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## **THE AMBIVALENCE OF THE EU AGRICULTURAL POLICY AND THE FUTURE OF SMALL AND MEDIUM-SIZED FAMILY FARMS IN CROATIA**

### **AMBIVALENTNOST POLJOPRIVREDNE POLITIKE EUROPSKE UNIJE I BUDUĆNOST MALIH I SREDNJIH OBITELJSKIH GOSPODARSTAVA U HRVATSKOJ**

#### **ABSTRACT**

*Croatia has 2.95 million hectares of farmland, of which it uses only 1.2 million hectares. The areas are exploited to produce inefficiently, and so is the system of incentives and subsidies. Therefore, Croatia is highly dependent on food imports. Although there are still one in three people living in agricultural households, only a few food products are being produced in quantities sufficient for national needs. On food imports such as the one in 2008, Croatia has spent \$ 1.5 billion. Rural areas occupy about 85 percent of the territory, and 85 percent of villages are affected by depopulation. Residents of rural areas are characterized by increasing life expectancy and a fifth of the rural population aged between 25 and 40 years wants to move to the cities. In fact, almost half of agricultural land is classified in the group threatened by erosion. Nearly a third of all agricultural land suffers from acidity. More and more farmland is lost by converting agricultural land into construction land. For these reasons, the strategic goal of increasing agricultural production will not be easy to achieve. To achieve this we need to change priorities in national policy towards agriculture and rural areas. It is considered that a major obstacle in the way of raising productivity is the small area (approximately 1.9 hectares) owned by agricultural households. These households, on the other hand, have approximately 80 percent of agricultural resources. Fragmentation of agricultural land does not adopt the global economy, but emphasizes large, easier and faster cost-effective systems. Small agricultural households are facing destruction, and without them there is no life in rural areas and caring for the environment. The imperative to raise productivity in agriculture comes into conflict with the objectives of rural development and sustainable development. In order to counter such trends, the EU wants to use incentives to adjust small and medium-sized farms to market conditions. However, the distributional impact of incentives is such that large manufacturers picked the most money, rather than small and medium producers. This effect leads to land consolidation, the creation of large landowners and the development of profitable food industry. Deregulation and the promotion of competitiveness in agriculture and food industry further complicate the survival of viable rural communities. In surviving villages, the EU wants to develop the competitiveness and diversification of agricultural production in rural households (e.g. tourism and rural crafts). In this paper we explore the ambivalence of European agricultural policy and its impact on Croatian agriculture and countryside, and try to answer the question whether this policy, in the case of Croatia, will lead to the collapse of local agriculture, the disappearance of rural*

*communities and food price increases. Based on experiences of other countries and theoretical models, the paper gives outlines of a national agricultural policy which would, for example, through the development of cooperatives and clusters protect family farms and households living in rural areas. At the same time such a policy could affect the increase in agricultural yield and income of small and medium-sized farmers.*

**Key words:** *EU agricultural policy, agricultural corporation, small and medium-sized farms, competitiveness and diversification of production, agricultural cooperatives and clusters*

