

Farmers, eco-farmers and land privatization

Contents:

- 1. Introduction**
- 2. Privatization of agricultural land and its purpose**
- 3. Agricultural land as a prerequisite of farmers' existence**
- 4. Ecofarmers' dependence on cultivated land**
- 5. State land transfer to farmers**
- 6. Limitation of state agricultural land transfers to companies**
- 7. The examples from everyday practice**
- 8. Conclusions**
- 9. Judging the sale validity according to Section 7, Par.4, Act No. 95/1999 Coll.**
- 10. Questionable provisions of Act No. 95/1999 Coll. on agricultural land privatization**
- 11. Current risks of agricultural land privatization:**
- 12. Conclusion**

Legislature:

Act No. 95/1999 Coll., *on conditions of agricultural and forestry lots transfer from state ownership to other persons*

Explanatory report to Act No. 95/1999 Coll.

Czech Republic Constitutional Court findings No. 80/2000 Coll.

Act No. 229/1991 Coll., *on modification of ownership relations to land and other agricultural property*

Act No. 40/1964 Coll. *of Civil Code*

Act No. 252/1997 Coll., *on agriculture*

Act No. 242/2000 Sb., *on ecological agriculture*

Statutory rule No. 242/2004 Coll. *on conditions of measures implementation for support of agricultural microproducing function development based on environmental protection, law on ecological agriculture*

1. Introduction

The subject of this study is a current privatization of state agricultural land under Act No. 95/1999 Coll., *on conditions of agricultural and forestry plots transfer from state ownership to other persons*. In the first wave, state agricultural land was transferred to original owners under Act No. 229/1991 Coll., *modification of ownership relations to*

land and other agricultural property, this process of restitution is now almost finished. The remaining part of land is being transferred in current privatization to acquirers under this Act.

The study especially takes into account the suggestions of eco-farmers concerned. Most of the farmers started to build their farms in the 90s after the state returned their property under restitution regulations. Some of them even survived the communist regime as small private farmers. In the period before privatization (1990s) they farmed state agricultural land under contract of lease, they reached certain existential stability, they committed themselves to fulfil subsidies programme, and they accepted adequate financial obligations to fulfil the conditions.

In this very moment a change occurs – the land is privatized. If the state fulfils their promises about preference of farmers farming the land, the farms can continue their existence. If other subjects buy state land, small farmers can lose their farms.

2. Privatization of agricultural land and its purpose

Under Act No. 95/1999 Coll. about 500,000 ha of agricultural land out of total area of 900,000 ha of agricultural land administered by CR Land Fund is privatized. Land privatization is supposed to enable farmers to acquire agricultural land administered by the state until now so that they could farm it effectively.

The purpose of privatization is stated in the following documents:

Explanatory report to Act No. 95/1999 Coll.:

“The main object of the Act is not financial effect arising from state agricultural land sale but the privatization of these lots for the benefit of private individuals working in agricultural production and also the transfer for public welfare purposes and living through communities. The Act also enables to consolidate the ownership of lots and buildings but only in this case it allows legal entities to become lot holders.”

The purpose of the state land sale is to find more responsible owners hoping they will be good farmers. It is in the public interest the state land preferably gets to hands of those who work on it and who want to make their living out of it and reach the prosperity. The sale of land to any legal entity leads to speculative purchases of financially strong groups.”

Czech Republic Constitutional Court finding issued in Collection of Laws under No. 80/2000 Coll.:

“The reason of the preferential transfer of state land to private individuals, private farmers, is to ensure the proper land farming and to reduce speculations with lots. This aim is in accordance with the Constitution, even though the methods chosen for its fulfilment cannot entirely prevent speculative transfers in the future.”

3. Agricultural land as a prerequisite of farmers' existence

The ownership of land and its free disposal are the basic conditions for the farmers', i.e. persons in agricultural business under Section 2e paragraph 1 Act No. 252/1997 Coll., existence as entrepreneurs. The privatization of agricultural land should help farmers to extend their existing farms through purchases of other agricultural plots and also make a better use of the farm through purchases of small strategic lots, the ownership of which can play a key role in farm business (roads, entrances, divided lots, etc).

4. Ecofarmers' dependence on cultivated land

Provided a farmer is an ecological farmer under Section 3, Par. 1d), Act No. 242/2000 Coll. *on ecological agriculture*, there is a necessary condition of predictable disposal of cultivated land.

The ecofarmer is existentially totally dependent on subsidies as subsidies even up higher costs arising from bioproducts and biofood production.

Under government regulation No. 242/2002 Coll., subsidies payments are bound to a five-year-long registration of the farmer and his land block (agricultural plot farmed by the ecofarmer) in agroenvironmental system. The land block transfer to another owner and the rental termination means the reduction of the registered land block with a consequent loss and return of subsidies and with a possible penalty.

Any disposal of state land is therefore a very sensitive matter for ecofarmers, as a failure in privatized land tendering procedure can cause a bankruptcy of the ecofarmer influencing the next generations.

