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AGRICULTURAL PRODUCTION, OCCUPATION AND A WAY OF LIFE

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Summary

If you want the best for agriculture, you cannot separate agriculture as a business and agriculture as a way of life. If you do separate them, the question is what will remain from either of the two. If you do not connect them, national food stability is jeopardized, but the question of safety is seriously entered.

Good experiences of others are useful and good, one's own are more useful and better. The food cultivated on the living and working territory of a man suits him the best. The other one, besides the high prices, is the necessary evil. With that, it burdens the balance of payments, instead of surplus, it makes the deficit. Moreover, it does not feel good. Finally, where is the pleasure of occupation in agriculture and animal husbandry?!

Disparity of the production time and working time, seasonal character of the agricultural production and slower capital turnover are a serious reason for this sector to be the subject of a special attention and help by the state, but not a sector with special presence of negligence and nondomestic treatment. Sooner or later you will have to deal with that problem.

Key words: *farming, agricultural production, import, export, business*

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Introduction

In the year 1937, the then Yugoslavia had 15.137.608 inhabitants on the 247.542 m²[4] area, and the agriculture represented the most important sector of economy. Yugoslavia's first years of existence were marked by the fact that 80% of the inhabitants were engaged in agricultural production, that involvement of the sector in the national income reached to 60%. Unfortunately, in the period between the two world wars, there was an excess of manpower who did not find employment in the undeveloped industry.

Irrespective of the fact that Yugoslavia in the period was mainly agrarian land, the attention to agriculture was not appropriate and in proportion with its significance for economic development of the country, in that period too. Although low cumulative and with slow capital turnover, over long periods of time, the agriculture was to be used for drawing benefits of other inadequate system of parity prices at the expense of agricultural products.

Agricultural production in Yugoslavia

By the available data, it could be said that by the middle thirties of the 20th century the agricultural production in Yugoslavia showed progress. The status was enabled by the well developed livestock, productive years as well as world market circumstances. "Consumption was greater than the offer so agrarian product prices on European market were high. Therefore, the prices in Yugoslavia were also high. As a result, during the period 1923-1924 the average wheat price on our market was 335 and 419 dinars during the period 1924 – 1925 per 100 kilograms. The average corn price was 250 and 219 dinars in that period. These prices, of course benefited the most to merchants, intermediaries and exporters, and the least to manufacturers."[5] Almost a century later, it seems that nothing has crucially changed.

In Yugoslavian agriculture livestock was one of the most important production sectors for it brought significant part of national income. In the entire export, livestock products made a third of its value. In 1937 in Yugoslavia the official list was published recording that in the year the country had 4.169.192 head of cattle, number of pigs was 3.179.661, number of horses 1.248.852, number of sheep 10 millions, about 2 millions goats, over 22 millions of poultry, about 811.738 bee hives manufacturing over 4,5 million kilograms of honey…[6] For example, in that 1937 the Yugoslavia had 17 factories producing canned fish, which was also exported in some amounts.

Limited and restrained development, more various agricultural production, and leaving manpower from agriculture in another profession, was primarily characteristic for agriculture after fifties. Social rural economies and agro-industrial host utility were strengthened, where the production as well as processing until the final product for the market was done. It had

4 Nikolic, M. M. (2008): Trgovina u Srbiji (Trade in Serbia 1804-1957), National library Vuk Karadzic, Kragujevac, p. 353.

5 Ibidem, p. 354

6 Encyclopedie economique des Balkans (1938), Belgrade, p. 56

a "negative effect on agricultural production as well as on processing facility. Separated from realization on the final market consumption, these two segments, and processing were constantly without floating capital and in searching for help in sowing and harvest."[7]

There was too much considering about political questions concerning villages and agriculture, but the main assignment connected to greater production based on greater productivity, saving and better organization, was neglected. The effects of such politics were noticeable on every step (deserted villages, land overgrown with weeds, destroyed livestock, not a sign of youth, old age households dying out, etc.).