## SAŽETAK

Hrvatska ima 2,95 milijuna hektara poljoprivrednih površina, od kojih iskorištava samo 1,2 milijuna hektara. Područja za proizvodnju se iskorištavaju neefikasno, a takav je i sustav poticaja i subvencija. Zbog toga je Hrvatska veoma ovisna o uvozu hrane. Iako u njoj još uvijek svaka treća osoba živi u poljoprivrednom kućanstvu, svega se nekoliko prehrambenih proizvoda proizvodi u količinama dovoljnim za vlastite potrebe. Na uvoz hrane Hrvatska je npr. 2008. g. potrošila 1,5 milijardi dolara. Ruralna područja zauzimaju oko 85 posto teritorija, a čak je 85 posto seoskih naselja zahvaćeno procesom depopulacije. Stanovnike ruralnih krajeva obilježava sve veća prosječna životna dob, a petina seoskog stanovništva u dobi između 25 i 40 godina želi što prije odseliti u grad. Pri tome gotovo polovinu poljoprivrednih zemljišta svrstavamo u skupine ugroženih erozijom. Skoro trećina svih poljoprivrednih zemljišta trpi od zakiseljenosti. Sve se veće poljoprivredne površine gube prenamjenom poljoprivrednog zemljišta u građevinsko. Iz navedenih razloga stratezijski cilj povećanja poljoprivredne proizvodnje neće biti lako ostvariti. Da bi se to postiglo potrebno je promijeniti prioritete u nacionalnoj politici prema poljoprivredi i selu. Kao glavna prepreka na putu podizanja produktivnosti smatra se mala površina (prosječno 1,9 ha) koju posjeduju poljoprivredna kućanstva. Ova kućanstva, s druge strane, posjeduju približno 80 posto poljoprivrednih resursa. Usitnjenost pak poljoprivrednih površina globalna ekonomija ne prihvaća već potencira velike, lakše i brže isplativije sustave. Sitna poljoprivredna kućanstva se nalaze pred uništenjem, a bez njih nema života u ruralnim područjima i brige za očuvanje okoliša. Imperativ podizanja produktivnosti u poljoprivredi dolazi u sukob s ciljevima ruralnog razvika i održivog razvoja. U želji da suzbije takva kretanja, EU u globalno kriznom ozračju poticajima nastoji prilagoditi mala i srednja poljoprivredna gospodarstva tržišnim uvjetima. No, distribucijski učinak poticaja je takav da veliki proizvođači ubiru najviše novca, a ne mali i srednji proizvođači. Takav učinak vodi do okrupnjavanja zemljišta, stvaranja velikih zemljoposjednika i razvoja prehrambene industrije. Deregulacija i promicanje konkurentnosti u poljoprivredi i prehrambenoj industriji dodatno otežavaju opstanak održivih seoskih zajednica. Kako bi selo ipak opstalo, EU rješenje vidi u razvoju kompetitivnosti i diverzifikaciji proizvodnje poljoprivrednih kućanstava (npr. u bavljenju turizmom i tradicionalnim obrtima). U ovom se radu istražuje ambivalentnost europske poljoprivredne politike i njezin utjecaj na hrvatski agrar i selo, te se pokušava odgovoriti na pitanje da li će ova politika u hrvatskom slučaju dovesti do propasti lokalne poljoprivrede, nestanka ruralnih zajednica i poskupljenja hrane. Na temelju iskustava drugih zemalja i teorijskih modela u radu se daju obrisi nacionalne poljoprivredne politike koja bi, kroz npr. razvoj zadruga i klastera, mogla zaštititi obiteljska poljoprivredna kućanstva i život u ruralnim područjima. U isto vrijeme takva bi politika mogla utjecati na povećanje poljoprivrednih prinosa i dohotka malih i srednjih poljoprivrednika.

**Ključne riječi:** *poljoprivredna politika EU-e, poljoprivredne korporacije, mala i srednja obiteljska gospodarstva, kompetitivnost i diverzifikacija proizvodnje, poljoprivredne zadruge i klasteri*

## **1. Introduction**

Agricultural production has in the past fifty years changed more significantly than during the whole ten- thousand-year-old period from the Neolithic revolution to this day. Still, the multi-millenary progress in food production for the consumption of a great number of people who do *not* participate in food production is one of two most important foundations of our civilization. When observed at the level of individual groups of humans, ever since the emergence of first economies, agricultural production has been the key production branch. Due to its function of satisfying basic human needs food production is today still too sensitive and complex an economic area to merely abandon it to the fluctuations of the all-dominating market and free trade as modes of management. This logic is strictly held by the greatest world powers such as USA, EU and China who still protect their agricultural sectors with subsidies, limits on export and/or destruction of food surplus. Numerous agricultural subsidies are helping the USA and EU to keep their status as food exporters, although in this way they grossly violate the rules of free competition and trade they proclaim.

The role of Croatian agriculture is also to produce food that will satisfy local demand, and due to its natural advantages it is expected over time to become a significant exporter of agricultural products. However, poor yield currently realized by domestic agriculture makes it another problem-ridden part of national economy. Therefore, this paper generally researches the effects that current market-inspired and managed national and European (EU) agrarian reforms will have on the efficiency, fairness and sustainability of local agriculture. Within the framework of this broad subject we will particularly analyze the current and future positions of small and middle-sized farmers who are feared to become the biggest losers due to neo-liberal agrarian reforms. What is at stake, are the destinies of 100,000 people who live today in Croatia on independent agricultural production and do not employ external workforce. They can hardly adjust to the market conditions, fend off corporate agricultural production and fight free trade of food products. Their prospective pauperization and proletarianization is not sufficiently taken care of, and neither are the spatial, demographic, social, cultural, environmental, and other social consequences of their demise and disappearance.