5. State land transfer to farmers

The farmer can ask for the transfer of the lot offered to sale by CR Land Fund provided he fulfils one of these conditions:

- he is an entitled person with the right to compensation for the retained lot under Act No. 229/1991 Coll., on settling ownership relations to land and other agricultural property, provided the restitution claim in crowns makes up at least 50% of the minimal lot price,
- he is an independent farmer who is proved to run agricultural production for at least 36 months on the lots of at least 10 ha in size in community cadastral areas or in cadastral areas neighbouring with a cadastral area into which the lots intended for sale belong,
- he is a partner of trading company or a member of collective farm that run agricultural production for at least 36 months on the lots of community cadastral areas or in cadastral areas neighbouring with a cadastral area into which the lots intended for sale belong,
- he is a citizen of the Czech Republic or another EU member state (with residence permit for at least 3 years), he is registered in agricultural businessmen records at the appropriate municipal authority and owns at least 10 ha of agricultural land in the community cadastral areas or in cadastral areas neighbouring with a cadastral area into which the lots intended for sale belong.

Provided more persons fulfilling the above-mentioned criteria apply for the agricultural lot purchase, they are asked to state a bid price. According to the amount of this price the Land Fund determines the order of persons and afterwards sells the agricultural lot to the first one in order. If such a person doesn't conclude a contract

within 45 days, the Land Fund will ask other persons in sequence to conclude a contract of purchase.

The Land Fund doesn't ask for a bid price provided among the persons who asked for the agricultural land purchase there is:

- an entitled person whose claim arose from retaining of lots or their parts in community cadastral areas or in cadastral areas neighbouring with a cadastral area into which the lots intended for sale belong and a financial value of the claim is at least 70% of the minimal price of the lot intended for sale,
- a renter who rents this Land Fund lot on the day of sale start and who was a renter or subrenter of this land over the period of 36 months before the sale start. The person claiming preference right to transfer because of the rent can in this way obtain the lots of maximum 70% of total lots area offered for sale provided they fulfil the conditions for preference right entitlement.

These persons enjoy preference right to other persons stated in Section 7, Par. 1, Act on land sale, in the way that the entitled person will be the first in order and the renter will be the second provided he states this right in the application. The price for which the Land Fund sells the lots to these persons is subject to the price order.

6. Limitation of state agricultural land transfers to companies

The state limited the right of legal entities (trading companies) to apply for state agricultural land purchase. The state enables legal entities to obtain the ownership rights to agricultural lots very rarely, only in case they are owners of the buildings belonging to the original farmstead or used for agricultural production, the subject of transfer can only be built-up or related lots. This limitation is introduced because the aim of the state land sale is "to find a more responsible owner hoping he will be a good farmer". The state prefers private individuals as owners. It excludes legal entities because of the possible speculation with land.

In addition, the advantages connected with privatization, i.e. the price derived from the official price and interest-free repayments for 30 years are determined for private individuals only, "who work on the land and who want to make their living out of it and reach the prosperity". The advantage of interest-free 30-year-long repayments are quite similar to state subvention, their aim is to ensure that the original farmers (restitution claimers) are given a chance to farm the land and extend the acquired farms and to support other interested persons to farm the land, establish farms and restore the life in the countryside. For these reasons, the sale is intended for private individuals and not legal entities.

The state confirmed its standpoint of not selling the state agricultural land to companies by means of Czech Republic Constitutional Court, in finding No. 80/2000 Coll., by which this Court rejected a suggestion of a group of representatives of cancelling the block provision that prevent legal entities from acquiring state agricultural land.

Even though the state land cannot be sold to companies, these subjects can own the agricultural land because they can acquire it from other owners.

7. The examples from everyday practice

Although in Act No. 95/1999 Coll. the state expressed its will to redistribute free state agricultural land to farmers who would farm it to ensure their existence and also wanted to preserve the countryside landscape, the purpose of the law was not fulfilled because of small legal inaccuracies. The examples from everyday practice are stated below:

Example No. 1

Several farmers from border regions similarly described the method of non-standard sale of state agricultural lots when they weren't able to exceed the purchase price offered by interested persons outside the region.

The farmers described the tendering procedure as follows:

Persons who do not live in their region repeatedly take part in the regional tendering procedures. Each of these (non-native) persons (further only as the group) offers a purchase price, their bids are evenly graded, the lowest bid is above the declared price and the highest bid is exaggerated. After the Land Fund invites the participants to conclude the purchase price, it is the person from the group just above the person outside the group who reacts.

When the protocols assessing the invitation to make a bid and a record of proprietary right to the plot were compared, the following was found out:

The land sale of April, 5, 2005 from one of the borderland cadastral areas is documented by 21 protocols assessing the invitation to make a bid, the participant with the highest bid is stated in the real estate register only in the one case.

- in 8 cases one person from the group is stated as an owner. This person always acquired the property right to the lot specified as permanent herbage or arable land.
- in 6 cases a local farmer became an owner of the land specified as other areas,
- in 2 cases this local farmer became the owner of the permanent herbage,
- in 2 cases the same farmer became the owner of the permanent herbage of the rented land,
- in 2 cases a person with permanent address in Prague became the owner of the lot specified as permanent herbage and arable land
- in 1 case the owner is still the Czech Republic

The land sale of June, 1, 2005 is documented by 9 protocols assessing the invitation to make a bid, the participant with the highest bid is not stated as an owner of the plot in any of these cases. One of the persons of the group always acquired the ownership. In 8 cases lots specified as permanent herbage or arable land and in one case other area lots were the subject of the transfer.

