

Cooperation in Agriculture between Scepticism and Necessity

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Abstract: The development of the agriculture of the European countries is characterized by the increasing penetration in this branch of the commercial, industrial, banking capital, determined by the necessity of the accelerated modernization of the agriculture. In this sense, agricultural cooperation in developed countries plays a significant role. Developed countries, promote and support rural development based on cooperation and association, thus limiting the extension of monopolies, diminishing the rural exodus, regulating the demand-offer ratio and protecting the environment. Cooperation can be considered a major component of rural modernization and integration. For Romania however, there are still psychological barriers to setting up agricultural cooperatives, although the labour force in agriculture has decreased, affecting the livelihoods of the rural area, productivity and profitability. A small part of the farmers managed to diversify their activities, although the majority of the land owners continue to depend only on agriculture. Reflecting the concepts and theoretical constructs identified in the literature this paper developed an analytical framework positioning co-operation, doing social business and value creation. Then is important for us to assess the drivers and obstacles, the process, and the outcomes of such co-operation. In this research, the principal external drivers and obstacles to co-operation are analysed at global, organizational and individual levels.

Keywords: *agriculture; cooperation; social economy; rural development.*

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1. Introduction

The geopolitical changes in the world are not limited only to the economy, the process of globalisation, as it became known, influences culture and politics everywhere, has opened new opportunities for social interactions and creation of networks. In response to globalization, took place the restructuring of the practice of all the economic aspects, including agriculture, therefore the farmers should prepare for global competition. For them, expanding market access and promoting their own products are particularly important aspects of this change of paradigm.

In Romania some farmers were sceptics and have warned about the dangers which these changes can bring food safety, when external factors dictates farmers' priorities. These factors lead to the reduction of indigenous food, exacerbate environmental problems, ignore sustainable agricultural practices. Researchers on the other hand warn that the new global system leads to genetic erosion and loss of native varieties of varieties and seeds.

And the Romanian farmers have seen in new varieties of plants and new techniques of cultivation, a safe way towards economic prosperity. The new development regime and the practice of modern agriculture have led to a differentiation of the knowledge base of farmers and to a schism between subsistence and commercial agriculture. Such a distinction of knowledge is also reflected in the local communities, there are still farmers working in a subsistence economy, living in a traditional and closed system.

The trends on global and local markets directly influence the agricultural population, which is also a vulnerability of the agricultural sector. In Romania these aspects are differently perceived, while the proprietary farmers trying to protect their interests, agricultural workers seeking better opportunities for employment outside the villages or even outside of the country. The vast majority of the population continue to live in rural settlements and remain dependent on agriculture for survival.

2. The decision-making process in agriculture

Farmers are thinkers of systems. They must decide what crops to grow, where and how. They must decide what animals to keep, where and how. They must decide what, where and when to sell their products and what to keep for the household. They must balance the immediate investments, with the requirements of feed and to maintain their family. Must take into account the investments in the education of the children, and in social interaction with neighbours, friends and relatives. They must predict the

results, waiting for higher levels of productivity in the case of higher levels of risk, their whole existence dependent on obtaining balance correctly.

The decisions of the farmers are based on experience, natural factors, the information they obtain from other farmers, media, trade, agents to provide services and suppliers of raw materials. They use the best limited information at their disposal, but it is difficult to predict the climate, market prices, consumer preferences, policy changes and the situation of the national security. Most of the small farmers living in marginal environments, with the minimum infrastructure, giving them a limited margin of error and vulnerability. The farmer life and the way in which it responds to his situation, also depends on the factors outside the agricultural science, such as health and that of his family, education and connections which they have with others within and outside the community, the farmer's roles, responsibilities, rights, resources, and aspirations involving all these things. Table 1 lists some of the strategic objectives of the farmer in an attempt to better manage their risks and uncertainties in the future. We suggest by this statement that most of the farmers have similar purposes which exceed the agricultural production in the short term and include the aspirations of social, economic and cultural, beyond the agriculture.

