

A REVIEW OF AGRICULTURAL POLICY OF SERBIA IN THE PERIOD OF FIRST SERBIAN UPRISING TO WORLD WAR II (1804-1941)

UDC 338.43.02(497.11)"1804/1941"

Zoran Simonović¹, Dragoljub Simonović²

¹Institute of Agricultural Economics, Belgrade, Serbia

²Faculty of Economics, University of Niš, Serbia

Abstract. *The aim of this work represents an attempt to give a brief overview of agricultural policy in Serbia during the First Serbian Uprising to Second World War (1804-1941). The work points out problems related to fragmentation of agricultural holdings and loan indebtedness of the peasantry. Details are talking about problems related to backwardness of agriculture in Serbia. It also discusses the impact of economic crisis on the agrarian situation. The main characteristic of agricultural production in Serbia during the time was the fact that it was based on varied production. The authors point out that Serbia has not had co-existent agricultural policy. All this further contributed to deepening of the already poor relations in agriculture at the time.*

Key Words: *agricultural estate, agricultural production, agricultural indebtedness.*

INTRODUCTION

By disintegration of the State Union of Serbia and Montenegro, the Republic of Serbia is again faced with the situation to begin to conduct its own independent agricultural policy. Through almost the entire twentieth century Serbia was part of various state formations that had different names, such as: the Kingdom of SHS, the Kingdom of Yugoslavia, DF Yugoslavia, FPR Yugoslavia, Yugoslavia, the Federal Republic of Yugoslavia and the State Union of Serbia and Montenegro. Agrarian Policy of Serbia in all these countries was subjected to general interest of the community. These interests suited Serbia the least. Serbia, as the largest country in the Yugoslav community, often consciously accepted to subordinate its interests to others. In the period of "socialist construction", the trend of neglecting its own interests has come to the fore. In general, the main characteristic of this period was the neglect of agriculture, and therefore agricultural policy. The period of neglecting and ignoring the problems of agriculture has

continued to this day. The process of neglecting its own agricultural policy is a kind of continuity in Serbia that has lasted for over sixty years.

We thought to make a reminder from this distance in time of the agricultural policy of Serbia in the period of the Principality and the Kingdom of Serbia, and later the Kingdom of Yugoslavia. The Serbia of this period was an agricultural land in the true sense of the word. Agriculture was a major source of income.

1. AGRICULTURAL POLICY OF SERBIA FROM 1804 TO 1918

By obtaining national freedom after 1815, and especially after 1830, when sultan hatish-erifs abolished Turkish large estates, setting up a basis of free rural property came up. In this way the Serbian peasant won his legal freedom. The abolition of the Ottoman rule included the abolition of feudal relations, which were previously present in Serbia. The agricultural policy, established by prince Milos, issued a rule that the land belongs to those who cultivate it. As a result, there was a mass migration accompanied by taking land and formation of free family rural households. In the first years of life in the liberated state prince Milos did not allow the abuse and excessive wealth of his officers. Later, the officers, led by prince Milos, carried out a robbery of better land using methods of primordial capital accumulation. In this way, a master himself and his close associates formed their large estates. Monasteries were also large holders of land. They possessed an average of up to 300 acres of land. The reason for such a large size of land holdings of monasteries is due to the fact that they inherited Turkish settlement land, and the common land was often given to monasteries.

During the nineteenth century, the relations in Serbian village were marked by a strong process of differentiation. Agricultural households were being divided on one hand, while on the other hand a number of farms, though to a much less extent, were increasing their size. Getting into debt by farmers has become a constant phenomenon that led many farms to become economically deteriorated. This phenomenon led to creation of the rural poor. Impoverished rural population without land had begun to exert pressure on small towns in order to ensure their existence. But even in towns there was no opportunity for employment. Due to this situation in the Serbian village, Prince Milos passed the famous Decree on farmstead in 1836. The provisions of this decree protected the rights of farmers in cases where due to debts a house and a part of land could not be sold [12, pp. 16]. The institution of farmstead was renewed in 1861.

Credit markets, in the real sense of the word, begin to form in Serbia in the 1860s. That leads to establishment of Fund Administration, which aimed to help peasants by allowing them low-cost mortgages and in that way help them improve their agricultural production [4, pp. 181]. Small peasant holdings, in reality, could get a minimum loan amounts and in cases where the Fund had the resources available. The agricultural credit was taken in three cases: 1) the acquisition of land, 2) improving the quality of land (land irrigation), and 3) in order to obtain necessary capital to exploit. On this basis, these loans can be called proprietary credit, investment credit and operating credit [15, pp. 176].