If we allocate the numbers of the lots sold on April, 5, 2006 to the ownership certificate, we can find out that 70% out of 1.623.000 m² of all sold lots is owned by one of the persons from the group. If we deduct the lots that were preferably transferred to a local renter without a competition, the final ratio between the lots owned by the group and the locals is 98:2.

When entering the names of the persons of the group in the Companies Register, 33 legal entities connected through one person were found out. The legal entities are connected by mutual capital participation and are centralized in joint-stock companies with the seat in

Prague, having one person of the group as a board chairman, two persons as board members and one person as a supervisory board member.

Among others, the number of companies that are personally connected enables to exceed the limit of 500 ha of total land area acquired by using the preference right.

By entering the names of legal entities for which the persons of the group work on the websites connected with agriculture, it was found out that these legal entities act as big farming businesses in the region of the involved farmers.

Example No. 2

A family started to farm as private individuals (members of the family - father, mother and a son), the father rented the Land Fund agricultural land of 30 ha. Then the family changed the form of business and established a limited liability company with the members of family as partners. They kept farming the same lot which they subrented to the limited liability company with the agreement of the Land Fund.

When the Land Fund announced the sale of the rented lot, the father-renter of the land, claimed the lot within the period provided by law.

But the Land Fund sold the lot to another participant of tendering procedure saying the father-renter doesn't fulfil the conditions of priority as he doesn't carry farming business.

Example No. 3

An ecofarmer gradually got the agricultural lots of about 70 ha in restitution. At present, she is not sure to get any compensation for the retained land of 26 ha. She waits for the tendering procedure for the land she rents from the Land Fund.

Before she managed to handle all necessary administrative matters connected with the land acquiring or the compensation under Act No. 229/1991 Coll. and stabilize the farm, the community sold the third person two small lots of 12 sq m and 14 sq m – a paved driveway to the farm, even though these lots are the only access to the farm, i.e. they are necessary for the farm's existence as they enable the entrance and exit of agricultural machines.

The farmer obviously feels threatened as a new owner of the above-mentioned lots could abuse the right of ownership.

Example No. 4

An ecofarmer who rents 53 Land Fund lots of 18.5 ha can set up a priority claim to 70% of lots offered to sale according to the law. However, if the Land Fund sells the lots one by one, e.g. two lots at one time, it will be bad for the farmer as he always loses one lot. He will have to compete for the remaining lot with other interested persons. If he is not successful, he loses "his" lots and loses the chance to rent the state land as it is sold out. He is also threatened with the return of the subsidies including penalties as a new owner can denounce the contract of lease before expiration of a five-year term of AEO provisions (statutory rule 242/2004 Coll.), the ecofarmer would in this case reduce the area of the rented land within this provision and break the condition necessary for subsidies. The State Intervention Fund would in such a case demand the return of a proportionate part of subsidies from the beginning of the relevant five-year term.

Example No. 5

A trading company bought a building on the lot next to an agricultural lot owned by the state and rented by an ecofarmer. The ecofarmer farms this lot under AEO provisions, i.e. during a five-year period and he draws subsidies according to the statutory rule No. 242/2002 Coll.

The trading company is the owner of buildings that are real estates; this legal entity can acquire the neighbouring agricultural lot after sending a written application to the Land Fund because this agricultural lot on which the building is situated is connected with this building and the owner (co-owner) of the building is an authorized user of this lot.

In case of the sale the owner of the building enjoys priority over the renter. The trading company is entitled to get the land at the official price, i.e. at the minimal price. By selling the land to the owner of the building (the trading company), the ecofarmer's area of the agricultural land is reduced during a five-year period and his subsidies are reduced accordingly. At the same time, the State Intervention Fund demands the return of a proportionate part of subsidies from the beginning of the relevant five-year term (statutory rule 242/2004 Coll.).

Example No. 6

The owner of the neighbouring lot wanted to buy a rented state agricultural lot of an eco-farmer. The owner of the neighbouring lot is preferentially entitled to conclude a contract of purchase at an official price to interested persons under Section 7, Act No.95/1999 Coll., and also to the ecofarmer who rents the land. The area of the sold land cannot exceed 10% of the owned lot.

In case the lot is sold, the subsidies will be reduced or will have to be returned similarly to examples No. 4 and No. 5.

Example No. 7

The farmer, the participant of the competition for lots purchase under Section 7, Act No. 95/1999 Coll. was asked by the Land Fund to conclude a contract of purchase and to pay a deposit within several days after the order of competition participants was announced. The farmer didn't manage to take a loan to pay the deposit within this period.

A participant of the same competition, a partner of the trading company, was asked by the Land Fund to conclude a contract of purchase within much longer period and therefore he managed to take a loan.

8. Conclusions

The above-mentioned examples show that the purpose of the privatization as stated in the introduction is not often fulfilled in practice. It is obvious that the formal interpretation of the law brings tricky obstacles to farmers, while other subjects can ignore the basic purpose of the law and acquire the agricultural land of considerable area on accommodating terms.