Table 1. Objectives and strategies general living conditions of farmers

Strategic Objectives	The sustainability of resources	Financial security, the ability to provide constant family income	Improved standard of living	Improvement of capital	To improve the prospects for the future for the family
Means for achieving the objectives	Increase the health and productivity of the farm (soil, water, plants and animals).	The development of revenue-generating activities	Income increased and stable	Contribution to the Community collective action	Education for children, family planning
	The diversification of agricultural activities and products from the farm	Access to funding	The stability of the family, the reduction of migration for work or work for others	Care and aid for the rest of the Community, to improve social inclusion and equality, positive perception of the Community	Improvement of infrastructure and legislation

	Increased knowledge and skills	Migration for work	Improved physical assets	Greater confidence and increased self-esteem	Cooperation, collective action in the Community
	The efficient use of resources and fuel water	Better access to the market	Improved health		Improving the knowledge and skills
		Access to the means of financial safety			The relocation if they are in high-risk locations/ reduced opportunities

Source: processing of the author after Sieglinde Snapp & Barry Pound, 2017, Agricultural Systems: Agroecology and Innovation for Rural Development, 2nd Edition, Academic Press.

The farmers are faced with difficult and complex decisions every day: what must produce, how to use the products, how to complete the agriculture with other activities and what strategy should be done in the medium and long term. In a general framework these decisions refer to aspects related to agricultural techniques, aspects of social, cultural, economic, infrastructure and agricultural policies. In the construction of this general framework, we start from the premise that all farmers have certain assets and they can be divided into: natural assets, physical assets, social assets, human assets and financial assets (see table 2).

Table 2. Examples of assets of farmers

The natural assets	Physical assets	Social assets	Human assets	Financial assets
(Crops, plants, trees and shrubs)	The houses and household goods	Family (family, ethnicity)	Education	Cash
Animals (livestock)	Roads, horses and bridges	Friends and neighbours.	Information, skills and knowledge	The economies and their safety
Land and soil, rock, Units	Mechanisms and equipment	Groups, companies, firms, associations, cooperatives	Health	Pension benefits wages//
Water Resources, above and	Mobile phones and internet	The neighboring villages and wider connections	Credits / jobs	Credits and their conditions

below ground level				
The quality of and access to natural resources	Storage facilities, processing and marketing	Trust and cooperation between the social groups	Freedoms, legal rights	Debts and their conditions

Source: processing of the author after Carney, D., 1998, Sustainable rural livelihoods. What contribution can we make? The Department of International Development. Russell Press Ltd, Nottingham.

Some assets could be relatively high, and others are relatively low at any time. The level of assets is dynamic, and an increase of one can mean a fall in the value of each other. Thus, the assets are interconnected and to some extent, interchangeable.

The farming world is one of risk. The assets can be quickly and severely affected by the drought, diseases or debts. To be in a distant location can be added to the vulnerability of families and communities, low access to services, support, entries, or markets. The detailed rules for the use of the assets may be affected by a series of external influences, such as the legal framework, NGOs and private institutions, the balance of power within the community, national policies (and the manner in which they are interpreted and implemented at the local level), as well as the culture and values of the community.

The farmer must process all these data and to come up with a strategy to live for himself and his family, which will lead to beneficial results in the short, medium and long term.

3. Efficiency and durability through precision agriculture

For some farmers, the answer to trade and environmental pressures for greater efficiency consists in the commitment to agricultural traditions, but in a very different approach to knowledge. Precision agriculture involves the initial capital investment in information technology, pending the long-term gains through increased efficiency of agrochemical use. The sensors mounted on tractors, combine harvesters and other agricultural equipment are used together with the remote-sensing platforms to generate a site-specific data, covering such variables as well as nutrients and moisture content of the soil, the development of crops and the condition of the disease. Using this information, the situation can be assessed more fine, costs are reduced and is improved the quality of the final product. Mapping of the distribution of insects in the individual fields, for example, allows the

application of control measures only where necessary, resulting in reducing the use insecticides with up to 60% (Purvis & Grainger, 2013)

High-precision farming, based on the use of high-performance equipment in large farms, has a low relevance for the majority of the producers with low income. But specialists awaits with impatience extending it, requiring greater efforts to widen access to new technologies of geographic information systems, global positioning systems and remote sensing. The development of a cheap equipment for use by small farmers and the developing countries should contribute to the provision of the necessary information, to improve the effectiveness of the production and yields.

However, in the short term, the development of resources for the research in this field seems a priority removed, because many of the poorest farmers in developing countries are firmly press to survive.

The discussion reveals the importance of establishing the agricultural farms and communities in a wider context. Progress toward sustainable development is not based only on the efficiency with which the individual farmer operates. Account must also be taken, the involvement of modern agriculture within the framework of the commercial networks which extend upstream of the producers of agricultural inputs and downstream from the food processors and retailers.