In order to prove the conclusions on effects of neo-liberal transformation of the Union's agricultural policy (CAP) and the Croatian agricultural policies on small and middle-sized farms, in the second and the third part of this paper we shall theoretically analyze the attributes and the goals of the European agricultural policy and the state and problems of Croatian agriculture and agricultural policy. We also conclude that after Croatia's entry into the EU the differences between these agricultural policies will increasingly diminish, especially in the circumstances of strong links between the crisis-ridden Croatian and European economies.

In the concluding part of the paper, based on the most important preliminary insight, we shall form a model according to which the local agricultural sector should function. In accordance with this model agrarian reforms will in Croatia, as shown in analyses of similar reform in other moderately developed countries, lead to the concentration of agricultural real estate, as well as to concentration of agricultural production, exclusion of poor/ non-competitive manufacturers and the increase of their proletarianization. Aside from problematizing long-term economic benefits from initial growth, the conclusion also includes the environmental, cultural and other criticism of the conceived neo-liberal institutional framework in which

local agricultural production will have to find its place in the future. It makes the most sense to question the logic of sacrificing everything – fairness, solidarity, health, tradition, security, free time, dignity, and life in harmony with nature – for the purpose of efficiency increase and wealth of the very few in the context of production and distribution of basic foodstuffs.

At the end of the final discussion we will also give suggestions, which could, if they become an integral part of Croatian agricultural policy, help the survival of small and middle-sized manufacturers, moreover which should alleviate their problems and prevent the most damaging consequences of this agricultural shock-therapy. These suggestions call for an increase in agricultural intervention, but do not erode the rules of the free agricultural market and international trade.

## **2. Common Agricultural Policy (CAP) and the agriculture of the EU**

In the highest developed countries in the world agriculture has a small share in the gross domestic product, and therefore agriculture and agricultural policy are very rarely the focus of discussions on national economic policies. Even though the share of agricultural production in EU's common GDP is similarly low, only ca. seven percent with employment of around seven percent of the workforce, agriculture and agricultural policy have for decades taken almost the most important place within the common economic policy of the EU.

This placement can easily be explained on the example of the founding Treaty of Rome in which the Common Agricultural Policy (CAP) is the only explicitly mentioned area of economic policy. Furthermore, from the time of its establishment until recently the EU has spent most of its budget on managing and subsidies in agriculture (today it comprises less than 40 percent of the budget), and an equally great attention was being given to making numerous provisions and spreading the power of the EU in the area of agriculture. All the money and effort invested are a reflection of European agricultural protectionism which did not even shirk from direct meddling in formation of agricultural products' prices and the amount of European farmers' income. Western European countries have long known that without subsidies their agriculture cannot survive in the global market or maintain the same level of competitiveness. Through high pricing of agricultural products (subsidies are compensation for reduction of prices) which makes the essence of continually criticized European agricultural policy, CAP simultaneously tries to provide i) high food production, ii) existential security for agricultural manufacturers, and iii) self-reliance and solidity of European citizens' consumption (McCormick, 2010, 169-170).

Next to its economic (in the year of establishment agriculture of the founding six employed 20 percent of the workforce and had a share of 12 percent in the gross domestic product) and safety importance (as a consequence of the food trauma of the Second World War), agriculture is also traditionally considered important due to some other reasons such as, maintaining the rural way of life and production, protection of countryside, caring for the animate and inanimate environment, etc. Due to noted multifunctionality and simultaneous vulnerability of small and middle-sized farms the Union decided to protect not only that which is of economic importance, but also that which can contribute to some extra-economic values. The contribution to such a view of the Union on the function and importance of agriculture and farmers was given by the strongly union-organized farmers and rural lobbies at the national and EU-level.

Although over time the CAP has started to gradually open more economies of member states to market competition, similar processes mostly bypassed European agriculture and farmers protected by tariffs. In contrast to the agriculturally most powerful France, Germany placed more importance on its industry and did not, therefore, raise any issues on development of a complex and expensive system of common agricultural incentives or protectionist system.