Neither Fund department nor county savings could save Serbian farmers from loan sharks. This difficult situation was deepened by a great financial crisis which, at that time, prevailed in Western Europe. In order to mitigate the crisis, a couple of monetary institutions were founded in Belgrade: the First Serbian bank in 1869, the Credit Bureau in 1870, the first Belgrade Community and others. All these financial institutions have not improved credit conditions in agriculture [8, pp. 326].

In the case of dismissal of agrarian relations in the newly liberated areas of Serbia, the state took a position to help all farmers, especially the poorer ones, to pay their obligations in land purchase from the Muslim possessors according to the decisions of the Berlin Congress. In this sense, the state abolished debt solidarity of village peasants and allowed the division of debt to individual farmers in proportion to the land they got in possession. To solve this problem completely, the state enacted a series of laws. These were: the Law on Amendments of agricultural loan in 1882, the Law on recompense agricultural loan in the liberated provinces in 1891, the Law Amending the Law on recompense agricultural loan in the liberated provinces in 1902 and the Law Amending the Law on recompense agrarian debt in the newly liberated provinces in 1907 [13 pp. 11-14]. The content of these laws represents the government's efforts to align the financial abilities of the state with requirements for provision of agricultural relief to debtors.

Serbia had 2,300,000 people in 1895. Rural households, by occupation, were: 83.65% farmers, 4.81% merchants, 7.17% craftsmen, and 4.30% public service workers [6, pp. 233]. According to the register from 1895, there was a total of 293,421 land owners: 20,253 in cities and 273,168 in villages [1, pp. 182]. About 21% of the total, had possession of less than 2 acres, about 34% possession of 2-5 ha, 41% possession of 2-20 ha, and the remaining 4% possession larger than 20 hectares.

The development of commodity-money relations and the slow growth of industry and city's economy, led to the division of agricultural estates. In this way, there was an increase in the number of farms and rural population. From 1889 to 1893, the number of households increased by 65,000, and from 1895 to 1905, by a further 42,500 [10, pp. 193].

Table 1 The number of households in Serbia in 1897

Groups of households	Households	
	number	structure
All households	29.421	100
Up to 2 ha	61.733	21,1
2-5	98.642	33,7
5-20	121.604	41,5
20-50	10.617	3,6
Over 50	852	0,1

From the table, we can notice a rise in the number of farms produced due to the fragmentation of holdings, primarily by hereditary division.

In the last five decades of the nineteenth century, the number of cattle in relation to the population was reduced by nearly a half. In 1859, there were about 74 cattle per 100 inhabitants, and in 1910, there were 32 animals. In the same period, the number of pigs per 100 inhabitants was reduced from 64 to 23, and sheep from 220 to 131. The number of horses per 100 inhabitants was reduced from 13 to 6 [10, pp. 192]. This decrease was the result of development of farming and transition from cattle-breeding that existed in pasture-lands and elm forests to stable cattle-breeding which is fed from a limited surface. Reducing the number of livestock did not mean reducing the production. There was an increase in production. Cattle-breeding was still a major income to villages.

Agriculture lagged behind cattle-breeding in the first decades after the liberation from the Ottomans. It came to a gradual suppression of livestock production in favor of agriculture in the last decades of the nineteenth and in the early twentieth century. The degree of agriculture development in technical sense was rather weak. The plow was used, the wooden plug to a lesser extent, the iron plow, the shovel and the pickax. These were the tools that farmers mainly used to cultivate the land. Also, modern scientific farming methods in land cultivating were not applied. For example, the use of fertilizers was not generally known [4, pp. 182-184].

All types of cereals that had previously been known in other European countries were present in agriculture: corn, wheat, barley, oats, rye and buckwheat.

Table 2 Areas sown by types of cereals

Year	corn	wheat	barley
1847.	421.543	183.632	54.562
1867.	445.820	248.936	58.715
1893.	531.806,48	317.069,50	92.121,32
1902.	524.652,52	325.583,85	88.188,53
1908.	566.407,20	379.665,07	103.521,95

Source: Economic History of Serbia until the First World War, op. 85 pages.

As can be seen from the table, corn occupied the largest area. On the other hand, increased sowing of corn compared to wheat is lower. Barley had some progress in terms of the planted area.

