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Managing Romanian Farms

Mr. Peter Martin
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Dear Peter:

Harvest season is not just a footnote in the newspapers in Romania, it's prime-time television. That is, for the two hours that Romanian television is on the air each night, at least one hour is devoted to reporting the harvest results from around the country. Party officials, Ministry and District agricultural officers, and state and collective farm managers are all supposed to be out in the field exhorting their workers to greater efforts now, during the height of the corn harvest. Nevertheless, the manager of one collective farm in the Prahova district north of Bucharest found the time (as well as the time of three of his subordinates) to show us around his farm this week.

This collective farm was formed 24 years ago with 2,000 hectares of land and 1,200 members. Today it has the same land area, and almost the same number of workers, about 1,000. Like many other such farms, the majority of its workers are women, about 60 percent, and the average age of its work force is fairly high. The oil refineries of the nearby town of Ploiesti have drawn large numbers of young workers, especially men, into better-paying industrial jobs. This means that women are doing much of the manual labor on farms, and generally in Romania it means that a high proportion of collective farm net incomes must be used for contributions to pension funds. Romanian collective farms pay some 9 percent of the gross value of their production in pension contributions.

The production structure of this particular collective farm is rather unusual. It's much more specialized than the average Romanian collective farm, producing mainly grain, vegetables, and fodder for its 300 dairy cows. One of the main contributors to net income of the farm is the small-scale industries they've developed to process their own

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products. They have mills for flour and animal feeds, a bakery, plants for making ice cream and a type of snack food, as well as for bottling juices, a laboratory that produces mushroom spawn, and a brick factory. Most of these are small plants designed to supply the village and part of the neighboring town with production from the farm's own raw materials, but a few products are distributed more widely around the country.

Although most farms in this area have some industrial activities, they're not usually so well-developed. The really unusual feature of this farm however is its very high net income, and that's due largely to the personality of its manager. Romanian agriculture is so centralized, and planning is so detailed, that farm managers are often reduced to being pure functionaries whose main purpose is to carry out the directives of the state. Only a manager with a strong personality can fight off the bureaucrats and push through decisions that might maximize the potential of the farm's natural conditions and labor force.

This means bending the laws and regulations, ignoring the ones you don't feel you need, and maintaining tight control of your labor force. In other words, you have to be a hard case-- and this manager certainly fit the description. Since he became manager 24 years ago he's been able to change the state directives for his farm and avoid having to produce mandatory amounts of cotton and tobacco, instead specializing in grains, which he felt was more profitable. He's also the only collective farm manager in the country who was able to get a stock of Holstein-Friesian dairy cows, which were supposed to be reserved exclusively for the state farms, and he's been particularly aggressive in starting up new industrial activities, with or without approval from the top. His method of operation is all the more remarkable since he's not a member of the Romanian Communist Party, as is the case with most farm managers. (This fact may help to explain, however, why such a successful manager is still on the farm rather in the Ministry.)

Theoretically managers should have considerable input into the planning process, because planning is supposed to be "from the bottom up." Each year a tentative plan for the next year's production is drawn up by farm managers based on guidelines provided by central authorities. These plans are submitted to district agricultural offices, where they're reviewed before being sent to the Ministry of Agriculture, which submits its draft plan to the State Planning Committee. At each stage, adjustments are made to make the plans conform to district and national resources and needs, so that by the time the plan comes back to the collective farm, it may be substantially changed from what the farm manager originally had in mind. The plan specifies a large number of indicators, exactly how much of each crop and livestock product the farm is expected to produce and how and at what price it's to be distributed, i.e. delivered to the state, used as payments-in-kind to collective farm members, and so forth.

It also specifies the resources to be used in this production, for example, hectares of land, hours of labor, feed and fertilizer quantities, and machinery and chemical applications. All these indicators are based on so-called "technical norms", which for example say how many hours of labor should be required to plow a certain amount of land, or milk a certain number of cows, and how much feed should be used per kilo of weight gain in fattening animals.

With all these indicators and norms, what's left for a manager to manage? His main role is to negotiate the levels of indicators with his superiors in the district and Ministry and to come up with reasons why his collective farm should be given more slack in meeting its norms. For example, he might point out that due to higher rainfall in his area and the fact that the farm lacks drying facilities for fodder, his results in feeding can't come close to the norms, so he should be given indicators that are easier to achieve. Negotiating skill is also important in eliminating indicators from the plan specifying production that's likely to have a negative effect on net income for his farm.

Further limiting the capacity of a collective farm manager to make any real decisions is his lack of any real authority over the farm's finances. That's controlled by the Bank for Agriculture and Food Industry. The Bank not only controls all investment and lending in the agricultural sector, but holds all the funds of the farms. The Bank is effectively the control agent that monitors how well the collective farm meets the plan. For example, if the farm falls short of its planned output by 50 percent, the Bank can reduce the manager's salary in the same proportion. The Bank also polices the farm's meeting of resource-use norms by releasing only such funds as the farms <u>should</u> require for production inputs, such as feed. And if a farm falls short of planned output, the Bank can block its funds, forcing it to borrow money at higher interest rates. Even the cash a farm gets from its retail sales is supposed to go directly into the Bank. But if a manager has a strong enough personality he may choose to duck these regulations and exercise some direct control over his cash receipts.

So the principal task left to farm managers here, other than negotiation with the bureaucracy, is maintaining enough control over their labor force to insure that workers do their best in meeting plan targets. The managers, with the district and Party officials, are the main leaders of the annual harvest "campaigns"; we observed the corn harvest campaign in action at the collective farm in Prahova district this week. The harvest will finish late, I was told, because of the dry weather. But judging from the field operations I saw, where the corn was being harvested entirely by hand, it's probably always late. With this degree of hand labor, the labor management skills of a farm manager are particularly important. This factor, probably as much as any other, makes the kind of authoritarian personality we met the other day the only kind of successful manager there can be in such a system.

Sincerely,

Bruce Hall

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