9. Judging the sale validity according to Section 7, Par.4, Act No. 95/1999 Coll.

Although Act No. 95/1999 Coll. excludes legal entities from privatization of agricultural land, it gives the partners of these legal entities that run agricultural business a possibility to buy the land on their behalf. However, according to the explanatory report the aim of this provision was a transfer of the ownership to partners – private individuals who will work on the land, make their living there and flourish.

But the transfers of lots to partners of legal entities, which are happening in reality and are described in Example No.1, only makes financially strong holding companies flourish through their partners who acquire the land by one of the above-described ways and give it to the company.

Talking about the acquiring of agricultural lands by partners of legal entities and the subsequent using of these purchased lots by legal entities, it is necessary to mention a provision of the Civil Code No.40/1964 Coll. concerning absolute invalidity of a legal act:

- *Section 39: A legal act is invalid if its contents or purpose are against the law or against good manners.*

- *Section 37: 1) A legal act must be made in a free, serious, definite and comprehensible way, otherwise it is invalid.*

2) *A legal act the subject of which is impossible consideration is invalid.*

A sale of agricultural land is under Section 7, Par. 4) Act No. 95/1999 Coll. a sale in the form of competition among interested persons who asked in writing for the purchase of the offered lot and the Land Fund invited them to make a bid.

Making a bid is in this case a unilateral legal act addressed to the seller by which a person interested in buying the lot expresses his will to conclude a contract of purchase on the transfer of the offered lot at an offered purchase price.

A contract is a bilateral legal act that arises from a complete and unconditional acceptance of proposal for concluding a contract (bid). A draft contract (bid) and its acceptance are unilateral addressed legal acts. These particular unilateral legal acts must also meet the requirements of the Civil Code. It means that a bid must also meet the requirements of a person, of a will, of a statement, of a will/statement ratio and of subject of a legal act. These last-mentioned requirements are the option of subject of a legal act (Section 37, Par. 2 of Civil Code) and its allowing (Section 39 of Civil Code). The non-allowing of a legal act happens when the act is in contrary to law, evades the law or is against good manners. Legal acts contrary to law are those with forbidden formation or fulfilling, i.e. their contents or purpose are against a legal ban. Legal acts evading the law are those that are not against the explicit legal ban but those the consequences of which are contrary to law.

The competition for the highest bid (Example No.1) was carried out by connected partners of companies who only activated the bid that ended up just above the bid of a person outside the group. Behaviour of these persons (the bids of these persons) missed the requirements of will under Section 37, Par. 1 of Civil Code.

The intention of these connected partners was to obtain agricultural lots in the tendering procedure for the company's needs. But Act No. 95/1999 Coll. doesn't allow companies to obtain agricultural land. The consequences of acts of partners therefore aim at the result contrary to law.

Note: Documents to examples 1-7 are not enclosed in this study but the data can be found CR-CL Land Fund Register, Companies Register and Real Estate Register.

10. Questionable provisions of Act No. 95/1999 Coll. on agricultural land privatization

The sale of land to partners:

Under Section 7, Par. 1c) the Land fund can sell agricultural land to partners of trading companies or to members of collective farm who run agricultural production for at least 36 months on the lots in community cadastral areas or in cadastral areas neighbouring with a cadastral area into which the lots intended for sale belong.

Under Section 4, Par. 1c) the Land Fund can sell the agricultural lot to a legal entity which is the owner (co-owner) of buildings that are real estates.

Under this regulation the companies can actually acquire the state land for their own needs through their members, even though the state excludes companies from state agricultural land sale.

The sale of land to an owner of the neighbouring agricultural lot:

Under Section 6, Par. 2c) the Land Fund can sell the agricultural lot to an owner (co-owner) of the neighbouring agricultural lot. But it is not possible to sell the agricultural lot the area of which exceeds 10% of the area of the neighbouring agricultural lot of the owner (co-owner).

Although the limit of 10% is not a big area, it enables trading companies to buy at official price and excludes farmers from the competition.

The term for the seller to submit the draft of contract of purchase, the term for the purchaser to accept the draft:

Under Section 9, Par. 7, Act No. 95/1999 Coll. before the contract of purchase is concluded the purchaser is obliged to pay the seller the deposit of

- 10 % of the purchase price upon the sale under Section 5,
- average annual repayments, 10% of the minimal purchase price at most, including the amount offered over the minimal price upon the sale under Section 6 and 7.

Under Section 11, the Land Fund submits the acquirer the draft of the contract of purchase or the contract of agricultural lots transfer without any delay. Provided the acquirer doesn't conclude the contract within 45 days from the taking of the contract draft of from the delivery to the addressee only at the address stated by the acquirer, the Land Fund is not bound to this draft.

The term of 45 days to accept the draft enables connected persons to submit fictive offers.

Inaccurately defined term "without any delay" enables the purchaser to submit the contract within different terms according to his financial situation and creates unequal conditions for participants.

Ongoing transfers of state agricultural land to trading companies that use inconsistent provisions of Act No. 95/1999 Coll. prove that the purpose of the law as stated in its explanatory report was not achieved. While small farmers stagnate, financially strong trading companies that draws subsidies intended for countryside development in which the lots are found take over the influence over regions.