There was a significant change in the structure of village in this period. Large family cooperatives, representing the basic socio-demographic unit of natural economy, suddenly began to break up by penetration of commodity and money relations in villages. According to the statistics from 1900, there were 26,677 cooperatives with 11 to 15 household members, 5,610 cooperatives with 16-20 members and 1941 cooperatives with more than 20 members [1, pp. 40].

2. AGRICULTURAL POLICY OF SERBIA FROM 1919 TO 1941

Agriculture of this period was characterized by large heterogeneity. In Serbia mainly natural and varied production was present. The overall level of agricultural productivity, yields, etc was low. For these reasons, no one could speak of regionalization and specialization of farms. And if there was zoning classification, it was based on natural and climatic conditions. Thus, for example, in mountainous regions livestock was bred, there was slightly lower fruit production, and in hilly regions - wheat and wine were produced, etc.

The First World War seized the entire territory of the country. It caused extensive damage as it focused mainly on the national territory of Serbia. In addition to the damage caused by war destruction, there was damage caused by the neglect of land, abandonment of farms. As manpower was in the war, restoration of production means could not be performed, pest management was not carried out and more. Due to all this, the ability to produce was at a lower level than before the war. Reconstruction was necessary to continue to organize production.

Agricultural lands were steadily increased in the period from 1918 to 1941. Thus, the acreage in 1921 amounted to 11,099,070 ha, and in 1939 it was 14.574 million ha. Pastures increased most, although there was an increase in other categories of land use [10, pp. 206]

Characteristics of agricultural holdings of this period assumed a lot of small farms that have applied the primitive means for land cultivating. The creation of large capitalist farms in Serbia proceeded very slowly. Most intensive agricultural production was in the region of Vojvodina, not only because of the fertile soil but also because of the existence of large farms where the most advanced agricultural engineering practices and chemical agents could be applied. According to the statistics from 1931, 60.7% of small landowners occupied only 14% of the country, 33% medium landowners had 37% of the total arable land, 6.3 owners had 47% of the total land ownership [9, pp. 42-43].

Agricultural production fluctuated a lot from one year to another. The volume of agricultural production depended a lot on external natural factors. So in the years when favorable natural conditions for agricultural production prevailed, the production was high, and vice versa, when there were unfavorable conditions, it was low.

Serbia did not sufficiently apply agricultural-engineering practices and chemical protection. In addition, very little was done on seed selection and application of new types of crops that brought higher yields. Individually speaking the largest producer of wheat and maize was the Danube region. The yields of that regional unit range up to 50% of the total yields of the country. On the other hand, the Moravian region had lower yields per hectare than the national average [9, pp. 67-76].

Table 3 Yield trend of some crops

Product	Year					mc/ha	
	1921.	1925.	1930.	1935.	1939.	1920-1929.	1930-1939.
Wheat	8,9	10,3	10,3	9,3	13,1	9,1	11,3
Corn	9,9	18,3	14,4	12,2	15,1	13,1	16,4
Potato	34,1	53,1	60,0	52,2	52,1	47,3	50,9

According to the table we can conclude that the yields were very low. Yields of wheat were lower than 10 mc in the period from 1920 to 1929, and maize was about 13 mc. In a following ten year period yields were slightly increased.

Cattle breeding was developed very extensively. The number of horses increased in relation to the number of cattle. The number of sheep increased, and sheep breeding tended to take a more important place in rural economy. The number of pigs and goats stagnated.

Table 4 A number of livestock by thousands

Livestock type	1921.	1931.	1938.
Horses	1,081	1.333	1.277
Cattle	5.073	4.718	4.305
Pigs	3.423	4.457	3.451
Sheep	7.511	10.936	10.137
Goats	1,590	2.316	1.890

If we compare 1931 to 1921, we can see that there were more horses, sheep and goats and a small number of cattle.

Agriculture indebtedness was an important economic, social and political problem of the state. Farmers who owned small and medium-sized family farms were most in debt. Agriculture that was based on the self-small and medium-sized structure was forced to take loans not only to restore agricultural production but also to maintain its own existence.

The inflation period from 1920 to 1922 heavily hit small and medium farmers who received interest loans under severe conditions. These conditions led to the fact that farmers debts grew much faster than the decline of the purchasing power of money.

