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Chapter 6

An Interdisciplinary Analysis Regarding Economic and Social Development in the Rural Area of EU Member Countries from Central and Eastern Europe

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Additional information is available at the end of the chapter

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Abstract

The European Union is the organization that currently has in its structure most countries of the European continent. Founded initially as a trade union between Germany, France, Italy, Belgium, Netherlands and Luxembourg after the Second World War, it has evolved over time to the political union accomplished in 1993, along with the organization name change from European Economic Community (EEC) into the European Union (EU). Simultaneously with the EU expansion by adopting new member states continued sustainable development of economic activities within the community. The rural European area includes most EU territory and the main component of the population. Therefore, an analysis is required to be made on economic indicators that define EU rural areas, for the highly developed regions in the West and for the new member states from the Central and Eastern European region. The objective of this paper is to provide a comparative analysis on specific economic and social indicators for the rural area of the countries positioned in Central and Eastern Europe which are in the position of new EU full members and the level of their contribution to the economy of the union. The paper has an interdisciplinary character by the fact that reunites principles of disciplines as economics, social and political sciences.

Keywords: Interdisciplinary, rural economy, social development, rural area of EU members in Central and Eastern Europe, EU rural space

1. Introduction

Today the European Union (EU) brings together economic and political criteria for all 28 members with a population of just over 500 million inhabitants and covers an area of over 4 million km² of land divided between urban and rural areas in immediate proximity to urban...
agglomerations. To perform an interdisciplinary analysis of rural areas in the EU, an overview is needed of what represents today this interstate union. It must be taken into account both political and economic criteria as well as the social impact achieved with the development programs realized and intended for these specific areas. The current stage was reached after several extensions by adopting new union members at different times. Thus, in 1973, the expanding included the U.K., Ireland and Denmark, and in 1981 Greece and Spain, with Portugal in 1986. In 1995, three European countries decided to enter the EU, these being Austria, Finland and Sweden. In 2004, it was registered the largest EU enlargement with the accession of 10 new members: Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia and Hungary which had at the date of accession a population of over 100 million inhabitants, according to European Union, 2015. The EU enlargement in 2004 increased the land area by approximately 23% and the number of inhabitants by about 20%. In 2007, from January 1, Bulgaria and Romania joined the EU, and in 2013 Croatia became the newest member state. By joining the EU, countries in Central and Eastern European continent opted for access in a community in which they have the opportunity of sustainable development for their economy. This development is possible through enhanced trade relations between union members, investments launch in key areas of the economy, creating new jobs and opportunity of labour movement within the EU to those countries that have opted to accept workers from Eastern countries. Significant funding were allocated from the EU budget for agriculture in order to enable farmers from Eastern countries to obtain better agricultural harvests on the cultivated areas and to improve the endowment with efficient equipment that could reduce working time, fuel consumption per surface unit and emitted pollutants into the environment. Farmers in the rural areas of Eastern European countries now have the opportunity to sell their products directly on the European market, thereby ensuring an improvement in their income levels and living standard. Therefore, joining the EU accounted for the countries of Central and Eastern Europe a unique opportunity, which ensured them the accelerated development of their economies and hence an increase of living standards for the population based on results in the economic branches. The political barriers between member states were eliminated, while assuring sustainable economic development that can ensure social benefits for the residents of these areas [13, 17].

2. Specific economic indicators for the Central and Eastern Europe states

On 1 May 2004, a total of eight applicant countries positioned in Central and Eastern Europe became full members of the EU. These were the Czech Republic, Slovakia, Slovenia, Hungary, Poland, Lithuania, Latvia and Estonia. In 2007, from 1 January, it was the time for Romania and Bulgaria to become new EU members and in 2013 Croatia gained the right to full membership. Thus, an objective was achieved aiming to eliminate the principles of division between European countries imposed by historical agreements between great powers. The EU enlargement eastwards followed important objectives regarding political stability in the region, maintaining democracy and peace, but also on the economic plan aimed to extend the common market among members. Thus, the EU economy has become the strongest economy in the
world based on the most developed intra-community common market. At the moment of accession, the new member states are bringing their own contribution to the EU in terms of surface area and population, as shown in statistical data values presented in Table 1 (according to European Union, 2015), which includes information on the Central and Eastern Europe countries, values for the total surface area, number of inhabitants and Gross Domestic Product (GDP) recorded in 2014 [16].

