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The Impact of Institutional Change on Organisational Practices in Romanian Agriculture: The Case of Alba, Transylvania.

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Abstract

The purpose of this article is to present the consequences of the changes in the institutional environment on organizational and contractual practices in Romanian agriculture. It focuses mainly on the consequences of the

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redistribution and restitution of land previously managed by the agricultural cooperatives. The results, here exposed, are based on a field research conducted in summer 2001 in Transylvania. Our fist observation is the current diversity in organizational and contractual practices, which are explained by some key elements such as resource endowments and constraints linked to the implementation of institutional change. We will go on to show that previous organizational choices made just after the restitution, due to an organizational path dependency, have constrained the current choices.

KEYWORDS: Romania, institutional change, land reform, agrarian contracts, property rights, farming organizations

JEL classification: P20, P32, Q12, Q15

Introduction

The collapse of the communist regime led all Central and Eastern European Countries to enter a transition phase from a planned economy to a market oriented one. This transition corresponds to a major institutional change, from a planed economy based on state or collective property, to a market economy based on private property rights. Following 1989, the newly elected Romanian governments have set up first macro-economic liberalization and then privatization programs aiming at redefining and/or transferring the property rights on production means[5].

The purpose of this article is to offer some empirical insights regarding the impact of legal changes in land rights and farming organizations[6] (i.e., formal institutional change), as well as on the organizational dynamics in the Romanian farming sector. We will focus on individual versus associative land management options, and on contractual practices - especially land contractual arrangements;

[5] *By property rights, we mean "a socially enforced right to select uses of an economic good" (Alchian 1987:1031). This broad concept encompasses more specific rights, especially the possibility to alienate the asset. The bundle of the right to use an asset (usus), the right to earn income from an asset (fructus), and the right to alienate it is defined as "ownership right" or as "private property right".*

[6] *"An organization is an institutional arrangement designed to make possible the conscious and deliberate coordination of activities within identifiable boundaries, in which members associate on a regular basis through a set of implicit and explicit agreements, commit themselves to collective actions for the purpose of creating and allocating resources and capabilities by a combination of command and cooperation" Ménard (1995:172).*

although some studies have already started to explore the question of organizational choices in the Romanian transition context (Brooks and Meurs, 1994; Rizov et al., 2000; Sabates-Wheeler, 2001), the contractual issue remained to be tackled.

The results, further exposed, stem from a fieldwork carried out in summer 2001 in the department of Alba, in Transylvania. The choice of this Field area was based on two significant factors, firstly, because it had never previously been studied with such a focus and had specific features contrasting for example with the south plains' situation analyzed by Sabates-Wheeler (see infra). The second factor that determined our choice was the advantage of personal relationships with key informants, on sight, which facilitated the fieldwork. Two communes, Vintu de Jos and Cricau, were elected on the basis of the diversity of the contractual and organizational practices - all the types of farming organizations that appeared in Romania after 1989 are found there. Information was collected by in-depth interviews with 31 landowners and 22 staff members of new farming organizations (covering in total 7 agricultural societies, 15 commercial societies, 5 family associations and 6 individual farmers).

The department covers 6 231 square kilometers (2,6 % of the Romanian area) and account 404 887 inhabitants (1,8 % of the Romanian population), of which; 39% of the population lives in rural areas (45 % in Romania) and 30% is active in agriculture (37 % in Romania). This mountainous area was characterized by the preservation of individual farming during the communist period due to the geographical conditions and a strong resistance of the farmers, to collectivization. In Alba, 36% of the agricultural income refers to livestock production (specially sheep, including wool). Arable land accounts for 41 %, meadows 36,5 % and pastures 22,5 % of the total agricultural area. Since 1990, in this region as in the rest of the country, the levels of both vegetal and animal productions have continued to fall.