11. Current risks of agricultural land privatization

Examples 1-7 prove the sale of agricultural land is carried out in a different way than stated in the explanatory report to Act No. 95/1999 Coll. The mechanisms of the sale as shown in examples 1-7 have the following impacts:

- a) Trading companies, excluded from land privatization by law, acquire the state agricultural land on accommodating terms (interest-free repayments for 30 years) under Section 7, Par 1c) as partners of trading companies and as owners of buildings on lots connected with buildings.**
- b) Small farmers – private individuals loses the chance to acquire agricultural land in privatization in their region**
- c) Ecofarmers existence is in danger as a result of reduction and mainly return of given subsidies.**
- d) Agricultural land is irreversibly sold out without financial profit for the state to persons who are not farmers-private individuals willing to work there to make their living.**
- e) The land is privatized in favour of big companies that gradually gain the influence over the region and destroy small farmers. From their position, they can influence the course of tendering procedures for their own benefit under the imperfect law.**

12 . Conclusion

Current privatization of agricultural land enables procedures that are entirely against the original purpose of the law on agricultural land privatization. The farmers who managed to survive the conditions of the communist regime face the pressure of financially strong companies **that cooperating with local Land Funds and the Ministry of Agriculture (that is unable to react to the above-mentioned reality and remove loopholes in law that enables to evade it)** buy out state agricultural land, gain the influence over regions and make local farmers go bankrupt.

In Prague, April 20, 2007

Ivana Heřmanská

Land is a good investment, they ain't making it no more (Will Rogers)

I am sitting opposite a young mum who agreed to be interviewed only when she isn't named. She tells me a story about how she lost her farm-house and field. At first she got a notice she hadn't paid the VAT. There was no time to prove they were wrong. Within two days, Prague people came with financial authority documents saying her house and hectares of land around it will go to the auction and so that it would be better if she quickly sold everything to them. And so she did. At one tenth of the price. Nowadays, she sits at her mother-in-law's in Česká Lípa together with her two children and she hasn't even got a mobile. I am listening quietly. I can't offer anything else. While she is blowing her nose, I remember stories of dozens of her neighbours I have heard in the last year, and who have all wanted to stay anonymous. I recollect a young woman at whom the manager of Česká Lípa Land Fund was shouting that he would personally arrange she wouldn't be able to buy a single meter in the region because she didn't want to sign the purchase of rented land, that he illegally included in the auction. Or a man who gave Liberec Land Fund manager 120 thousand crowns for land as "girls already left, you can come for the receipt tomorrow" and never saw his money or land again. Or a woman to whom Česká Lípa Land Fund called if she was really interested in the land in auction and when she agreed she was told the next day they had sold it to a person above her. I know a person can lose a house or inheritance. But lose the whole mountains? There was no war. Or was it?

Topics:

10 basic types of problems – summary and results

Commentary: unenforceable rights

Three categories of players in agriculture (*three groups, three interests, three options*)

Arrogance and hidden aggression of public administration representatives (*Hello, aren't you from the Ministry?*)

Other aspect of incurred damage (*winners and losers*)

Administration and their possibilities (*I serve: Jan Lucemburský*)

I. Michael Clayton

In an American film, Michael Clayton, a giant fertilizer holding company U/North with a nice leaf in the green logo, that reminds of logo of our Ministry of Agriculture, causes that farmers lose millions of dollars. A feared lawyer and co-owner of one of the biggest law company in New York, Kenner Bach, is in charge of settling this multimillion dispute, the fees of which are almost reaching the amount of money for the farms damaged by chemical fertilizers. And this is how he describes the turning point: "I was sitting in a hotel and invited two Ukrainian women to my room. During that (he doesn't say what that means..), I could see three columns of numbers in my mind. Profit and loss account of U/North, invoices for our fees and grains and meat sales." At one moment, he decided not to settle the dispute but to use the given information to extend the suit of U/North in which he would personally defend the farmers. Instead of the analysis of relation with local environment, another connotation

occurred to me: were they really Ukrainians? Does an American recognize Russian language from Czech?

Ten basic types of problems

1 The chain is as strong as its weakest link

Similarly to other places in the world farmers are canaries in coal mines. They are the most vulnerable and most fragile element in the society. Lonely in inaccessible hills and immobile as they are tied to their animals and fields. Poor and therefore helpless. Their chance to hire a lawyer who wants 2500CZK per hour is minimal, and in Czech never-ending legal processes unreal. With lower education and therefore vulnerable. To understand slight changes in amendments and calculation manipulations is out of their strength. Their right for freedom of speech is silenced by dozens of committees who speak for them, millions into grants, communication and seminars at which only those who are able to fill in the internet applications are heard.

To intimidate this group of people and rob them is a crime from the first year of “rogue” elementary school. Scripts about connections of public administration clerks with investor groups for agriculture subsidies are not very complicated. Debentures, the cattle taken away by bailiffs without making a list of numbers, hundreds of thousands stolen by the manager of Land Fund himself.