<table>
<thead>
<tr>
<th>Current No.</th>
<th>EU member state</th>
<th>EU accession year</th>
<th>Total surface (km²)</th>
<th>Population (Mil. Inhabitants)</th>
<th>GDP in 2014 (billion Euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Czech Republic</td>
<td>2004</td>
<td>78867</td>
<td>10.512</td>
<td>154.739</td>
</tr>
<tr>
<td>2.</td>
<td>Slovakia</td>
<td>2004</td>
<td>49035</td>
<td>5.41</td>
<td>75.21</td>
</tr>
<tr>
<td>3.</td>
<td>Slovenia</td>
<td>2004</td>
<td>20273</td>
<td>2.06</td>
<td>37.24</td>
</tr>
<tr>
<td>5.</td>
<td>Poland</td>
<td>2004</td>
<td>312679</td>
<td>38.48</td>
<td>413.13</td>
</tr>
<tr>
<td>7.</td>
<td>Latvia</td>
<td>2004</td>
<td>64573</td>
<td>2.001</td>
<td>24.06</td>
</tr>
<tr>
<td>9.</td>
<td>Romania</td>
<td>2007</td>
<td>238391</td>
<td>19.94</td>
<td>150</td>
</tr>
<tr>
<td>10.</td>
<td>Bulgaria</td>
<td>2007</td>
<td>111002</td>
<td>7.245</td>
<td>42.011</td>
</tr>
<tr>
<td>11.</td>
<td>Croatia</td>
<td>2013</td>
<td>56594</td>
<td>4.246</td>
<td>43.085</td>
</tr>
</tbody>
</table>

Table 1. Statistical data regarding the countries of Central and Eastern Europe [1]

In Figure 1 plotted dots show the situation of EU countries in Central and Eastern Europe by area.

Figure 1. The EU countries of Central and Eastern Europe surface [1].
In Figure 2 are presented information about the population number, while Figure 3 shows the comparative GDP results recorded for the Eastern European countries in 2000, 2004, 2007, 2010 and 2014. Progressive growth of the GDP value can be observed for the majority of Eastern European countries in the years following EU accession compared to 2000 and even 2004. GDP
regarded as a macroeconomic indicator provides information on the economic situation of the new EU member countries. Total amounts of GDP are presented in Figure 4 on each economy in part, from where it can be seen that Poland has the first position being the country with the largest economy in the region, followed by the Czech Republic, Romania and Hungary for top positions.

![GDP 2014](image_url)

**Figure 4.** The 2014 GDP of the EU countries of Central and Eastern Europe [1].

The values of exports and imports were also analysed as a percentage of GDP for each Eastern European economies in the period of 2000–2009 (Figure 5 and 6) to observe possible differences in these characteristics between EU pre-accession and post-accession of the Eastern economies. On graphical representations can be observed the values for each year where most countries have registered exports values close to 40%, except Slovakia, Hungary, the Czech Republic, Slovenia and Estonia who have approached or even exceeded the 80% threshold of GDP for exports.

![Total values calculated for exports as percentage of GDP](image_url)

**Figure 5.** Total values calculated for exports as a percentage of GDP (2000-2009) [1].

For the percentage values of imports achieved can be noticed as an average value of over 50% of GDP value over the analysed years, and some countries such as Slovakia, Estonia, Hungary,
the Czech Republic and Bulgaria are close or even exceed the 80% of the GDP value. Also, using an important macroeconomic indicator, represented by gross national income (GNI), information can be obtained regarding the total income earned by residents of analysed countries and based on the obtained values a comparison can be accomplished regarding the purchasing power with direct implications for living standards in a particular country. Thus, GNI per inhabitant for the Eastern European countries was calculated, EU Members, for the period 2000–2009 and the results are shown in Figure 7. Visible differences between countries depending on the economy level of development can be observed, but the trend is upward for all 11 analysed countries since 2000, continuing with the EU accession years 2004 and 2007 and continuing until 2009.