The agrarian crisis from 1929 to 1932 also hit the peasantry. The part of peasantry who took their products to market was badly affected especially by the crisis. Usurious loans came into villages after the crisis. A new period of decline of peasant farms was created, followed by the loss of property, etc. In 1928 farmers' debts amounted to 6 billion. The largest part of debt was based on usurious loans (about 45% were debts to private owners, 43% to various financial institutions, and the remaining 12% to agricultural cooperatives) [10, pp. 216].

Table 5 Indebtedness of the peasantry in Serbia in 1932

District	Agricultural households			The amount of total debt	Average per household
	Total	indebtedness			
		number	%		
Belgrade	30.073	7.556	25,12	77.329.237	10.234,15
Valjevo	24.039	12.839	53,41	103.803.315	8.084,62
Vranje	43.215	8.367	19,36	47.810.544	5.714,18
Kragujevac	29.619	12.404	41,88	93.989.573	7.577,36
Krajina	22.656	6.420	23,34	19.566.811	3.047,79
Krusevac	33.323	8.217	24,66	48.866.745	5.947,03
Morava	34.002	13.180	38,76	80.621.005	6.116,92
Nis	30.629	7.523	24,56	34.946.215	4.645,25
Pirot	213.11	3.603	16,91	27.227.222	7.556,82
Podrinje	35.306	12.331	34,93	132.015.686	10.706,32
Pozarevac	46.279	8.912	19,26	39.614.374	4.445,06
Rudnik	14.558	8.426	57,88	68.476.585	8.126,82
Smederevo	22.495	6.908	30,71	56.750.877	8.215,24
Timok	27.517	6.691	24,31	47.461.671	7.093,36
Toplica	19.027	4.227	22,21	16.786.389	3.971,23
Uzice	73.718	8.023	33,83	41.488.938	5.171,25
Cacak	26.320	8.496	32,28	54.346.023	6.396,66
Northern Serbia	483.367	144.123	29,82	991.101.310	6.876,91
Raska	18.515	5.429	29,52	18.448.610	3.398,16
Kosovo and Metohia	64.899	17.946	27,65	110.206.116	6.145,28
Serbia	566.781	167.498	29,55	1.119.846.036	6.685,73

Source: Momcilo Isić, Peasantry in Serbia, 1918-1941, op. 209 pages.

The fall in the prices of agricultural products during the major crisis from 1930 to 1934 caused another wave of indebtedness of the peasantry. Previous debts were not regulated. The deflationary trend that began after the stabilization of dinar in 1931 pushed peasants into additional debt [7, pp.30-31].

Deep dysfunctions that had gradually been manifested during the ripening of agricultural crisis in the previous period increasingly undermined the socio-economic structure in rural areas, now came out to surface and got catastrophic proportions by strong global economic crisis. In this sense, the greatest disorder effect had a large imbalance of prices as a result of catastrophic degradation of agricultural products' prices [5, pp. 145].

This table was made according to a poll organized by the Ministry of Agriculture in 1932. The poll was conducted on the principle that actual debtors claimed the height of their debts.

During 1929, the Privileged Agricultural Bank was established. The founding capital of this bank amounted to 700 million dinars. The main reason for the establishment of this bank was an attempt to liquidate farmers' debts. From the period of the bank establishment to 1936, when the Regulation was made to liquidate the debts of farmers, three laws were passed, 16 rules and 3 regulations that dealt with solving the issue of farmers' debts [10, pp. 216]. Generally speaking, none of these acts committed debt relief. These acts actually allowed conversions debts that were from various creditors transferred to Privileged agrarian bank. Conversion of debts meant tightening the obligations for farmers. Specifically, Privileged agricultural bank had a right to sell the entire property of debtor and thus to collect the debt. The debt included the interest that is added to the principal, if not obsolete. In this way, the borrowing limit was determined. Only after determining the amount of borrowing limit, exemptions were granted with respect to debts relief. In that way, the debts of up to 25,000 dinars were reduced in half. Debts that had higher amounts, with the approval of court, could be reduced to 30% or more if the debt exceeded 50% of the value of the debtor's assets [7, pp. 54].

A small number of agricultural households had been able to use mortgage loans of Privileged Agricultural Bank. Only about 20,000 out of 1.95 million agricultural households took loans from the bank. The borrowed funds were long-term mortgage loans that could be returned with delayed and with annuity. The loan division, if we observe regions, was not done in an equal manner. For example, out of 336 million of loans that were approved in 1930, the Danube region (Northern Serbia and Vojvodina) received the highest loans 58%, the least went to Drava (Slovenia) 0,02% [11, pp. 349-350].