Common incentives were also a solution to the issue of national incentive which could, if there was no standardized incentive policy, come into conflict with the concept of the single market. As a result of the CAP European farmers were until recently guaranteed a minimum price for their products regardless of the amount of production, world prices or the supply/demand ratio (McCormick, 2010, 171). The CAP funds also finance the investment in new agricultural technologies, but also the health, retirement and other related incentives for farmers. The CAP has managed to achieve extraordinary results which include, among others, a high standard of living for European farmers, the largest amount of product export (the share of EU in the world is 43 percent). The CAP was also subjected to numerous critiques because of the mistakes it was credited with: production of vast food surplus, increase in prices of agricultural land, not reducing the chasm between the income of rich and poor farmers and the agricultural North and South, environmental damage arising from the growth of agricultural holdings and their increased efficiency, increase of food prices despite the surplus, “devouring” funding from the European budget, distortion of international food prices and creating an economic dependency and malverization in subsidized farmers. Reform measures taken reduce the guaranteed prices of some products and direct payment to larger farms, and subsidies are not connected with over-production but with the size of arable lands (around 250 euro of subsidy per hectare). Also, instead of quantity the Union starts promoting quality since the goal has now become the production of higher quality food and larger income (Grgurić, 2010). The creators of this reform claim that these measures will distort the trade in agricultural products less, as well as that agriculture will become more market-oriented and diversified (McCormick, 172-173). The Union also argues that conditions are now right for an additional increase in agricultural products’ export to the vast markets of the newly developed India and China (Rademacher, 2003, 182), in which process the most contribution is expected from increasing production in Eastern European agriculture. However, through the enlargement of the EU to Eastern Europe some new challenges were posed before CAP. Due to vast agricultural areas and fragmented holdings and a relatively low productivity of the most Eastern European farmers (these countries have as much as 7 million farmers in contrast to the 6 million in older and more populated member states), the Union was forced, due to some political and social reasons, to invest large funds (McCormick, 173-174). However, they were still smaller than the ones in the old member states in order to protect the small and middle-sized farmers in these countries from new competition. Regardless of vague and in the time of austerity questionable promises of the Union of a gradual increase of funds allocated to the agriculture of transitional countries (including Croatia), the reformed CAP has some features of ambivalence because it imposes on newly accepted member states a reduction of state incentives and opening of their economies to the market game. Many are of the opinion that in the circumstances of structural differences between the member states of the EU-15 and the ones of the EU-12 these measures favor the western European farmers and their cheaper products, which will consequently flood Eastern European food markets. The victims in this case will be small and middle-sized Eastern European farmers.

### **3. The effects of CAP on Croatian agriculture and the position of small and middle-sized farmers**

The forthcoming entry of Croatia into the Union has found the local agriculture, the manufacturers and the consumers of food in a hard situation. Namely, even though there are 2.95 million hectares of agricultural areas, Croatia uses only 1.2 million hectares for production. In addition, these areas are used inefficiently, and the like can be said about the existing system of incentives and subsidies. Due to this Croatia is very dependent on food

import. Between 2000 and 2009 Croatia imported from the EU market food in the amount of 9.15 billion euro, while during that same period it exported agricultural and food products in the amount of 2.96 billion euro. In this same period agriculture was given 27 billion in incentives, but self-reliance was achieved only for a few products with a modest increase in export. In the previous five years only sugar, fish and meat products have noted a positive balance in the total exchange of goods with the member states of the European Union (Babić, 2012). An insufficient production is compensated by an almost unlimited import of food. This situation can be blamed on non-selective incentive measures, trade barriers which are imposed by the Union on potential local exporters and the benefits that local importers of food have from a stagnation of local production. For instance, it is not clear how the most incentive monies end up in Agrokor (annually between 150 and 200 million owing to which it successfully increases food production on its land) while simultaneously the very same Agrokor as a concern owns half the companies of ten greatest local food importers (Čulić, 2012). We import the most food from producers in Germany. Altogether, in the year 2010 the total production in the sector of agriculture was valued at 21.2 billion kuna, while the gross added value was 9.7 billion kuna (the net added value was 7.1 billion kuna). In contrast to 2005 the value of local agricultural production increased 3.4 billion kuna (around 16 percent) and the gross added value 4 billion kuna. For the sake of comparison we will state that in that same period the agricultural production in the newcomer EU-12 member states was on average increased 12.7 percent. The highest was in Poland with an increase of 45.2 percent, while Slovenia noted an almost 8 percent decrease of production (Babić, 2012).

The problems of long-term insufficient production, large export which destroys local production and an expensive food bundle which local consumers have to pay are not the only problems related to Croatian agriculture. There is the problem of rural areas which comprise 85 percent of the territory, where every third person in Croatia lives in a farm household. Out of the total number of rural settlements as much as 85 percent of them are affected by the process of depopulation. The inhabitants of rural areas are marked by an increasingly higher average age, and a fifth of the total rural population (1,971,005 in 2001) in the age group between 25 and 40 years wants to move as soon as possible to the city. In Croatia around a million people i.e. around 50 percent of total workforce still gain at least a part of their income from farming. One should include in the problems mentioned the increasingly worsening state of agricultural land bio-capacity. Almost a third of all agricultural land is affected by acidity, almost half is in danger of erosion, and ever larger agricultural lands are lost to conversion into construction land. Artificial fertilizers are excessively used and it affects a poor quality of the soil (reduced resistance to drought and climate variability) and water and air pollution. (Šimleša, 2010, 184-186).