In this context, more broadly, the most important decisions regarding resource allocation for certain types of agriculture will continue to be taken on the political scene.

Agriculture is also subject to determining factors policy with regard to the resources available to individual producers. The subsidizing and regulatory systems of the states are probably the most obvious political influence on agriculture. Agriculture futures contracts are also linked to the outcome of intergovernmental negotiations on the creation of global trade regimes. At the level of the nations of the world, within the framework of the agricultural population inequalities occur and distorted distribution of resources as land and water. The problems of ownership, access and distribution of resources are thus a vital part of any discussion on the development of sustainable agriculture. Therefore, agriculture must rediscover its role of environmental management or even destroy the very basis of its existence (Purvis & Grainger, 2013). The purpose of sustainable development of agriculture emphasizes the need for systemic political and commercial changes, in order to support technical and managerial innovation by individual farmers and especially the extension of their cooperation.

True development, however, requires a redistribution of resources to reduce rural poverty, a greater link between changing agriculture and the security of livelihoods. Therefore, the suspicion remains that many governments and international agencies have publicly committed themselves to sustainable development, but their accession is superficial.

4. The Cooperation as a strategic partnership

The principles of the cooperation or association have been applied since times immemorial, have been highlighted since the first writings of ancient philosophers with reference to common action, ownership and management, and are still found today in the lives of people from all countries of the world.

Cooperation is a system designed for mutual help, in this sense the people of the villages have worked throughout the centuries together, in all matters regarding their religious, social, cultural and economic life. Farmers of all kinds relied on each other to help plant, harvest and bring their crops to market. It is naive and lack of thinking that a farmer can succeed without specifying the strategic and mutually beneficial relationship with other farmers who share common purposes.

Cooperation as an economic philosophy has been highlighted in the history of the beginning of the XX century, as a revolt against capitalism and irrational human inequality. Born as a peaceful reaction against the mercantile economy, the cooperative movement is present today in all countries of the world in different forms and social environments, being understood as an economic system that allows people to take responsibility for their own development (Piergiorgio, 2015). A future safer for small farmers can be built only by cooperation.

Factors that determine the need for association in agriculture are:

- The need to improve the quality of production;
- Create opportunities for joint exploitation of agricultural production by producer/producer groups (establishment of deposits of producers of vegetables and fruits, their own units for the collection and processing of the raw materials, specialized agricultural markets for direct sale of live animals, cereals, fish, honey, etc.);
- The adaptation of production to market requirements and recouping a share (increasing) of commercial production, by individual producers' associations/cooperatives, on the basis of the contracts sustainable development.

Increasing market integration and globalisation exerts a major influence on agricultural innovation. As consumers react to mass-produced foods, smaller farmers and producers may find new demand for their distinct products and get more financial rewards. The prices of the products may provide incentives for farmers to improve the practices of production or marketing arrangements, and the funds to do this.

An agricultural cooperative is an organization that performs any of the following on behalf of its members: sales, processing, marketing and other activities. The cooperatives generally distribute all the profits of the members, except the reserves, which are used to isolate the cooperative from the financial shocks.

While cooperative enterprises have always existed, the globalized nature of the economy and the ability to be connected through technology have created a new environment for the accession, formation and support of cooperatives. Processing, supplying and marketing cooperatives are frequently set up to counter the market power of proprietary processors and wholesale organizations. By setting up their own processing, purchasing and distribution processes or by purchasing existing companies that provide these services, the primary members reduce the costs of contracting. These costs can also be reduced, in some cases, by eliminating information asymmetries relating to the contracts on the market.

Apart from the economic problems, the western-European agricultural cooperation assumes obligations regarding the social problems of the cooperators, their formation and permanent training, environmental protection actions, cultural actions, etc. Cooperation in Western European countries has greatly improved the standard of living of farmers and has proven their viability in various areas: supply, processing, storage, sale, lending, insurance. Cooperation can be considered a major component of rural modernization and integration.

5. Rural cooperation and integration in Europe

The Western European experience in the field of cooperation, including the farming, is characterised by a large variety of shapes. In these conditions, are difficult to determine the features of a European model of cooperation in agriculture. There are elements which confer a specific unit design and orientation of the agrarian cooperation in Europe. These are materialized in the increase of the size of the agricultural exploitation, specialized cooperatives for the processing of several agricultural products, the forms of cooperation for ensuring the credits necessary for the joint

financing of some works of land improvements, technological modernization, etc. An important aspect of the activity of western-European agrarian cooperation is the representation and defense of the interests of small and medium-sized producers.