In the first part of this paper, we will present some key elements of the land law changes and farming organization privatization program. In the second part, we will describe the post-reform types of agricultural organizations and land contracts. Closing this demonstration, we offer an interpretation of the links between the formal institutional change and its implementation, the situation of the economic agents and current organizational and contractual practices.

The key changes in the institutional environment regarding land and farming issues

In most Eastern European countries, privatization of land and agricultural production means has been one of the most sensitive political issues (Swinnen, 1999; Leatherdale, 1993). It was particularly so in Romania, due to the weight of the agricultural sector in the economy and more generally in the Romanian society. When the process of transition started, it was estimated that around 50 % of the population was living in rural areas and 30% of the working population was engaged in agriculture (Swinnen et al., 1997).

The situation before the collapse of the communist regime

Agricultural production in Romania was realized, before the collapse of the communist regime, by three kinds of organizations: the state farms, the agricultural co-operatives and the private farms (cf. table 1).

On the one hand were state farms (IAS) and co-operatives (CAP). These were large-scale organizations based on paid labor force, mechanization and specialized production units. They were also characterized by a centralized planning administration (a local unit of the Party could even be found in each enterprise), which greatly limited any self-governing management. State farms farmed land that had been expropriated or purchased by the state in a compulsory way, while co-operatives were the results of forced collectivization - the land owners conserving formally their land rights. In the 70's, in order to create incentives and to develop production, the communist regime gave to employees the free use of one plot of land each (between 0,10 and 0,25 ha). In addition to this, it defined a "global contract" according to which workers were receiving 30% of the production obtained on the farmed area. In Alba, at the time, the 13 state farms and 51 co-operatives were located in the plain. They covered approximately 40 % of the total agricultural area.

On the other hand, were found very small private farms utilizing family labor force, located in the mountain areas. Land sales and renting were first discouraged and then forbidden between 1974 and 1989. Although during the interviews landowners mentioned some informal transactions[7] between private

[7] *These informal transactions were not registered. For the "official" land records, the owner, registered before the informal transactions, appeared to still be the owner. Such a situation could be source of several problems when trying to return the land to its real owner (see later).*

farmers, such practices were not frequent. In that period, the private farmer's property rights were restrained to the rights of use and inheritance.

The agricultural production in Romania was thus bimodal, based mainly on large-scale units and to a minor extent on small private individual farms. Following the fall of the communist regime, a major institutional change was undertaken in order to reform the previous system.

Table 1: *Agricultural organizations in Romania in 1989*

	State farms	Co-operatives	Individual farmers
Number of farms	411	3776	
Employees (thousand)	261	1910	
Agricultural land (thousand ha)	2055	8963	1400
Land per farm (ha)	5000	2374	2.34
Employees per farm	635	506	

Source: Romanian Statistical Yearbook, in Brooks and Meurs (1994).

The land reform: its choice, its implementation and its consequences

The objective of the land reform in all Central and Eastern European Countries was to implement private property rights on land, viewed as the main condition for the emergence of a market-functioning agriculture. In the line of the well-known Property Rights School argument, a private property right was viewed as the best incentive to invest resources in highest-valued use, and its transferability was expected to allow the resources to move from less productive to more-productive owners.

Land reform choices in Eastern Europe - restitution to the former owners versus distribution to new right holders - depended on the political, social and historical situation of each country. Swinnen (1997) underlines four key factors, linked to the history of land ownership:

(i) the ownership status during the collectivist era: the assets that were still legally privately owned (even if only formally) were returned to their former owners. Indeed, to decide not to return these assets would have been too costly for the new political regime, from a political point of view.

(ii) the ethnicity of pre-collectivization owners: generally, land was not returned to foreign owners;

(iii) the assets distribution before collectivization and the potential conflict between historical justice and equity. In Romania, the pre-collectivization asset distribution was quite equalitarian, due to several previous land reforms[8];

(iv) the duration of the communist regime, which deleted more or less the tradition of individual farming.