Undoubtedly, the upward trend of GNI per each economy has been achieved as a result of the reforms carried out by each country as a result of the EU accession process, which has generated positive effects in their own economic branches.
3. Rural areas of EU member states in Central and Eastern Europe

The rural area represent the entire territory positioned outside large urban areas comprising small settlements whose inhabitants have an occupancy rate in agriculture, forestry, industry or other branches of rural economy. Development of rural areas is a priority in EU policy because rural areas represent more than 80% of the surface and comprises over 50% of the total population. Due to different levels of development among member countries there is a significant gap between western rural spaces and rural areas of the new member states from Central and Eastern Europe, where the main activity that occupies a large part of the population is agriculture, forestry and manufacturing of raw materials resulting from these domains. Within the EU there is common agricultural policy (CAP), which represents the framework according to which all activities from the primary sector are driven in the European rural economy. Since 1962, when it was launched, the CAP has been a partnership between agriculture and society that has as the following objectives:

- Increasing agricultural productivity to ensure affordable and offer consumers a constant food.
- Ensure an acceptable level of income for EU farmers and a standard of living similar to the urban areas.

European agriculture supported through the CAP must provide an increasing production of basic foods as a result of continuous population increase. It also takes into account the sustainable management of natural resources, supporting continuous development of European rural areas and rural economy.

As a direct aid through CAP, three main directions can be defined as follows:

- Support for development of rural areas.
- The actions for market support.
- The aid granted for the farmers income.

For implementing the established measures, CAP has currently at its disposal up to 40% of the EU budget and CAP budget in 2014 was about 58 billion Euros, according to European Union, 2015. Through their work related to agriculture and forestry, the employed workers in these branches have an important role in providing a sustainable management within rural areas, because in these regions are created and preserved natural habitats including fauna and flora specific for rural areas in various European countries that would otherwise be destroyed. While in the past agriculture represented the basic concern of the European rural areas inhabitants, today this economic sector has decreased as percentage share in GDP of countries with developed economies due to the increase of branches in the manufacturing industry [17].

Younger people believe that agriculture is no longer a profession of great attraction and are choosing professions in urban areas, where the income level is higher. Therefore, through the CAP must be supported the initiative to attract young people in rural areas, in order to ensure the necessary continuity in agriculture, but also the income level should be comparable to those
in urban areas. In contrast to the Western developed countries, heavily industrialized, in Central and Eastern European countries, agriculture continues to hold a higher proportion of GDP and higher employment rate of the rural residents in this economic sector. Thus, must be analyzed the space comprised outside large urban areas of the new EU member countries as rural areas in which specific activities are conducted regarding agriculture, forestry, fishing, product manufacturing and where the historical traditions and customs of the rural areas inhabitants are kept from generation to generation. Overall, if we refer to the new EU member countries from Central and Eastern Europe, we can say that their rural area occupies most of their territory and population, as we can see from the graphic representations shown in Figures 8 and 9 [2].

So, if we analyse graphical representations made, there are few Eastern European countries where rural area is less than 85% of the total territory. These are the Czech Republic, Lithuania and Latvia. For all other countries the rural area occupies over 90% of the country’s total territory and for Slovenia the whole territory can be considered as rural area.

![The rural area as percentage of total territory](image)

**Figure 8.** The share of rural areas as a percentage of total area for the Central and Eastern Europe countries [2].

![The rural population](image)

**Figure 9.** The rural population of the Central and Eastern Europe countries [2].
Regarding the Eastern Europe rural areas population density, it can be said that large percentage of the total population is established in rural areas and in terms of density values are lower than 20 inhabitants/km$^2$ for Estonia, Latvia and Lithuania, as shown in Figure 10. For the other EU member states average values are recorded, for example, Romania with less than 40 inhabitants/ km$^2$, Bulgaria with more than 50 inhabitants/ km$^2$, Croatia with more than 60 inhabitants/ km$^2$, while for other countries the values are more than 90 inhabitants/ km$^2$; the highest value is of the Czech Republic with almost 120 inhabitants/ km$^2$.