Debts to Privileged agrarian bank could not be repaid until the Second World War, because the repayment extended to twelve years. The debts were liquidated after the war in 1945.

CONCLUSION

Agricultural production during this period, which covers almost 130 years, was marked by a number of characteristics. Some of them are:

1. heterogeneous agriculture based on varied production,
2. comminution process of agricultural households that existed throughout this period,
3. a constant indebtedness of farmers, mostly by unfavorable credit.

One of the biggest problems that affected agricultural production growth was over-indebtedness of peasantry. Peasants were indebted by usurious loans that had very bad impact on agricultural production. Indebtedness of peasantry was constantly present throughout this period. We can not ignore that there were attempts by the executive au-

thorities to reduce indebtedness of peasantry. The best example of this claim was a Decree on farmstead, which was passed during the reign of Prince Milos. Provisions of this decree protected the rights of farmers in cases when their houses and a part of land could not be sold due to debts. The period of World War II with its large-scale destruction has also been disastrous for Serbian agriculture and consequently for its peasantry. The existence of crisis in agriculture continued after the First World War. Particularly difficult were the periods of inflation, which lasted from 1920 to 1922, as well as the agrarian crisis that lasted from 1929 to 1932.

Throughout that period the state was unable, or simply did not want to deal with the above problems. The state did not have a general plan for solving the crisis in agriculture. The absence of co-existent agricultural policy resulted in deepening of the already poor relations in agriculture at that time.

REFERENCES

1. Statistical Yearbook, the Kingdom of Serbia, the fifth book, 1900, Belgrade 1904.
2. Obren Blagojević, Economic Thought in Serbia before World War II, SANU, Belgrade, 1980.
3. Sreten Vukosavljević, History of peasant society, SANU, Belgrade 1953.
4. Nikola Vuco, Economic History of Serbia until the First World War, Naucna knjiga, Belgrade, 1955.
5. Nikola Vuco, Agrarian crisis in Yugoslavia from 1930 to 1934. Prosveta, Belgrade, 1968.
6. Nikola Ilijic, History of Cooperative of Serbs, JP Sluzbeni list SRJ, Belgrade 1999.
7. Momcilo Isić, Peasantry in Serbia, 1918-1941, Zavod za udzbenike I nastavna sredstva, Belgrade, 2001.
8. Dragan Jovanovic, Agricultural Policy, Belgrade 1930. 2001.
9. Milan Lazić, Agricultural production in the Kingdom of Yugoslavia, Zavod za udzbenike i nastavna sredstva, Belgrade, 1999.
10. Petar J. Markovic, Dragoljub Č. Simonovic, Agricultural Economics, Savremena administracija, Belgrade in 1973.
11. Mijo Mirkovic, Economic History of Yugoslavia, Informator, Zagreb 1968.
12. Jelenko Petrovic, Farmstead or protection of land minimum, Belgrade 1930.
13. Slobodanka Stojicic, The Agrarian Question in the newly liberated areas of Serbia after the Serbian-Turkish wars of 1878-1907, Leskovac, 1987.
14. Dragoljub Simonovic, Agriculture municipality of Nis, 1878 -1879, Ekonomika, 1980.
15. Evgen Filipovic, Agricultural Policy, Belgrade 1913.

OSVRT NA AGRARNU POLITIKE SRBIJE U PERIODU OD PRVOG SRPSKOG USTANKA DO DRUGOG SVETSKOG RATA (1804-1941.)

Zoran Simonović, Dragoljub Simonović

Cilj ovog rada predstavlja pokušaj da se da kratak prikaz agrarne politike Srbije u periodu od Prvog srpskog ustanka do Drugog svetskog rata (1804-1941.). U radu se ukazuje na probleme koji su vezani za usvajanje poljoprivrednih gazdinstava i na kreditno zaduživanje seljaštva. Detaljnije se govori o problemima koji se odnose na zaostalost poljoprivrede Srbije. Takođe se govori o uticaju ekonomske krize na agrarne prilike. Glavna karakteristika poljoprivredne proizvodnje Srbije ovog perioda je da je ona bila bazirana na svaštarskoj proizvodnji. Autori u ovom radu ističu da Srbija nije imala koegzistentnu agrarnu politiku. Sve to je dodatno uticalo na produbljivanje i onako loših odnosa u poljoprivredi toga doba.

Ključne reči: poljoprivredno gazdinstvo, poljoprivredna proizvodnja, zaduženost poljoprivrede