Given these factors, we can understand why Romania chose a land reform based on both restitution and redistribution. Firstly, faced with citizens' expectations, the new regime had no choice but to return the land to their previous owners. Secondly, regarding the importance of agriculture in Romanian society the land reform was obliged to ensure redistribution. And lastly, to choose both restitution and redistribution was not difficult A choice because, due to previous land reforms, it generated no conflicts between equity and social justice.

The land reform was defined by two main legal elements. The first one was a decree that came into force in 1990, according to which each family living in rural areas could obtain up to 0.25 ha of agricultural land, extended to 0.50 ha for members or retired members of co-operatives in plains. In fact, in several rural areas, people had taken back the individual plots they had received for private use during the communist regime, so That this decree was used as a mean to legalize a spontaneous movement of the population. The second main element of the land reform was the 1991 Land Law (law n°18/1991), amended in 2000. It defined the conditions of the dissolution of the CAP and the distribution of land to the former owners, or according to the last land reform in 1945, to their heirs (the restitution process), and to the workers who had no land in their property but who had worked in CAP during the latest 10 years, as well as to other eligible persons such as victims of the Revolution, or former service men (the redistribution process).

Eligible persons could receive from 0.5 ha to 10 ha of land, extended to 50 ha in 2000. In order to do so, they had to submit their claims to a communal land

[8] *In 1921, a land reform led to the expropriation of farmers owning more than 100 ha of land, and thus to the distribution of 2,8 millions of hectares to one million of households. A second reform in 1945 allowed the expropriation of German citizens, collaborators, absentee landlords and private farmers owning more than 50 ha; 1,4 millions ha were then distributed to 800 000 households (Leatherdale, 1993). Thus, land had been already largely distributed among the population during the pre-collectivisation period.*

commission, composed by elected members, among whom the municipality majors. The commission only approved claims based on ownership documents and/or on testimonies[9]. If the total area claimed was larger than the available one, the land commission decreased the area of every plot to be distributed proportionally. In case of a surplus of land, each eligible person could apply for additional land, up to the authorized limit.

After the land claims had been approved, each owner was given a preliminary certificate (adeverinta), stating the total area of the plot but not its location. In order to obtain the land this certificate had to be transformed into a land title (titlu de proprietate). This step requested much more work insofar as plots had to be clear-cut defined. If the owner disagreed with the commission decision, he could appeal to the departmental commission or even to the court, but the law stipulated that contests concerning the location of the plot were not eligible. The restitution of land, for most owners, was made on the basis of the acreage previously owned but often not within the same boundaries.

This process led to a very fragmented and scattered land pattern (Leatherdale, 1993, Tourne, 1993, Swinnen et al., 1997): more than 6 millions claims were applied, among which around 5 millions were eligible, concerning around 9.4 millions of hectares and referring to more than 20 millions plots that had to be registered. In 2000, 77% of the land titles were issued (SAPARD, 2000).

The Land Law re-introduced in Romania the right to sell and buy land. However, the law included restrictions that hindered the full restoration of property rights:

(i) people who received land through redistribution were not allowed to sell the land before a period of 10 years (Leatherdale, 1993). This restriction was made in order to avoid land speculation and, at first, to stabilize the land pattern;

(ii) in case of sale, co-owners or neighbours have pre-emptive powers;

[9] *Even if a land record does exist (as in Transylvania where the cadastre used had been established around 1865), none of the informal transactions that occurred during the socialist regime were registered. At the time of collectivization of land, inventories were made, listing the owner's name, the area, the plot quality and its location. But some of these inventories were destroyed after the collapse of the communist regime. And if still existing, they are not completely reliable due to the fact that large owners were used to under-declare the area owned in order to avoid expropriation (Swinnen et al., 1997). In these circumstances testimonies are found to be used to prove the ownership on a piece of land.*

(iii) landowners cannot own more than 200 hectares of land - this threshold aimed at preventing the surge of too-large landholdings;

(iv) landowners have the obligation to operate their land or to have it operated. Otherwise, they can be financially penalized and, after a period of two years, have the land confiscated.