The main economic sectors, specific to the rural areas of Eastern European countries, are represented by agriculture, forestry and manufacturing of raw materials resulting from these activities. Regarding the land areas used in agriculture, in Figure 11 are presented the corresponding values of land areas used by each country for both agriculture and forestry. Poland and Romania have the first ranking places having each over 14 and 13 million hectares used in agriculture, followed at long distance by Hungary and Bulgaria with more than 4 million hectares each.

Figure 10. The rural population density in Central and Eastern Europe [2].

Figure 11. The land areas used in agriculture by the Central and Eastern Europe countries [2].
Referring to land areas used for forestry, as shown in Figure 12, Poland with 9 million hectares and Romania with more than 6 million hectares again occupies the top positions, followed by Bulgaria, with almost 4 million hectares, and Latvia with over 3 million hectares. For the rest of the countries, there are areas between 1 and 2.5 million hectares used for forestry.

Analysing the employed labour force in the primary sector of Central and Eastern Europe countries rural areas (Figure 13), we can see that Poland holds the first place with over 15 million persons employed, followed by Romania with over 9 million people employed and for the next places there are Czech Republic and Hungary with 5 and 4 millions of employed people. Bulgaria has over 3 million people employed in the primary sector.

Also must be shown the direct contribution of the rural areas primary sector to gross national income (GNI) of the Eastern European countries, as shown in Figure 14, (according to European Union, 2015). Top positions are occupied by Bulgaria and Romania with the highest percentage share of gross national income (GNI), located around 6%. The following levels are
around 5% for Hungary, Croatia and Latvia, and the lowest values recorded just over 2% for the Czech Republic and Slovenia by almost 3% of its gross national income (GNI).

4. The investment programs within the EU for the Central and Eastern Europe countries planned for rural economy development

Following the accession were initiated assistance programs for the new member states financed from the EU budget in order to revitalize various economic sectors, but especially to ensure rural areas development and environmental protection, down to human rights promotion and protection of external borders.

The immediate economic results for the new member states were represented by export improvements, the access and providing stable position on the European market of small businesses.

The short-term generated effects for the new member states were represented by the following:

- Elimination of customs duties on agricultural and food products in bilateral trade with EU countries.
- Increasing competition through access to the European common market.
- Fluctuations in the prices of certain products.

However, the positive long period effects are expected after joining the EU for the new member states economy related to the following:
• Achieving an accelerated economic growth.
• Attracting of direct foreign investment from the European partners.
• Creating new jobs.
• The possibility of movement of labour force within the Union.
• Increasing the trading relations with intra-Community partners.
• The possibility of attracting structural funds.
• Rural sector development and agriculture based on the Common Agricultural Policy.

Regarding the membership costs, the new member countries of the EU, contribute to financing the EU budget by a percentage of GNI, set at about 0.7%, a percentage from the proceeds of value added tax (VAT) of about 0.3%, but also from the import duties proceeds applied to all purchased goods from outside the EU, that most part become a revenue for the EU budget. [13, 14].

Thus, the EU’s annual budget is about 145 billion Euros, according to European Union [2].

To illustrate how rural areas economies of the EU countries of Central and Eastern Europe are stimulated, the rural development programs with strategic objectives for each country are presented.

Poland was the only EU country that has managed to pass the economic crisis without having experienced any effect. In Poland agriculture occupies almost 12% of the total number of available labour force and gross value added (GVA) is low compared to Western countries, but close to the average of Eastern European countries [15].

Through the Rural Development Programme (RDP), Poland will be able to develop the rural economy through the use of 13.5 billion Euros, of which 8.6 billion Euros from the EU budget and the difference from the state budget.

Followed are the agricultural farms, competitiveness and viability by providing investment aid for nearly 200,000 farms, creating more than 20,000 jobs and encouraging association of agricultural producers.

Investment support will be also directed to environmentally friendly farming according to the European Commission, 2015 [18].

