



Basic Characteristics and Future Strategy of the Rural Development of Serbia

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Introduction

The work points to the fundamental features of the development of village areas in Serbia, and to the intense changes happening to the Serbian agriculture and villages. The first part of the work presents the basic characteristics of the rural development in Serbia in the second half of the 20th century. The second part of the work, keeping in mind the main facts of modern rural development, suggests a strategy for the future rural and regional development in Serbia.

Being in the temperate climate belt, and possessing a significant part of the Pannonian plain, Serbia, obviously, has the physical-geographical conditions favorable for agriculture. The highest-quality land (land of the first class) covers approximately 1 million hectares, which is, about one fifth (1/5) of the total agricultural land surface. According to some estimates, the agricultural surfaces of Serbia, if the technology used is neither very high nor very low, can provide some 26 million people with food (2.5 times more than now live in Serbia), therefore there should not be any problems with food security in Serbia. This, however, does not imply that land should be used carelessly or unprofitably. After the Second World War there was a strong trend towards usurpation of agricultural land; on the average, 5 800 hectares a year were diverted to other purposes, which is equivalent to 1 700 average house-and-landholds. This trend is continuing today, but, obviously, it must be stopped; if it were to continue, Serbia would have zero hectares of arable land in 429 years, and some parts, such as Southern Moravski region (around the Southern Morava river) in a much shorter period, as short as 45 years from now, which is within the life-span of today's users of the land (Todorovic M, 1999).

Basic Characteristics of the Rural Development in Serbia in the Second Half of the 20th Century

Agriculture has undergone significant changes in the 2nd half of the 20th century; there was rapid industrialization of the country, and this had some positive and some negative effects on agriculture and on Serbian village life generally. An expert for the situation in Serbian villages, Professor Bozhidar Petrovic, usually says: *From a good peasant we made a bad worker*. There is general agreement, in the sciences and disciplines dealing with agriculture, that in these five decades the agricultural sector was a black box from which was taken whatever and whenever was needed: population, food, money.

Therefore, the years 1950-2000 were a period when agriculture was pushed to the margins of the economic development. Investments into agriculture were much smaller than into the economy generally - industrial investment made 50 %, and agricultural investment only 7 % of the total investment (Sipovac, 1997). That was also a period when agricultural investment was given mostly to the large collective farms, but very little to the villages and individual farmers.

TODOROVIĆ

As industry was privileged in comparison to agriculture, so were these large state-owned firms privileged in comparison to small farmers. State-owned agricultural firms received 12 times more investment than the private, little farms. The government did not think of the interests of the village and the village population; the primary aim was to put cheap food into the hands of the city dwellers and industrial workers.

Still, in that same period there was undoubtedly an increase in farming productivity, and new sorts of crops were introduced. For instance, a farmer now produces four times more grain, and 7 times more meat; total production increased 3-fold. But, at this time (year 2001) 1 Serbian farmer can feed himself and 5 more persons, while in France this number is 35, in Holland 52, and in USA 54.

In this same period, much of the investment went into the mechanization of agriculture. This process began rather late in Serbia, but then proceeded quickly. In the 1960-es, 92 % of pulling and other mechanical power in Serbian villages was provided by cattle (horses, oxen etc.), but in the 1990-es the power of the machines in the hands of small, private farmers increased as much as 225 times. There are some estimations that over-mechanization has happened in the Serbian agricultural private sector -- one tractor to 10.5 ha. Serbia has approximately 400 000 tractors today, and some 96% are privately owned. Such a large number of tractors, placed within a very inadequate technological and ownership structure, reflects, in fact, the non-rational and economically pointless behavior of the Serbian individual farmer at one point in time. Commonly a single household owns as many as three tractors, but they use them mostly for transportation or as source of spare parts for the best one.

Demographically, this was a period of migration, in fact an abandonment of villages and of agriculture (the proportion of village population in the total population fell from 72 % in the year 1948 to 17 % in 1991)¹. So, this was a period when a country, once rurally overpopulated, became rurally depopulated; 50 % of Serbian farmholds will not be renewed, because there are no sons and daughters to stay on the land and continue the work; some 17 % of the farmers are now older than 60 years, but this number will, by the year 2011, increase to more than 50 % (thus more than half of the Serbian farmers will be 60 years old, or older, an age when people in other professions are preparing for retirement or are already in pension). Mass migrations from the villages into the cities are reflected in one new paradox - the rural population is dwindling, but the farmholds are not increasing in size, which would be logical. Quite the opposite - the number of farmers is smaller and smaller, but the farmholds are also being divided into even smaller pieces.