In 1953 Law on Agricultural Land Fund of general social properties decreased farmer land fund to 10 hectares of cultivable land, and the excess above that maximum was given to the forming cooperative. The Law on Restitution of Land to peasants in 1990 had no sense or effect. Meanwhile many of the land owners had free schooling, got state scholarships, communal apartments, regular salaries and social insurance. "Instead of the returning the land to the peasants and the certain compensation to others, the land were returned to all of them, although many of the inheritances have never engaged in agricultural production. Well arranged land complex were once again disintegrated and fragmented by commassation and regrouping of holdings."[8]

According Prof. Petar Markovic's opinion, which is agreed by the majority of authors from the same science area, some elementary omissions in politics concerning village and peasantry have risen after 1948, are the following:

a) Forming cooperative is transformed to political action and did not fit to the great majority of peasants. The peasants' attachment to the land has been forgotten (the truth which has maintained the agriculture all this decades in impossible condition on the existing level). All this resulted in the decreased number of livestock, fruit-tree and grape-vines, and after forming cooperatives were disbanded there was nothing but debts and losses.
b) Obligatory redemption, no matter how important, by the way of performing and inflexibility of nutritional products, left peasants without products, and when forced to sell, the peasants even had to buy in order to sell amounts partitioned by the obligatory redemption. Unfulfilled obligations, confiscation of property, could cause significant peasants' political indisposition toward state.
c) With equal right of all inheritor, whether they occupy in agriculture or not, the economical basis of rural economy is decreased, fragmented and separates agricultural producers from agriculture.
d) Agricultural product prices, "through which peasants' work is valued, by the rule were low it did not satisfy peasant labour and a collection for delivered products was often more than a year late. With that open question of working capital for agriculture, very

7 Markovic, J. P., Babovic J. J. (1999): Srbija na pragu novog veka - buducnost sela i seljastva, Belgrade, p.238

8 Ibidem, p. 255

low investments put the agriculture in unequal economical position, which crucially contributed mass escape of villages and agriculture into cities and non-agricultural land."[9] Lot of additional issues, like defect of communal arrangement of village, where separation from gross citizens' income moved from the employment place instead of living place, had as a result the fact that villages were left without roads, telephone connections, waterworks, and usual city conditions. Nutritional industry objects were built in cities but the village remained a raw material base for industry. This is the segment where the strategic error was made. Had they been located in villages, the processing plants would have attached part of the population to village. Transport and residential expenses would have been significantly lesser. Negligence, bad intention, lack of common sense or all these together brought agriculture to this condition. Also, the process of impoverishment and decay of the village, which is began in socialism is much faster after implementation of the transition.[10]

Agricultural production, today, in Serbia

What is the condition today: "In Serbia on every 4,6 million hectares of cultivable agricultural land 10 million tons agricultural products valued about 3,3 billion euro, are being annually produced (in 2006)... Serbia gained $ 1,26 billion (the fifth of its total export) from the food export, in other words, agricultural-nutritional products in 2006, which agriculture classifies into small number of activities with surplus of $ 360 million in exchange with the world."[11] Valuation of mentioned author was that by 2010, with development of rural tourism, Serbia could have doubled food production and with value between 6-7 bil. EUR, and I think it was realistic had it been done properly.

Instead of the expected changes and in accordance with that mentioned result achievement, the production was still declining as well as the export effect. Meanwhile, agriculture was becoming less of a "last resort" in conditions of economical crisis. For example, Serbian Chamber of Commerce data have said that 2009 production of pork in regard to 2008 has 5% decreased, and in 2009 the import of pork and frozen slaughterhouse products of pork has reached 7,338 tons, which has been paid $ 18,2 million.

Table 1. Meat Production by Species in Serbia

Year	Beef	Mutton	Pork	Poultry	Total
1990	139	23	282	104	548
2000	104	19	283	67	473
2005	90	21	253	67	431
2007	95	20	289	70	474
2008	99	23	266	76	464

9 Ibidem, p. 255

10 Živković, D., Jelić, S., Rajić, Z., Peševski, M. (2011): Uticaj tranzicionih procesa na osiromašenje sela i poljoprivrede, Ekonomika poljoprivrede, Vol. 58, br 1, Belgrade, p. 100.

11 Gulan B. (2007): Agrobiznis i seoski turizam u Srbiji, Serbian Chamber of Commerce, Belgrade.

Year	Beef	Mutton	Pork	Poultry	Total
2009	100	25	252	80	457
2010	92	23	269	84	468

Source: RBS

The table clearly shows that the greatest downfalls happened in beef production[12]

Table 2. Import and export of beef

Year	Import		Export	
	kg	USD	kg	USD
1990	266.030	440.500	41.705	162.463
2000	133.003	106.616	4.145.473	8.049.329
2005	0	0	2.213.774	9.446.822
2007	6.290	43.389	9.158.468	38.790.363
2009	3.179	12.534	3.624.915	20.428.856

