 years and 55-59 years and 35-39 years of rural areas and 40-44 years. (Table1)

Demographic dependency ratio is the ratio between the "dependent" people (persons under 15 years and 65 years and above) and the working population (15-64 years) expressed to 100 people.
### Table 1: Indicators of demographic dependency

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<tbody>
<tr>
<td>Demographic</td>
<td>of 100 individuals (working age 15-64 years)</td>
<td>50.9</td>
<td>46.4</td>
<td>47.0</td>
<td>47.0</td>
<td>47.1</td>
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<td>dependency ratio</td>
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<tr>
<td>Demographic</td>
<td>Of 100 individuals (working age 15-64 years)</td>
<td>16.6</td>
<td>20.6</td>
<td>23.3</td>
<td>23.1</td>
<td>22.8</td>
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<td>dependency ratio of</td>
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<tr>
<td>the young population</td>
<td>Of 100 young individuals under 15 years)</td>
<td>48.4</td>
<td>79.8</td>
<td>101.8</td>
<td>103.8</td>
<td>106.7</td>
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<td>Aging ratio</td>
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\[ Rd = \left\{ \frac{P(0-14) + P(65+)}{P(15-64)} \right\} * 100 \]

where:
- \( \text{Rd} \) = demographic dependency ratio
- \( P(0-14) \) = population of 0-14 years
- \( P(15-64) \) = working population 15-64 years
- \( P(65+) \) = old population 65 years and over

The ratio of people under the age of 15 and working population (15-64 years) expressed per 100 people is called demographic dependency ratio of young population.

The aging index is the number of older people (65 and over) per 100 young persons (under 15 years).

The median age is an index that divides the country's population into two equal parts, the median age being the middle value.

The indicators of the demographic dependency highlight a burden trend of the working age population by increasing the percentage of the depending unproductive population. This trend could be a positive phenomenon if the age group 0-14 years would be the generators of growth. Increasing demographic dependency ratio, coupled with increasing average age and the median age, shows aging trend accentuated of the resident population of Romania. In just two years, the aging index increased by almost 5 percentage points (from 101.8 in 2012 to 106.7 old persons to 100 young persons in 2014), pulling another alarm signal on the acute phenomenon of demographic aging.

The population aging draws inevitably and aging of the workforce, which requires an adjustment of the economy, of the labor market and employment conditions to these changes.

Both in the industrialized countries and in the most developing countries, the ratio of old people in the population structure grows at a rapid pace, leading to important changes on socio-economic development in various regions of the globe.

The year 2012 was declared by the European Council and the European Parliament "European Year for Active Aging and Solidarity between Generations". The demographic changes generate profound changes in social structure, with important implications for
the state budgets of the state, on the pension system and public policies. The aging population draws inevitably and aging workforce, which requires an adjustment of the economy, of labor market and of the workplace conditions to these changes.

Romania fits into this pattern, and is faced with a pronounced phenomenon of demographic aging. To this is added the phenomenon of emigration, both causing a significant reduction, in time, of Romania’s inhabitants number.

3. Rural Development Programmes

The European Commission communication release of 2010 on the Common Agricultural Policy (CAP) after 2013, finds that a priority for the CAP will be "a balanced territorial development of rural areas throughout the EU by empowering people in local areas, building capacities and improving local conditions and links between rural and urban areas.

By publishing the legislative proposals for 2014-2020, about the future of the cohesion policy and the common agricultural policy (October 2011), the European Commission marked the beginning of a process that will lead ultimately to an official adoption of the RDP 2014-2020. (Figure 2)


*Figure 2: Envisaged timeline for the adoption of the 2014-2015 RDPs*


In this context occurs the PDR training, in EU Member States and regions. Programming successful PDR is based on strategic choices regarding what it will receive support for, through:

1) a thorough analysis of the context (SWOT analysis);
2) a needs assessment;
3) defining priorities and areas of intervention, choosing appropriate measures and allocation of financial resources based on expected results.
The importance of improving the provision of environmental services as part of the broader challenge of the movement towards an efficient resource economy is recognized in Europe 2020 and it is reflected in the specific priorities of rural development policy for 2014-2020.

Very important is "Caring for the environment" with "contribution for diminishing Climate change and adapting to "it", "they are considered to be common goals for all Rural Development Programmes (RDP).

Europe's biggest assets are the people and its natural resources. Working together intelligently, sustainable and inclusive, the EU citizens can use their natural resources to help the protection, growth and long-term prosperity in all Member States. The EU Common Agricultural Policy (CAP) recognizes this and successive CAP reforms have introduced new approaches to help improve its "green" prerogatives ". This trend continues with further expansion moves of the CAP ability to provide various types of environmental services during the 2014-2020 periods.

**Conclusion**

Poverty is the social phenomenon with most pronounced dissemination speed in Romanian society and with the most damaging consequences. This is why it is stated that the fundamental objective of social policy in the next decade in Romania should be to reducing poverty.

Wanting more in Romania often merges with the expectation that the state should give more to the people and solve financial and socio-professional problems arising from the disappearance of the old mechanisms of centralization and planning. The population was convinced that, after 1989, it was entitled to request and receive more from the state than it had before.
"A sustainable society is one that shapes its economic and social system so that natural resources and life support systems are maintained"\(^2\)

Also, Lester Brown pointed to a real conflict situation between modern industrialized civilization and environment:

- The trend of depletion of natural resources of energy, raw materials and food;
- Consuming resources at a higher rate than their regeneration capacity;
- Physical damage and environmental pollution: water, air, soil.

Sustainable development can contain not only the objective of economic growth, but also objectives related to intellectual, emotional, moral and spiritual satisfaction of the human sustainable existence; Sustainable development is built on four pillars:

- Economic growth
- Social Development
- Environmental Protection
- Cultural diversity

References


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