For Romania, we can say that although there is a real economy growth, among the highest increases in the EU, however, the resources for investment financing represented by the EU funds have been insufficiently exploited so far. For example, the absorption of Structural and Cohesion Fund (SCF) was in 2015 up to 63%, its lowest level throughout the EU and for the European Agricultural Fund for Rural Development (EAFRD) has been reported an absorption rate of approximately 82% (Table 2) according to European Commission [3].
<table>
<thead>
<tr>
<th>Year</th>
<th>Total amount absorbed (%) EAFRD</th>
<th>Total amount absorbed (%) SCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>17.7</td>
<td>1.9</td>
</tr>
<tr>
<td>2011</td>
<td>33</td>
<td>5.6</td>
</tr>
<tr>
<td>2012</td>
<td>43.5</td>
<td>11.6</td>
</tr>
<tr>
<td>2013</td>
<td>60.1</td>
<td>33.7</td>
</tr>
<tr>
<td>2014</td>
<td>75.8</td>
<td>52.2</td>
</tr>
<tr>
<td>2015</td>
<td>82.3</td>
<td>63.3</td>
</tr>
</tbody>
</table>

Table 2. The situation of EU funds absorption for Romania [3].

In Figure 15 is shown the graphical representation of the EU funds absorption rate.

![Graph showing the percentage of European funds absorption for Romania](image)

Figure 15. The percentage of EU funds absorption for Romania [3].

The Romanian RDP programme for the 2014–2020 periods has been adopted and its priorities are as follows:

- Ensuring competitiveness in agriculture and forestry development;
- Promoting measures for environmental protection by restoring, preserving and enhancing agricultural and forestry ecosystems;
- Economic development of rural areas that can generate new jobs and ensuring improved living conditions for the rural areas inhabitants.

A period of 7 years will be invested in developing the Romanian rural area economy around 9.5 billion Euros, of which 8.1 billion from the EU budget and the difference is financed from the state budget. These investments will lead to the modernization of over 3000 farms and helping to install more than 9000 young farmers so that they will be able to open their business
in agriculture. Over 25,000 new jobs will be available in the rural areas economy and 3000 new businesses will be opened in the field. Also, more than 1.3 million hectares of agricultural land and over 0.8 million hectares of forests will receive payments for the support and maintenance of biodiversity and promotion of environmental protection practices.

For Bulgaria, RDP program includes investments of approximately 2.9 billion Euros by 2020, of which 2.4 billion Euros from the EU budget and the rest representing the contribution from the state budget. The investments will be directed to agricultural and forestry sector, to support small and medium farms, and young farmers who want to launch their business in the field. Approximately 4000 new jobs will be available in new small businesses started up in Bulgarian rural areas, which will lead to the employment of more than 30% of the rural population. [19]

Hungary will have at its disposal 4.2 billion Euros for the development of rural economy, of which 3.4 billion Euros from the EU budget and the rest represents national contribution. They are supported activities related to the restoration, preservation and improvement of ecosystems, poverty reduction and economic development of rural areas. The aid is expected to start over 2600 investment projects in the agriculture and food industry. Hungary focuses on innovation and directs 3.6% of the RDP towards actions that support innovation and cooperation projects under the European Innovation Partnership (EIP) [4].

The Czech Republic will be able to invest 3.1 billion Euros in the economy of rural areas, of which 2.3 billion from the EU budget and the rest representing national funding to initiate actions for the development of rural areas by 2020. The priority actions are for enhanced management of natural resources, encouraging environmentally friendly farming practices and ensure increased competitiveness in agriculture and forestry. Over 3400 farms will receive support for investments and nearly 1400 investment projects in forestry technologies, and more than 800 projects in the food industry will receive funding. It will create almost 2000 new jobs in the rural economy, according to European Commission [5].

The Slovak rural areas will benefit of 2.1 billion Euros for development by 2020, of which 1.545 billion Euros from the EU budget and the rest is national co-financing. Investments will be made in the agriculture and forestry sectors aiming an enhanced competitiveness. Over 1200 farms will be upgraded and 400 enterprises in the field of food industry will receive funding. Other objectives are the rational use of natural resources and encouraging the environmentally friendly agriculture practices. Increasing rural economy will be achieved through investments made in productive enterprises that will generate the creation of about 2000 new jobs [6].