Source: RBS and SCC

Table 3. Import and export of pork

Year	Import		Export	
	kg	USD	kg	USD
1990	26.553.869	49.622.236	1.445.390	6.466.297
2000	0	0	860.893	1.531.345
2005	1.757.559	3.803.177	33.690	60.350
2007	1.296.004	3.902.748	2.267.785	6.315.737
2009	4.245.640	13.792.139	581.138	2.441.661

Source: RBS and SCC

Table 4. Import and export of poultry

Year	Import		Export	
	kg	USD	Kg	USD
1990	1.482.080	2.065.240	263.581	602.547
2000	2.183.952	1.811.532	279.379	284.901
2005	196.328	213.030	1.213.378	2.350.194
2007	196.133	429.108	2.305.637	5.495.131
2009	376352	821.848	1.676.971	4.753.776

Source: RBS and SCC

12 This is clearly caused by the reduction of the number of cows (from about 1.000.000 in 2000 to about 300.000 today)

In last two decades the number of livestock was declining 2 - 3 % per annual degree. The production of meat declined from 600.000 tons (in the 90s) to 457.000 tons in 2009. Meat consumption per residents in that period was twice smaller. Observed in international range, in meat production we participate with circa 0,17 % and that contribution within European production is circa 1,3 %, which testifies about relatively marginal international significance which was not the case in the past. The reasons for such a bad condition are numerous, but above all the reasons are: disturbed price parity, the loss of markets, impossibility to export in most cases, reduced purchasing power, disturbed financial system and lack of government support, insufficient financial means in agrarian budget, etc.[13]

Where do we go?

Family agricultural rural economy is based on ownership over land as the main resource, and it is entrepreneurially directed, in terms of production most often diversified, it is the activity based on family relying with comparative advantages on open market. Production process becomes coordinated with nature and preserves resources but occupation in agriculture is both business and a way of life. In order to make this our agriculture, and to make in it our agricultural producer, what is needed is: "By the proper stimulating politics it is necessary to increase capacity of domestic production, much more to stimulate export of nutritive agricultural products using various subvention ways. It is necessary to make maximum efforts to bringing back to our country the status of the most privileged nation in international trade in EU."[14]

From the specified demand for agricultural products, also results specific position of these producers' products. The demand for agricultural products is derived because it is defined by relation between consumers and products of higher processing degree. The demand for them also varies from tendency (marginal) towards consumption and savings, and changes in consumer income height, to flexibility offer and demand, comparing to the price changes of agricultural products, the demand for them also varies.

The principle of opportunistic needs imposes the solutions which recommend such production combination of work, capital and land with the greatest contribution. The problem of production structure most often comes to finding the best combination of livestock and vegetable production. That is again dictated by the existence of natural connections between certain plant culture and their effect on the livestock breeding.

13 Arsić, S., Kljajić, N., Vuković, P. (2012): Cattle stock and the analysis of total meat production in the Republic of Serbia, Ekonomika poljoprivrede, Vol. 59, No. 1, 2012, Belgrade, p. 100.

14 Vlahovic, B. (2007): Agrar Srbije na pragu evropskih integracija, Agriculture – Info, Faculty of Agriculture, Novi Sad.

Law of diminishing returns, characteristic for majority of the production processes, is the most obviously and the most drastically showed in agricultural production. There is a phenomenon on rural economy of aspiring to "compensation hardly greater from minimal average expenses, which equals with request of minimal profit. This attitude additionally effects on food offer decreasing and irrational use of resources on national level."[15] Not denying the exactness of the stated, I have to conclude that agricultural producer, inadequate economical politics over years, is brought in the coercion position of uneconomical behavior. It sometimes suits to consumer, but on long terms, undoubtedly, he loses too.

Incongruity of production and working time (because of biological character of agricultural production), where the time of production in agriculture, as a rule, is far longer than the working time; seasonal character of agricultural production; slow capital turnover etc., are characteristics of this sector which further, directly or indirectly reflect on demand as well as on status and way of life of agricultural producer. The rule for agricultural products offer is that it is completely inflexible in a short period of time.[16]

Only in agriculture can be applied so strong an argument that great is better and the small are nicer. Is this a big bite? When capital, property, the size of company etc. overcome the size of the optimal system by the view of organization and economy, the system moves to entropy. Then we say that the corporation outgrew, that it did not control cash flows, that it simply did not control the situation. Most often it brings down like a house of cards, with all the derived consequences.