The most effective scheme how to avoid auctions and get the land at one tenth of the price didn’t require high intellectual potential, only team work of a few people with discipline of an assault troop. And then organized groups of businessmen, lawyers and corrupt public administration. Local people describe this scenario:

Land Fund puts a piece of meadow, which is in the middle of the land belonging to a local person, into the auction. A prearranged group of investors into agricultural subsidies takes part in the public auction. These people come with tables of graded price quotations and with a list of names of people who want the land. Land Fund contacts the winner of the auction who withdraws and pass it to another member of the group and then to another one until they stop just above the local farmer. The group on behalf of one its members buys the land. In no time, they give the original owner a notice on his land. The next day they inform a local agricultural agency that the farmer broke a contract with the state, that he isn’t farming on stipulated land and therefore there is a danger he will have to give the subsidies back, or the payment of subsidies will be delayed by months thanks to the interference. The same day a letter to Financial Authority is sent saying the farm is not able to fulfill their obligations. The following day the agricultural agency comes and confirms the information they were given. The next day a representative of Financial Authority arrives and shows the farmer a table where he sees how much he will have to pay back to the state and that he will not get any more subsidies. The farmer is announced his property will be sold in bankruptcy proceedings. One week later, the group buys the farm lots at the price which is much lower than the auction price of the state land.

At the same time another member of the group responsible for subsidies payments data is shouting at a pregnant employee of Brno Research Institute to increase the amounts for “permanent herbage” so as it would cover payments to non-existent animals. And she did, as well as another woman sold. The fear is powerful. But where does the fear come from? Why are the victims of crimes hiding in anonymity and they don’t want to call to order? The following summary might help us to understand.

2. Vision of ecological agriculture according working groups of the Ministry of Environment and the Ministry of Agriculture

By spring 2007 conception of ecological agriculture development should have been submitted. Here is an insight into the origin of our conceptions and visions:

Comments of Farmers-Bio-processors Club producing bio-groceries on Ecological Agriculture Support Programme draft:

(Farmers-Bio-processors Club is a free association of farms for help in emergency situations on ecological farms. Statutes, programme, minutes of the meeting, list of members is available at the Ministry of Agriculture at Ing. Martin Leibl).

Programme assignment, competence and approval procedures

Government working group at the Ministry of Environment for sustainable production and consumption assigned a list of tasks to particular ministries and their resorts and working groups. Besides transport issues, local cooperation, energy efficiency increase, sustainable sources exploitation and health issues, there is a programme of ecological agriculture (EA). The task of the working group is to work out a programme that would ensure further development of EA in the Czech Republic. The leader of the EA working group is Přemysl Štěpánek from the Ministry of Environment (ME), the translator is Jiří Jungr. In May 2006 a meeting of Action team of the Ministry of Agriculture (MA) took place, where it was decided that the group around the Countryside Development Action Plan will compile this Programme. An extern Tomáš Václavík, who works for an advertising agency Green Marketing that prepares promotion of MA, and Jiří Jungr from MA ecological agricultural department (full and incomprehensible name of this department is enclosed in the glossary) were assigned to be co-ordinators of the project. Those people submit the project to the ME working group for ecological agriculture. The deadline was September 2006. In the middle of October, the final version is submitted to the Group for sustainable production and consumption that will approve it by approximately the end of March 2007, then submit it to Government Council for sustainable growth, this council will pass it to the government for approval and the government will release the money from the state budget.

The meeting of Working group in Toulcův dvůr – attendance and topics

On 15th September there were these members of the Working Group: Přemysl Štěpánek (ME – Working Group for Ecological Agriculture), Jiří Jungr (translator of MA Programme), Martin Leibl (MA), Tom Václavík (Green marketing and Programme coordinator), Petr Trávníček and Milan Drgáč (PRO-BIO), Milan Berka and Kamil Pecka (Ecological Agricultural Supervision - KEZ), Roman Rozsypal (EPOS and BIOKONT), Romana Šonková (Association for Animal Protection), Kamila Koutná (Research Institute of Agricultural Economics - VÚZE), Emilie Cittebartová, Jarmila Abrlová (owners of processing farms), Šárka Dittrichová (Club member).

The division of remarks of Working Group members to the Programme into categories:

According to the minutes of this meeting the members of the working team were divided into three groups: The first group were members with no crucial remarks or suggestions: (P. Štěpánek: “... *I had only a few formal remarks that I already included,*” T. Václavík: “*I have no suggestions*”, J. Jungr (repeated the document approval procedure), M. Leibl: “*I have only comments about GMO and Bio to Schools, to change the data about decrease in ecological farms and to include the suggestion that the Ministry will determine the department that will supervise the Programme.*”

Kamila Koutná had problems with email and she didn't read the Programme draft. M. Berka and K. Pecka didn't give any suggestions.

The second group consisted of those who generally agreed with the Programme with some remarks. Romana Šonková objected that the welfare of animals is not emphasized as one of the main added values of bioproducts. Ing. Travníček from farmers union PRO-BIO said only one sentence: "I would like to ask what document the Programme is, what is its connection with Action plan, who is its guarantee and how much money the implementation will cost and for whom". He had no more suggestions or remarks.

The third group was made up of those who strongly objected to the programme. They were Milan Drgáč, Roman Rozsypal, Jarmila Abrlová, Emilie Cíttebartová, and Šárka Dittrichová. Here they are:

On behalf of Farmers-processors Club we take objections to:

In five months' time the entrusted group submitted 17 pages of a text that we do not consider to be the fulfillment of obligation – i.e. the development of ecological agriculture. The Programme deals with ecological agriculture only marginally and without a deeper insight into its reality. This document rather tries to ignore it.