Another important problem is clearly visible now: Serbian agriculture is in transition, and the question of the transformation of ownership must be solved. Namely, the average farmhold in Serbia covers 3,6 hectares, split up into 13 separate plots of land; 86 % of the house-and-landholds own less than 5 ha -- and let us remind ourselves that in the developed world such small surfaces are not counted as agriculture but rather as an environment *around* agriculture.² We often hear the opinion that land ought to be returned to its former owners, the peasants, but, in fact, they (the previous owners) have mostly died, leaving several inheritors who live mostly in towns and do not see themselves in any kind of farming involvement.

The period 1945-2000 has three separate phases: an indisputable phase of prosperity in the 1970-es, a phase of relative but declining prosperity in the 1980-es, and a phase of significant crisis in the last decade of the 20th century, the 1990-es. Agriculture, it must be stressed, played a very great part in overcoming the troubles that happened to Serbia in the 1990-es. In the moments of war in nearby republics, then terrible economic sanctions, and finally the NATO intervention, agriculture and the villages carried the heaviest weight.

In fact, in the last decade of the 20th century, the situation of the rural complex in Serbia depended on at least two groups of economic factors which are not seen in other countries whose economy is going through the so-called post-socialist transition:

In the peace time, irregular economic conditions such as:

- radical disintegration (1988-1991) of the previously unified economic area of ex SFR Yugoslavia;

¹ For a structural change like this, Switzerland took 90 years, and Denmark 120.

² Some research shows that in EU countries, house-and-farmholds of less than 20 hectares are dying out, while the number is increasing of those over 50 ha (B. Hill, D. Ray, 1987)

Basic Characteristics and Future Strategy of the Rural Development of Serbia

- economic recession characterized in 1993 by one of the largest inflation rates ever recorded in the world economical annals³;
- introduction of rigorous sanctions against Serbia and Montenegro by the UN Security Council (1992-1996), and then official and unofficial prolonging of this economic blockade (continued, partly, even today) by the USA and European Union;
- the need to supply food and provide accommodation for almost a million war refugees exiled from their homes in ex-Yugoslav republics Croatia, and Bosnia and Herzegovina, in the 1990-es;
- in the Serbian province Kosovo and Metohija, "special conditions" since 1999, continuing today, and more refugees from there.

In the war-time (from March 24th till June 10th 1999), *78 days of aerial bombardment by the nineteen NATO countries, with consequences such as:*

- demographic losses - over 2 000 dead, over 10 000 wounded and about 500 000 displaced into forced emigration;
- economic losses - over 100 billion US \$ direct and indirect material damage;
- ecological devastation - with practically immeasurable direct and indirect consequences for environment, including radioactive and chemical effects on the present and future generations of people on the territory of FR Yugoslavia and even wider effects on the neighboring Balkan countries and other European countries.

The stormy and unfortunate 1990-es in some way returned Serbia to the villages and to agriculture, but not because of any attractiveness of the village - rather, because of the bad living conditions in the city.

Now, in the year 2001, agriculture faces new strategic dilemmas: where and how to go from here. Undoubtedly, Serbia can feed itself plentifully. When the SFRY was decomposed, most of the agricultural productive potentials remained in Serbia. However, the potential market was cut in half. In my opinion, considering the global changes in the world, agriculture will remain a comparative advantage of Serbia, especially for exports, and I think that there is no better exporting item than a farming product (for instance, plums, and raspberries). But, not everything can be exported. This is the crucial moment, the cusp, when a new agricultural strategy must be formulated, concerning not only the choice of products, but also the technology. Serbia can not, and should not, compete in farming performances with agriculturally developed countries such as, for instance, Holland; but we in Serbia must think what our comparative advantages are, and how to use them.

So, in these key moments for Serbian agriculture, we must see and separate the good and desirable from the bad and undesirable.