Three years after the Land Law, the Land Lease Law (law n°16/1994, amended in 1998) came into force. It stipulates that the lease contract (contractul de arendare) has to be written and registered at the town hall. By this law, the tenant must have a formal training in agriculture. In its 1994 version, the law also suggested some methods in order to calculate the rent, paid cash or in kind, and which could be a fixed amount or a percentage of the production (30 % was then advised).

The privatization of other production means and of farming organizations

In April 1991, a few months after the passing of the Land Law, the government adopted a law on agricultural companies (law n°36/1991) in order to avoid the dismantling of the agricultural sector. It provided the right for the beneficiaries of the land reform to create commercial companies or associations such as family associations, agricultural societies and civil societies to operate their land (cf. Infra). Societies or associations created on the basis of the former co-operatives inherited the CAP's animals, equipment, and buildings[10]. Each member of these commercial companies owned a number of shares of the capital, depending on the area of land let to the association and the amount of work provided as CAP worker.

Another set of laws (law n°15/1990, completed by the law n°58/1991) defined, firstly, the conversion of state companies, including state farms, into commercial societies and then, their privatization[11]. Under the communist

[10] Thus, only the land was returned to their owners. Other assets had been collectivised and became undivided property of the co-operatives. Moreover, these assets had often been replaced during the Communist period on public funding.

[11] 30 % of the shares of these companies were given to 5 ownership funds. They distributed shares among the Romanian population, these shares acting then as investment funds. The remaining 70% of the shares were put into a state ownership fund. In the case of state farms, state land having not being redistributed, ownership fund served firstly at compensating former owners who had been expropriated. They also served as a reserve in case of land missing in the course of the restitution process. As for the remaining land it is still in the slow process of being sold (Sarris, Gavrilescu, 1997).

organization, inputs supplying and production marketing were integrated and controlled by the state. Mechanization and transport services were also organized in state monopolies. In the same way, the output transformation and marketing enterprises were owned by the state and made up the official outlets of the agricultural production. As in the other sectors of the Romanian economy, the pace of privatization of these state enterprises was slow, and is still unfinished. As a result, the previous monopolies have remained in the upstream and downstream sectors of agriculture. As a consequence, the legal changes and the delay of the privatization program led to the appearance of a large number of small landowners facing monopolies for the access to agricultural services, inputs and output markets.

The current organizational and contractual practices

The case studies conducted in Alba provide some insights regarding the way the new landowners manage their land endowments in this new institutional context. We distinguish two types of practices, landowners who decided to manage their land through associations, and secondly, landowners who decided to manage their land individually (Figure 1). This distinction should not be understood as defining exclusive options. We observed that individual management and management through associations are not exclusive: often a landowner will manage part of his land endowment under owner cultivation and the remaining part through an association, in what we may call a "mixed strategy" (Kideckel, 1993) (cf. Infra).

Land management through Agricultural Societies and Family Associations

a) Agricultural societies

In Alba, agricultural societies account for 4% of the agricultural area (compared to 17,9% of the total Romanian agricultural area (SAPARD, 2000). Their average area is only 290 ha (620 ha in Romania). Their management structure and way of functioning are similar to those of the former CAP. Moreover, many of the previous leaders of CAP are now managers of these societies. Henceforth, the main difference is that decisions are taken by the association members and/or the board of administration, and not anymore by the State.