Programme structure: We take objection to confusing and utterly incomprehensible structure of the document. The Programme begins with Summary, then there is List of recommendations, then Introduction, afterwards Evaluation of Action plan in which we can find further Aims, then another Introduction called VIZE, then another list of Aims that duplicate Recommendations in many points, then Measures that bring more chaos to above-stated Recommendations and Aims and stop being numbered in the middle, so that topics like GMO and financing are quite isolated.

Proportion of Programme particular topics: This programme covers a bio-product and its promotion by 85%. (4 out of 9 Recommendations, Aims entirely deals with product and its communication, 5 out of 7 Recommendations talks about marketing only). But this is in conflict with the task, which is ecological agriculture development, and also in conflict with reality. The only Northern Bohemia farmer, bio-processor Mr. Šourek, don't take part in advertising campaigns evaluating bio-products and harvest festivals in Tanvald as he had nothing to show, Mr. Sklenář regularly every year (including year of 2008) has several-months long deficit of the only home-made smoked bio-products as he "doesn't have meat", the cider is usually sold out in May... consumers come to the Ministry of Agriculture every year requiring quantification of domestic fresh bio-product...we require a meeting with representatives of store chains that are also interested in these data... It is not honest that the Programme tries to conceal and manipulate this situation.

The Programme doesn't bring a single suggestion or solution: The form of the document is very boring and cannot impress or persuade anyone and doesn't definitely deserve the name VIZE (Vision) as it doesn't bring any. It is a badly composed compilation of foreign experience that doesn't take into account Czech environment and its deep problems...

Elaboration process: Similarly to badly managed EAFRD and Action plan, the Programme was badly assigned. As it was revealed during the negotiations, the only exclusive author of the 17 pages of the Programme was an external consultant (with very narrow specialization that didn't correspond with the assigned topic) and this man, at the time when being overwhelmed with criticism for the mistakes, quite rightly defends himself by saying he compiled the document "in his free time and for free".

Finance: To determine the Programme budget, the same rules as for tenders, loan applications and entrepreneurial plans should be applied. This project is a product as any other and it must have parameters as any other information: names and qualification of applicants, good reasons for the application, approval procedures, the calculation of investment return, criteria for investments evaluation, punishments for applicants non-performance, appeal of procedure in the case of damage causing... We consider the procedure suggested by Working group as a hazard with state means and it is, for us who work in profitable sector and carefully handle every single crown, unacceptable... as well as this document origin.

There is an example about the course of a discussion between a farmers union PRO-BIO and the Ministry of Agriculture about Programme financing three weeks before the submitting:

Manager PRO-BIO, ing. Trávníček: *„Ok, I will give you an example: In the state budget, 100 million can be found and it will be divided into these things: Bio to schools, etc”.*

MA, ing. Leibl: *„I don't know how certain it is that we will get it. “*

Probio, ing. Trávníček : *„What amount of money should it be?”*

MA, ing. Leibl: *„It is up to us. “*

Probio, ing. Trávníček: *„And from which money? Directly from the state budget?”*

MA, ing. Leibl: *„The document will be approved by the government, so from the state budget ... “*

Comments on particular points

To express your opinion of particular points of the Programme is, under these circumstances, as trying to use golden thread to mend the old cloth. But at least a few comments to “Measures” that are the input of the document. As it was said above, their list corresponds with circumstances from which the Programme arose. Their author is a marketing consultant who mainly deals with communication activities.

1. To return the proposal and start from the beginning. We would like to repeat what we said before, we do not consider normal and moral when employees of ministries delegate their tasks to externals who have no legal or contract relationship to the Programme, except their personal interest in Programme budget. In this way, we got into an unenviable situation, just a few week before its submitting, when we don't know who should be actually blamed for this debacle or whose fault it is that we lost half a year and who is responsible for the damage incurred. Even though it is not our work, we suggest the following steps to the Ministry of Environment and the Ministry of Agriculture:

- a) A responsible member of Working group should clearly state the task.
- b) We suggest Mr. Štěpánek, Jungr and Leibl consult the work with their superiors, modify the scenario of Draft elaboration under their supervision and continuously inform them about the course and performance of their work.
- c) It is necessary to distribute the tasks and responsibilities resulting from the Programme participation to all concerned Programme segments that are supposed to draw means from the budget or to be supported by the Programme.
- d) It is necessary to define methods of public discussions about particular points with consumers, businessmen, tax payers and farmers-processors. The programme must include their comments and suggestions and not to ignore them as we have seen in the last few years.
- e) There must be a list of authors, the number of hours needed for Programme compilation and its price. It is also necessary to clearly delegate the responsibilities, “complaint procedure”, and penalties for possible mistakes.

2. Formation of qualified working group: It is not possible the programme is elaborated by one economist, one producer, one clerk or only one lawyer.. Particular members are responsible for their topic and appoint their consultants who they will – before submitting – consult their suggestions with in order to avoid mistakes and deficiencies...