Proposed Future Strategy of the Rural Development of Serbia

It is definitely desirable to overcome and leave behind certain obsolete and conservative things; and there are, now, many such things in Serbia. What should be lost - let it get lost. (For instance, the practice of keeping 3 tractors, 18 years old on the average, per farmhold). True modernization of Serbian farming can only happen if we achieve a harmonious union of tradition and innovation.

Thinking about farming and the villages, we must bear in mind that it is much easier to keep the people in the village, continually in the farming business, then to get them to return from the city, once they have gone there. It is wrong to "return the village to life", as is sometimes said; village should be conceptually so organized and arranged that people do not leave it. For this reason, the village and farming should be professionalized in a modern

³ FR Yugoslavia is a record-holder with one of the biggest inflations in the history of civilization: $3.5 \times 10^{14} = 350,000$ milliard percent in 1993 and even $5.5 \times 10^{20} = 550$ milliard milliard percent – when the price rises in January 1994 are calculated at an annual level. It was then that the Yugoslavs printed a banknote with the portrait of the famous poet Jovan Jovanovic Zmaj (1833-1904) in denomination of 500 000 000 000 dinars (500 milliard dinars). More about that in *Lakicevic M.* (1999:23-24).

TODOROVIĆ

market-economy, on scientific and technological basis, and the first of all aims should be the civilizationally approximately equal conditions of living and working in the village and in town.

Advancement in agriculture can be expected when adequate ways and means are found for a transformation of village farm-and-households into modern market-economy producers, able to compete with others in assortment, quality and price, inside Yugoslavia and in the world market. This requires that a selection be done, in favor of vital, strong farm-and-households, those with long tradition and experience in farming but also with young labor-force and with enterprising spirit.

The strategy of the future development of agriculture ought to be based on a simplified regionalization of agricultural production, oriented towards programmed regional development:

- **first**, a program, or a zone, of intensive agriculture: Vojvodina and parts of Central Serbia (Pomoravlje, Macva, Stig, Branicevo etc.);
- **secondly**, a program or a zone of organic or health-food. It is an attractive form of agricultural production, with smaller volume but higher quality (and, finally, higher price) of product. According to some research, 75 % of Serbian arable land is good for health-food production. This is particularly important when we know that 95 % of European territory is not fit for that sort of production, while 85 % of the consumers in Europe opt for the principles of ecological production. There is no doubt that a part of the market is prepared and willing to pay more for ecologically better products; this trend is spreading through the world. Traditional nature of Serbian agriculture, insufficient industrialization, and even the fact that in the 1990-es much of the industry was at a standstill, mean that we can step into the market with less polluted agrarian products: thus one Serbian failing can be easily turned into a comparative advantage. Generally, the hilly and mountainous areas of Serbia fulfill the conditions required for health-food production; also, the production in these areas, today, is traditionally based on the principles of organic agriculture and the Serbian peasant is not even aware of this;
- **thirdly**, a zone or a program of production of food with geographically defined origin, meaning that the consumers know that a product comes from one particular country, region or place, that the quality and special characteristics are linked to the geographical ambience, and that this product has a long tradition, for instance - the Shara white cheese, the Sremski, the Sjenicki, the Homoljski white cheeses, the Staroplaninski yellow cheese (kackavalj), the Pirotsko lamb, the Shara lamb, the Uzicki prsut (dried and salted choice meat), Njeguski prsut, etc;
- **fourth**, zones and programs of production of medicinal, aromatic and spice plants on natural locations, which can also be a Serbian comparative advantage. Various locations in Serbia are the natural habitat of some 500 species of medicinal plants, which are, we may freely say, gold-mines for Serbia, but still used only marginally and without skill. According to some research, Serbia can earn more than 10 million dollars a year from the production of medicinal plants.

Tendencies on the world scene, primarily the globalization, lead us to conclude that increasingly fierce competition in the Yugoslav and foreign markets will demand an increasing specialization of the producing countries towards their chosen, comparative-advantage products.

Agricultural sector plays a very important part in the economic life of most of the Central and East-European countries, but the process of preparation for admission into the EU is rather complex, lasts relatively long, and demands significant structural adaptations. European Union will have a positive attitude towards the countries of Central and Eastern Europe if they develop strong economic and other ties, and financial arrangements, with each other. This requires that they, also, overcome their own non-rational practices and difficulties, before they can be admitted into the EU.

Basic Characteristics and Future Strategy of the Rural Development of Serbia

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