On entering a society, the landowners can choose between two types of arrangements for the farming of their piece of land, or choose to mix them. The first one is a share contract, issued for crops that are completely mechanized

(cereals such as wheat, barley, and oats). The society decides what to sow, and carries out all the production tasks, the owner taking no part at all in the process. The owner receives 30 % of the production (the common land tenancy arrangement, called "arenda" in Romania), which can be paid in money or in kind. Most owners ask for a payment in kind. As for the remuneration in money, its value is fixed according to the market prices at the time of the payment.
The alternative arrangement is a service system for crops such as potatoes, sugar beet or corn, which require manual work. The landowner chooses the crop(s) and is responsible for all manual operations, while the society takes care of inputs purchase and all mechanized operations[12]. In this case the landowner receives all the production[13] but pays for the services. The society also liable to take care of products sale, if the owner does not wish to keep all the production in nature for his subsistence needs, and cannot or does not want to market it directly. The society management team also provides technical advice to the landowner. If the owner is not able to work his area himself, he may enter a "in parte" contract with a worker. The latter supplies labor force and the service costs and the production are shared in half.

b) Family associations

The landowner may also manage his land by creating a family association. Such associations are legal but, unlike agricultural societies, do not constitute juridical entities. They are composed by people tied by personal relations, and need only a verbal agreement in order to be created. It is difficult to figure out the importance of these associations in Alba (as elsewhere in Romania), since the lack of systematic registration render agricultural statistics on their behalf unreliable.

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[12] According to the owners' choices and the necessary crop rotation, the agricultural society determines the cultures' locations that differ every year. Thus, the owner ends up not working his own piece of land but a different plot of the same size.

[13] In practice, he pays an advance at the beginning of the cropping cycle and completes it when the production costs are known. If he doesn't have enough money then, the society keeps a part of his harvest corresponding.

In Alba, the family associations we investigated, unlike the associations Sabates and Wheller (2001) observed in the southern plains, do not function on a collective basis. They are mainly composed of one farmer who works his own land and rents other land, under a share contract (the latter receiving usually 30% of the harvest, in kind or in cash), from family members or neighbours. This type of association is actually less a partnership than a way to get an informal access to land through social networks.

Figure 1: *The organizational and contractual situation*

Organizational forms	Associative land management				Individual land management				
	Family association	Agricultural society							
Contractual practices	*Arenda*	*Arenda*	Service contract	*In parte* contract	Arenda		*In parte* contract	Direct own cultivation	
			Service contract					Service contract	No service contract
Mode of remuneration for the landowner	%	%	All production	%	%	Fixed amount	%	All production	All production

Individual land management

In Alba, 90% of the agricultural acreage is individually managed, mainly as subsistence farms, with an average acreage of around 3,4 ha (compared to 2,3 ha in Romania) (Departmental statistics, DGA). The landowner can decide to farm his land endowment with his own equipment, or pay a society for the mechanized operations. This service is different than the one offered by an Agricultural Society, in that it consists only in mechanized work, excluding any inputs purchases and products sales facilities, or advising in farm management. The landowner can also decide to rent out his land, by an "arenda" contract, to individual farmers, Agricultural Societies or Commercial Societies.

What people call the "arenda" contract refers, in fact, to several contractual practices. In the most frequent ones, the tenant gives 30% of the production (in cash or in kind) to the owner. However, some agricultural societies and commercial companies choose to give 50% of the net result, instead of 30 % of the production – insuring a better risk sharing. More rarely, the land rent determined by the "arenda" will correspond to a fixed amount (paid in cash or in kind).

Another contractual practice is the "in parte" contract, in which the owner provides the land, while the tenant provides the equipment; the production and its cost are then split in half. Unlike the "in parte" contract we observed within the Agricultural Societies, this agreement could be understood as a resource pooling partnership.

The organizational and contractual practices: elements of interpretation

Direct implications of the institutional change and of its implementation

The phenomenon of non-development of individual farms connected to the market and the persistence of associative forms of agricultural production, observed, finds its explanation in the nature of the land reform chosen. That is to say, the restitution to the previous owners and the distribution to CAP workers, as well as the delay of its implementation and of the privatization of agricultural services (credit, inputs, equipment).

(i) The land reform led to a very fragmented and minifundist land pattern. Landowners received little areas of land divided in several plots with often a

greatly distant one from another. This made it difficult to operate the plots efficiently.