Rural development "presents complex development of specific rural area based on available natural, material, infrastructural and human recourses which are managed with all due care on keeping the balance between human and nature."[17]

Keeping in mind some experiences, including personal matter, on the mentioned way of development also stands livestock production. From the tradition we could be proud of, to the very modest livestock fund (it does us credit), we took the path of stumbling and losses, of lifting, and new disappointments and came to the dearth and weakness which, in this significant sector, seriously burden us.

While this sector does not live but survives, does not develop but exists miserably in a helpless position crying for help in order to help others, processors as well as state remain deaf and blind. It is time for carelessness and negligence, I would also say for ignorance and ill intentions, to take revenge on everybody. It is obvious that we will pay one way or another.

15 Zakic, Z., Stojanovic, Z. (2008): Ekonomika agrara, Publishing Center, Faculty of Economics Belgrade, Belgrade, p. 121

16 What is sown can be harvested a destroyed breeding stock must wait years to be renewed etc.

17 Ibidem, p. 517

Considering this issue, and also modestly engaging in breeding high milk productive head of cattle (red and black Holstein), also the ones for meat production (by this I think Simental) I came to the economic account which showed:

- milk production, keeping in mind nowadays redemptory price, is a work which brings you loss, or positive zero (with great effort and night-and-day work);
- standard fattening bull calves is making drawback for a while, or the results are not worth mentioning.

Where is the chance that great number of family rural economies operate profitably in order to make this occupation a good combination of success and way of life?

In this moment it seems to me, some highly developed countries are becoming aware of that (which are slowly returning to extensive way of cattle breeding), that beef production in a system cow - calf (without milking), with the use of inexpensive food sources and Simental mottled bull calf, is just good base for crossbreed with fleshy breeds.[18]

Where the economic base for this idea comes from?

Quantity sufficient production of high quality beef, which we have imported more often in recent years, can be enough not only to satisfy domestic consumption but also to provide the export, and in that manner a significant influx of foreign currency. The production can also become a way of surviving for smaller and older rural economies, which can occupy themselves in that age too. In this way demesnes are used optimally (it becomes pasture for all vegetation period) with significant reduction of expenses which are caused by the tilling production, thus enabling neglected and uncultivated lands to function. With all this, there would be a need for new work places (the main production factor – human, became surplus labor in other sectors).[19]

Conclusion

Until the purchase price of milk and livestock, are at an average cost, will not be serious livestock production, or agriculture will be one's profession seriously. What is most important agriculture will not become, and especially cannot stand, as one's lifestyle.

One of the important conclusions is that it would not be possible to achieve significant surpluses of these products, and therefore no capital inflows from export. Unfortunately today and especially tomorrow this level of production will not be insufficient to meet even domestic demand for these basic life products.

18 The author slowly and patiently has been working for some time to educate his neighbours and friends in this issue.

19 For example in European Union 36% total number of cattle is produced in this system; In Germany in this way about 70% total amount of beef is produced, and the state stimulates this system with about 200 EUR per fattened beef, which is the case in neighbouring Croatia.

Doubling the budget for agriculture does not solve the problem. Fundamentally changes, with the priority status of long-term nature, is the beginning of problem solving. Critical investment fund (from both domestic and foreign sources) can be restored in the medium term (from own production) and become a new source of accumulation and investment.

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POLJOPRIVREDNA PROIZVODNJA I ZANIMANJE I NAČIN ŽIVOTA

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Rezime

Poljoprivredu kao biznis i poljoprivredu kao način života, ako se istoj dobro želi nije moguće odvojiti. Ako ih odvojite, pitanje je šta će ostati i od jednog i od drugog. Ako se ne spoje ugrožena je nacionalna prehrambena sigurnost ali se ozbiljno ulazi u pitanje bezbednosti.

Dobra iskustva drugih jesu korisna i dobra, sopstvena su i korisnija i bolja. Organizmu upravo prija hrana dobijena na području na kojem čovek živi i radi. Ona druga je, pored visoke cene, nužno zlo. Uz to opterećuje platni bilans, umesto suficita pravi deficit. A uz to i ne prija. A gde je tu i zadovoljstvo bavljenja poljoprivredom i stočarstvom?!

Nepodudarnost vremena proizvodnje i radnog perioda, sezonski karakter poljoprivredne proizvodnje i sporiji obrt kapitala jesu ozbiljan razlog da ova grana bude predmet posebne pažnje i pomoć od strane države, a ne grana sa posebnim prisustvom nebrige i nedomaćinskog odnosa.

***Ključne reči**: poljoprivreda, poljoprivredna proizvodnja, uvoz, izvoz, biznis*

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