Croatia is the newest EU member and for economic development in rural areas it will have about 2.3 billion Euros, of which 2 billion from the EU budget and the rest from the state budget. Croatia’s development strategy is directed towards restructuring and modernization of farms and the food industry. Over 5000 farmers will receive investment support to grow their small farm and about 1000 young people will have the opportunity to become young farmers [7].

Slovenia will use 1.1 billion Euros for implementing the national program for rural economy development, with priorities set for the following:

• Restoring, maintaining and improving ecosystems related to agriculture and forestry.
Increasing competitiveness in agriculture and sustainable forestry practice.

Social inclusion and rural development.

At least 600 new jobs will be created, and more than 60% of the rural population will benefit from the implementation of development program in Slovenia [8].

Estonia will have to invest in the economy of national rural areas around 0.993 billion Euros, of which 0.823 billion from the EU budget. The priority actions are directed to the environmental practices on water, soil and biodiversity. The farms will receive investment support and rural economy will be prioritized for development [9].

Latvia will receive from the EU budget 1.08 billion Euros and with a national contribution of 0.5 billion Euros will have a total of 1.58 billion Euros at its disposal for rural economic development until 2020. At least 3500 farmers will receive support to modernize their farms, to go out with their own products on market and to diversify its product offerings. New jobs in agriculture field will be also created and boost development of organic farming [10].

Lithuania will be able to invest 1.9 billion Euros in the next years until 2020, of which 1.6 billion Euros from the EU budget and the rest from the state budget. Support will be directed for modernizing and improving the economic performance of small and medium farms and nearly 8000 farmers will receive investment aid. Preserving biodiversity, promoting organic farming, creating new jobs and economic development of rural areas are also among the objectives pursued [11].

In Figure 16 is shown graphically for each country the amount of capital values that will be invested in 2014–2020 for the development of rural economies.

Figure 16. The graphical representation for the direct investments amount for developing of Central and Eastern Europe countries rural economy (2014–2020) [12].

The highest values of investments amounts are directed to Poland and Romania, each country enjoying the EU support, which directly contributes to over 8 billion Euros in development of rural areas of the largest countries in the region, followed by Hungary, the Czech Republic...
and Bulgaria, with about 3 billion Euro and other Eastern European countries with proportionally lower values.

As can be seen from the presented data, currently the EU member states in Central and Eastern Europe have now more than ever the opportunity to develop their rural areas economy through direct investment in the primary sector, to modernize farm exploitation, to realize rational exploitation of natural resources, to build establishments of new production facilities in order to ensure new jobs for the inhabitants of rural areas and ensuring a higher standard of living similar to urban areas. These opportunities exist because of substantial aid coming from the EU, aiming to assure in this way a gradual harmonization of working and living conditions of its inhabitants by developing rural areas in which they work and live.

5. Conclusions

EU integration of the Central and Eastern Europe countries had positive effects on their rural areas economy of the new union members. These are represented by direct economic advantages by increasing investments in the rural economy in order to develop the production means, to create new production structures that would better exploit the resulted products from agriculture or forestry which now have a higher added value and a better quality according to the EU standards.

Also the access to EU structural funds offers multiple facilities for the development of rural economies, creating and modernizing of specific infrastructure, creating new jobs for rural areas residents of Eastern European countries and improving their life standards.

By joining the EU, the identities and traditional values of each nation individually from Eastern European countries were not affected, but were especially ensured an active participation to achieve the reunification of the European heritage which now totals all values from each specific area.

The economic criterion stimulated the option for EU enlargement, in order to fulfil the primary objective of becoming one of the strongest economies in the world and the most extensive and developed consumer market that exists in the world today.

Countries of Central and Eastern Europe bring now their contribution to the attaining of the EU strategic objectives, participation at their establishment from the position of full members and the way which they started in the European family is one that ensures a good future in which they have the possibility to develop their economies in an accelerated manner based on active participation at the common market.

Rural areas will become those areas that will retain their labour force employed in agriculture, forestry and processing of raw materials derived from these domains, where income levels are satisfactory and provides the opportunity of a higher standard of living similar to urban areas.
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