(ii) The socio-demographic characteristics of the land reform beneficiaries do not favor agricultural entrepreneurship. A survey carried out by the Economic Institute of Rural Sociology in 1991 in 500 municipalities indicated that 57% of the new owners were more than 65 years old, 43% were living in towns, 39% worked or were retired in the municipality and only 18% were actively working as smallholders in agriculture (Tourne, 1993). Romanian experts agree to say that around 30-35% of the owners is now living in towns and have no interest in farming their land again. Moreover, due to the high work specialization in the former communist production units, most agricultural active workers lack adequate competencies for managing an individual farm. Thus, we see how the land reform led to a dichotomy between land ownership and the ability to work the land.

(iii) The implementation of the land reform that is the registration of plots and the delivery of property titles depends on a very slow administrative process, still unfinished. In the absence of secure land titles, banks refuse to take land as collateral. This contributes to the limited access to formal credit for smallholders (Davis et al., 1998).

(iv) Constraints on mechanized equipment are high. Very few private farmers can own their own agricultural equipment, firstly because of the structure of agricultural machinery domestic offer, which unfit for small size agricultural holdings, and secondly due to financial difficulties. The mechanization stations that concentrated most agricultural equipment at the collectivist time are not totally privatized today, and still keep a monopoly on machinery services.

(v) In the same way, inputs and supply markets are highly concentrated. They are still monopolized by a few large companies, deriving from former state enterprises, with which small landowners are not in a position to bargain.

Actually, we find that the right of ownership over the lands on the one hand, and the adequate means for carrying out agricultural works on the other, were not provided at the same time. In these conditions, associative forms of production appear very attractive to landowners, giving them access to services such as credit, inputs provision, technical advice, mechanized operations and output marketing. They also allow the gathering of plots into homogeneous parcels and thus some economies of scale.

Landowners rationale regarding organizational and contractual choices

Two types of landowners can be roughly distinguished, depending on their involvement in the production process:

a) Some landowners - they can be either urban people without any interest in farming their land or rural inhabitants too old to work their land themselves – see in their land as a simple means of income and do not wish to be involved in farming activities. These landowners will choose to enter an agricultural society under a share contract, or an "arenda" contract with an agricultural society, a commercial society or an individual farmer, depending on the local demand for land lease contracts.

b) Other landowners - they are mainly rural people with a work capacity and/or agricultural competencies - show a rationale of production, i.e., their objective is (or would be) to produce themselves. They can of course manage their land endowment independently but this possibility is very constraining, in terms of markets imperfections and resource endowments: small and fragmented land endowments, imperfect land and lease markets, financing constraints, imperfection of the market for machinery services, constraint on human capital (lack of managerial competencies), limited access to the upstream and downstream sectors of agricultural production...Therefore, these landowners are often constrained to enter an agricultural society, at least for part of their land endowment. In this case, they will choose the service contract, by which they work their piece of land manually and receive the full product. If they are faced with a severe financial constraint that does not allow them to pay the service, they may have no choice but to enter the share contract. While in the case of a strong labor constraint, they may have to engage a worker under a "in parte" contract. They can also enter an informal "in parte" contract with another individual farmer or create a family association, although these choices call for social capital.

The share contracts suppose the difficulty of controlling the level of the production and the risk of the tenant's opportunistic behavior. In Alba, unlike in South Romania (Amblard, 2001; Sabates and Wheeler, 2001), most landowners say that they trust their tenant. This trust can be based on personal relationship as well as the recognition of the tenant's input, for instance in Agricultural Societies managed by engineers. Furthermore, due to the upholding of individual farms that had to deal with the co-operatives under the communist

regime (see part 1), a habit of co-operation and a kind of trust have remained. However, some landowners do choose to enter a fix rent contract in order to avoid tenants' opportunism.