Outside the economic problems, the West European agricultural cooperation assumes obligations regarding the social problems of the cooperators, their formation and permanent training, environmental protection actions, cultural actions, etc. Cooperation in Western European countries has greatly improved the standard of living of farmers and has proven their viability in various areas: supply, processing, storage, sale, lending, insurance. The cooperation can be considered as a major component of the modernisation and integration of rural areas.

The marketing cooperatives represent a large part of the agricultural market of the advanced countries, some of them are large and complex organizations that are among the largest industrial companies. Farmers initially trained them to gain collective bargaining power, to eliminate powerful intermediaries who controlled prices. They have continued to prosper, because farmers, with their common interests prevailing, are able to lead them in an efficient manner.

The units cooperatives are less spread in the countries of Central and Eastern Europe, where socialism and communism have had a negative impact on the public image of participation in cooperation. The barriers to the development of cooperative societies in these countries question whether current policies of the EU encourages the participation in cooperatives, if they are effective in all areas, in regions with different historical and socio-economic heritage.

6. The agri-cooperation in Romania

In almost three decades at the end of the communist regime in Romania, the number of farms, the labour force and the proportion of those employed in agriculture decreased, affecting the livelihoods of the rural area, productivity and profitability. Small, semi-subsistence farms have been set up that do not have adequate production and sales infrastructure, lack operating capital and have a slow pace of adaptation to market requirements. The weak bargaining power and the dependency situations, in which the producers are located, deepen the existing imbalance in the agro-food chain. (Raadschelders, Vigoda-Gadot & Kisner, 2015)

In Romania, the cooperation as a form of association in agriculture remains at a low level, farmers facing with problems of information,

mentality, but also of super-taxation and management. The reasons are both social, related to the scepticism of farmers regarding any form of association, as well as financial and investment, the limited resources available to growers but also the additional costs related to the registration and operation of cooperatives (accounting, management, fiscal charges).

Given that the new agricultural practices have improved considerably, the orientation toward the market of farmers, all necessary inputs for the cultivation must be purchased on the market. Whereas smaller growers have rarely own surpluses, they must invariably to borrow for the fulfilment of such requirements. Their sources are mostly informal. Sometimes they have borrowed for consumption and social requirements, farming as their only source of income, a difficult situation for such growers. Critically, a large part of the additional revenues are absorbed by increasing expenditure per capita and the raising of the standard of living / consumption of the agricultural community with the increase in consumption which has absorbed almost the entire increase in the real income of the majority of population, few farmers remain with a surplus of their own. Therefore, farmers have to borrow large amounts for the financing of modern agriculture.

7. Conclusions

Although most of the population in Romania lives in rural areas, thus constituting a formidable part of the voting bank, the rural context does not predominate in political, social and economic activities. The nature of our society, the condition of the economy, organizations, demography and the capacity of individuals, groups and the community, all of them should be taken into account in drawing up the programs of support for farmers. There are different voices, who doubt the wisdom to transform the rural population in the successful entrepreneurs, but leaving aside the still greater difference between reality and propaganda, it is necessary to recognize the need for an effective cooperation in agriculture.

The need for the association in cooperatives is increasingly perceived by the Romanian farmers, and they must understand that they have full freedom in action. Acting as the supply circuits with resources for the production and marketing of agricultural products, cooperatives facilitates the classification of small agricultural producers in the flows to the national economy.

In recent years in the world, thanks to concentration or development strategies, farmers are faced with fundamental strategic decisions, to choose

how to act better, for them and their families, in an efficient manner. Cooperation and competition have been in contradiction between them initially, but as we have passed since the industrial revolution to the digital revolution, now living in a world where the knowledge and best practices, the wisdom and the dates are more affordable than ever and barriers of cooperation melt slowly.

In an era of social networking extended, companies have been forced to redefine business models, strategies for branding and cooperation policies. This trend toward the creation of working groups, cooperatives and consortia, through the exchange of ideas and solutions can redefine economic laws. In our global society we are witnessing a change of culture in which more and more people want to cooperate, to share knowledge, both internally and externally, in order to promote the common good, bring a high level of awareness and intelligence.

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