In the context of the above mentioned it is clear that in the future Croatian agriculture, farmers and rural areas will be under an increasing preasure of market-based views on the structure and function of agricultural production and neo-liberally inspired reform of agricultural policy of the EU (from 2003), as well as gross disappointment with the absence of a more significant development of local agriculture despite the billions of funds invested. Croatian agricultural policy (if we agree that it even exists today) will most probably strive to reduce agricultural incentives, abandon farmers' protection measures (deregulation) and concentrate agricultural production under the umbrella of local and foreign corporations. National agricultural policy will also strictly follow other guidelines from the CAP, a policy which is primarily directed towards reducing the number of subsidized commodities, i.e., redirection of subsidies to commodities which bring the most income per unit of area (e.g. ecological products). This means that in the entire area of the EU, including EU-12 and Croatia, products with low added value will be produced in large agricultural corporations (and to some extent in large family farms), who need large areas in order to function profitably. Corporate-based and

capital-intensive production will certainly increase yield, execute pressure on prices aiming downwards and strengthen the agricultural export of the EU. It is believed that it will be a further contribution to European food security, but also to an even easier access of wider strata of population to cheaper food (the quality of the food is a different issue). In the implementation of the new agricultural model the Union must heavily rely on large food production corporations, and in accordance with the continuing policy of promoting national agricultural interests the largest share of the profit which will be created in Eastern European agriculture will be seized by the highest developed states and their agricultural corporations. How lucrative a business agriculture can become in the future is also shown by projections of the international charity organization *Oxfam* which predicts a 70 to 90 percent increase in food prices in the next twenty years in the world.

Critics of this model argue that production organised through large agricultural systems is very vulnerable due to high specialization and prevailing monocultural production. Namely, despite the technological development (or just because of it) contemporary agriculture faces a great challenge which e.g. growing energy resources prices, and especially climate change bring with them (Faber, 2012). At present they already affect the decrease or stagnation in crop yield in the world and the depletion of its reserves, i.e. the weakening of total biological productivity of our planet (Flanery, 2007, 228-231). According to extreme scientific views the most severe climate changes could relatively quickly incapacitate the supply of larger cities with food, water and energy, and thus wipe out the whole civilization. If we are hit by such climate change or some other severe environmental crisis, the experts are of an opinion that the downfall of our civilization would only be survived by those who live in smaller communities, such as villages, produce their own food at small farms and apply their numerous and various abilities. Therefore, with the growth of global agricultural production food security is not guaranteed to anyone forever, and this indicates that we should not carelessly get rid of the “primitive” rural life and the ways of food production appropriate to it. In this context the counter-arguments advocating de-globalization and de-liberalization of agricultural production and strengthening local production and manufacturers seem rational enough. Such production would increase local productivity, and decrease prices, since food must not become the object of speculations, and raise the security of local food.

Within the model of agricultural production which is dominated by large corporations and a few large family farms it is almost inevitable that most small farms and a good deal of middle-sized family farms will disappear. The combination of low costs of corporate production, high subsidies for corporations and decreasing the ones for small manufacturers can, economically speaking, be survived by only a small number of peasants. It will depend on their success in the demanding process of transition from the conventional to organic production, i.e. to high-quality products, with significant added value and additionally subsidized by the Union. However, since even the turn towards new products and ecological production is insufficient to create a significant income, small and middle-sized farmers (we are talking about more than 100,000 Croatian peasants) will under the conditions of increased deregulation and competitiveness have to look for their salvation from utter pauperization in *diversifying economic activity*. The Union believes that everywhere in Europe relatively wealthy rural communities can survive based on the “idea of creating few rural farming households which will, when possible, have the function of tourist sights” (Kikaš, 2011). Thus, small and middle-sized farmers who have weak resources and knowledge will also have to become service workers and have to deal in addition to agriculture with tourism, traditional crafts, entertainment and ecology.