The mixed strategies and the importance of auto-consumption

We find that Associative and individual land management are not exclusive options. It has actually been observed that most landowners follow a mixed strategy (Kideckel, 1993; Amblard, 2001; Sabates- Wheller, 2001). They farm part of their land endowment themselves and leave the remaining part to an association or rent it to a society or an individual farmer. Most owners adopt this strategy in order to get some products in kind, in a "safety first" rationale (Lipton, 1968). According to Swinnen et al. (1997), there is a positive relationship between individual farming importance (including mostly subsistence farms) and the share of the budget spent on food[14]. In the uncertain economic environment that characterized this country in transition, "Mixed strategies" could also appear as ways to spread risk.

We also observe this kind of strategy within Agricultural Societies: an owner can choose to operate one part of his land under the service contract (that allows him to get a greater quantity of product), and the remaining part under the share contract. The area left under such-and-such agreement is chosen according to the work capacity and the money available for the owner to pay the service.

Path dependency in organizational and contractual choices

The initial choice to enter or not an association, at the time of the CAP dissolution, created a strong path dependency for the future organizational dynamics. If the owner was not interested in farming (or could not farm) the parcel he received in property himself, he had no choice, in the absence of a lease market, but to join an agricultural society, as a "passive member", or a family association. In most cases, the choice was determined by the local presence of these two types of associations.

This initial decision has been of great significance for the future. In the process of land distribution (restitution or redistribution), the land was allocated to association members in such a way to constitute homogeneous parcels, in order to facilitate the association activities. Today, if an owner wants to leave the association he is in, he must bear the risk of receiving a piece of land located at

[14] *In Romania, 59 % in 1999 (Pouliquen, 2001).*

the periphery of the association landholding, of an uncertain quality. Entering an association being potentially costly for the owners, it may henceforth be impossible for them to enter another agricultural society. Indeed, bound to their technical endowments, the agricultural societies have quickly attained their maximal size (Amblard, 2001; Sabates-Wheeler, 2001, Leatherman 1993).

Since the immediate post-collectivist time, many family associations and agricultural societies have gone bankrupt because of their non- profitability. Furthermore, the emergence of commercial companies farming land mostly under rental contracts has made the rental option more attractive.

Conclusion

The institutional change undertaken in the Romanian agricultural sector at the beginning of the 90's aimed at transforming a production based mainly on large-scale units (co-operatives and state farms) into market agriculture. The objective of the land reform was to restore private property rights on land in order to allow the development of private individual farms. Romania chose to both return land to original owners and distribute land to the former CAP workers. This has led to a now highly fragmented land pattern.

The fieldwork conducted in Alba underscores the bi-modal nature of the current Romanian agriculture, with on the one hand, a majority of small subsistence farms and on the other hand some new associative forms, agricultural societies and family associations. We also observed a variety of different contractual arrangements. The more widespread is a share contract that allocates 30 % of the production to the landowners. Will also find practices such as the service contract and the "in parte" contract.

The choices of the new landowners for the organizational and contractual practices are partly determined by the nature of the institutional change and its implementation. The landowners in a rationale of production are found to be constrained by their resource endowments (land, equipment, capital, human capital) and the imperfections of markets (land, equipment services) coming from the delay in the privatization process. Moreover, we observed that today's choice, namely, to join an associative form of production or to farm individually, are bounded by the organizational choices made at the time the land was returned.

Thus, these constraints explain the upholding of associative forms of agricultural production allowing landowners to get access to services such as credit, equipment services, inputs provision, output marketing, technical advice and facilitate the gathering of plots into homogeneous parcels.

As pointed out previously, the land contractual choices of agricultural agents in a transition context have not been studied in literature yet. The fieldwork conducted in Alba allowed us to identify the current land contracts and to give some elements of analysis of the choices of landowners for these practices. Some questions still remain to be answered such as the discriminant factors explaining the choice of a given contract.

These issues are of great interest for Romania, for recent policy options are bound to lead to a development of land contractual practices. An example of which is the decision to deliver subsidies only to farms with a rather large cultivated area (110 ha of cereals and industrial crops in plains and 55 ha in mountains).

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