The neoliberal policy intends to *proletarianize* everyone who has not managed to raise competitiveness and successfully further their activities. Failed farmers will head for the cities hoping for employment and new life. Due to the economic crisis which has not been

overcome, but also for some other reasons, in those cities there will not be nearly enough jobs for them and they will turn into the poorest precariate. In accordance with this solution, there will not be neglected agricultural lands because they will be taken over by corporations and large family farms, but there will be abandoned houses and farms.

In the case of Croatia, the final result of the European agricultural reform will be a drastic reduction in the share of farmers in active workforce, and will fall far beneath the current 8 percent, and even under the 5 percent of the Union. The conventional economics considers this trend of reduced share of agricultural population still to be a positive occurrence and a sign of progress. From its narrow viewpoint it estimates that agricultural products are very simple and that they bring a small added value into the capital invested. Therefore it claims that the increase of national income can only happen through redirecting the workforce from agriculture into other more profitable sectors, such as pharmaceutical industry or telecommunications (Grgurić, 2010). However, it is a logic inherent to capitalism which faces more and more criticism, revalorization and demontage because it does not take into account any other economic interest or social value. It does not even take into account the pressures described which are already burdening contemporary agriculture.

#### **4. Instead of the conclusion: guidelines for the national agricultural policy with the function of protection of small and middle-sized agricultural farms**

If Croatia needs to take the same road that was already taken by modern developed and wealthy countries, it is an intriguing issue whether it must “reduce its actual agricultural population to an ever smaller and sometimes *absurdly* small share in total population” (Hobsbawm, 2009, 252)? In solving the problem of insufficient agricultural efficiency, in a way which is deeply connected to short-term and short-sighted profit interests of the few, does it need to sacrifice not only small and middle sized farmers but also numerous other parts of the whole society and through this show a profound economic and social irrationality? How to organize an agriculture which will reconcile the imperative of efficiency, on the one hand, and the preservation of the rural way of life and survival of small and middle-sized farmers and protection of the environment on the other? While searching for answers it is evident that economic/profit logic cannot and must not be the only one through which we view the future of the strategically most important sector of economy and its weakest participants. The analysis of the results of other market-lead agrarian reforms which were implemented in other moderately developed countries similar to Croatia show an increasing deregulation and decreasing state incentives create “a tendency towards concentrating land ownership, exclusion of the poorest and a growing proletarianization” (Oya, 2012). During and following the implementation of such reforms there arises social stratification, and growing inequality, the winners are the few capitalists and large agricultural farms located close to the cities, and the losers poorer peasants with low competitive value and those that live only on rural income.

In order to reconcile the goals of increase of production and the survival of small and middle-sized farmers (with a decent standard) and rural areas in the context of the above considerations the local agriculture would have to:

1. understand the ambivalence of the European CAP and its catering to the interests of foreign agricultural corporations and food security of the highest developed western states;
2. change the overwhelmingly negative image the public has of agricultural production, the village and life in rural areas through positive propaganda on economic, security, social, areal, spatial, demographic, environmental and cultural importance of farmers and the village;



3. remove obstacles to the development of competitiveness of local farmers through supporting their linking and joining into cooperatives and clusters which are a guarantee of farmers remaining in villages;
4. organize a widespread and continuing education of farmers on technological development, organic production, product health safety, tax, credit and accounting system, subsidies and preparation of European projects, managing skills and lobbying, managing agricultural lands owned by units of local government, building and maintenance of basic communal and social infrastructure, environmental protection, etc.;
5. establish and support a financial institution which would ensure cheaper loans, production materials and equipment for the local farmers as well as debt recovery;
6. stop delays in subsidy payments, strictly control their utilization and penalize offenders;
7. protect the arranged redemption prices in case of pressures from large buyers and generally reduce tax rates on food;
8. invest in agricultural scientific and research activities and public infrastructure of irrigation/drainage;
9. pursue a policy of constant negotiations with the EU on access of imported food to local agricultural market and preferential agreements within the regulated framework of CAP;
10. ensure that every agricultural reform is well prepared and gradually implemented (with no shock-therapy), and that it is followed by programs and measures providing for the most endangered farmers.

We believe that the proposed guidelines are neither romanticist, nor naive and politically short-sighted. If they are not implemented local agriculture, regardless of its own potentials, cannot develop significantly in unequal competition with the more efficient agricultural sectors of Western European states. Small manufacturers have a right to protection of their own production in the name of preventing the emergence of numerous political, social, spatial, cultural and environmental anomalies and victims. Moreover, the interests of capital, European export and the growing world-wide demand for food can be realized without trampling the interests of small farmers and agricultures, regions and states.

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