3. Careful study of the initial situation: The Programme should be elaborated in the way the reader could find out about **the initial situation in the Czech ecological agriculture**, what led to it, what are the current measures, programmes and regulations, what are their weak points, who is responsible for it, what institutions earn their living through ecological agriculture and how much money it costs per year. Also to highlight mistakes of the state after EU accession and to suggest the remedy.

Comments and suggestions of Ecological farmers-processors Club, the extract of which we saw, exceeded the very Programme three times in their extent. They were presented to all institutions concerned: ME, MA, PRO-BIO. And what was the result? The leader of EA working group, Mr. Přemysl Štěpánek from ME, answered that he was just suspended. Ing. Jung, the translator of the Programme for the MA, didn't answer at all, he only told me in the corridor "I would surely be able to write a programme of EA development but I haven't done this and that". When I asked him to send his vision to me so that we would have something to talk about, he didn't do anything. And so the unfinished work, that should never have left the walls of ministries, was approved behind the backs of protesting farmers. In the years that followed, we found out that the MA doesn't even respect the suggestions of Monitoring committee that is an official guarantee and arbiter of particular subsidies, and behind their backs they enforce the points into Programme that are contrary to its requirements or suggestions (see e.g. Subsidy title Young Farmer mentioned below).

3. Land that is not made any more

Alpha and Omega of ecological agriculture is, in today's situation, land ownership. All the other consequent problems, such as animals maltreatment, bureaucratic discrimination of family production, devaluation of workforce and unemployment, financial losses and decrease in countryside population, artificial deformation of bio-products market, unequal access to information, corruption of state administration and unenforceable rights, result from this premise. Let me once again summarize our remarks to this topic with which we tries to persuade the MA and the authors of Countryside Development Programme to deal with this point.

We can view the land ownership from three basic points of view:

Economic point of view tells us about the rights of an owner to draw a pension, e.g. rent, fixed income, ground rent, interests, dividends, etc. (Dictionary of Economics and Social Sciences, p. 248).

Thus, it can be said that the land ownership is the ownership of one of the basic production factors – the land enables production. Unlike other production factors, its full offer is given by nature and therefore it is not generally possible to increase this offer (when the price of land increases) or to decrease it (when the price of land decreases). This economic theory shows that it is a natural resource that can't multiply and thus the ownership is limited.

The natural resources are therefore such rare goods that it is not necessary to support their value by subsidies. It is necessary to support a person who in specific conditions suffers from specific losses. But it is not like this in the Czech Republic. Subsidies per area support the production factor and not the product. This substitution of natural resources for means of compensation initiated the land-hunger and the subsequent exploitation for profit.

The discussion about subsidies as investments into “natural resources conservation” is only a subsequent manipulation. The Declaration of Basic Rights, No. 11, Par.3 tells us that ownership is binding. It mustn't be misused at the expense of rights of others or in conflict with protected common interests. It mustn't harm human health, nature and environment more than allowed by law. Even in this case, we confuse duty and right.

There is an excerpt from one letter written by mayors living in communities stuck in ecological farms environment to CR Land Fund manager:

“We lodge a protest against the executed sale of state land in the community of Krompach, we don't agree with it and we demand the remedy of the present state:

Privatized land is enclosed with electric fences, which - together with the fact that the owners of land are from Prague and it is not possible to arrange seasonal activities with them – limits free movement of people and agricultural machines, has a negative impact on migration of wild animals and is also very dangerous, e.g. because our community is a tourist place and is situated in CHKO (protected landscape area).

... Lots of CR Land Fund in Krompach were sold including of roads. E.g. one member of the group, whose activities were published in media many times – last time in ČT evening news, bought roads and part of a local community road for 7 crowns per 1 meter and now he sells them to locals for up to 400 crowns. These people use heavy machines to ride on community meadows and it is not possible to stop them as they refuse to communicate with us, they don't answer the phones, and we are hopeless because...

... People who bought these lots from CR Land Fund don't have any relation with Krompach – they neither live nor run a business there and their only motivation was a speculative purchase of lots and subsequent drawing of agricultural subsidies for mowing, or more precisely grazing. This fact has a negative impact on the community life as it doesn't enable the development of community activities, i.e. business activity of locals. As possibilities of business activities in Krompach are, similarly to hundreds of other border communities, rather limited (small border communities, bad accessibility and infrastructure, protected landscape area), the current state of plots is a big obstacle to possible development of community activities.

According to communities and their citizens the privatization was wrong and without concept despite being carried out in compliance with legal regulations. We have been drawing attention to the mistakes of these legal regulations for 10 years. (Enclosed find land registry statements that show the group mentioned in the legal annex bought all state plots belonging to Krompach land register.

Václav Holan, mayor. (oukrompach@tiscali.cz)

And finally, the definitions of the term “land ownership” – Big Sociological Dictionary (1996, p. 1388) defines the term ownership as “established by society, currently recognized and exercisable power to dispose of an object in terms of its use, waste, transformation or destruction and also transferring to other persons .. it reflects the relationship between individuals with regard to their relationship to an object.. i.e. the ownership is institution, but... ownership represents power.

In the course of study compilation we noticed another specific sociological phenomenon – specific just for land. The land has got a memory. To uncover its memory means to uncover our history. To uncover our history means learning, finding and understanding for an honestly searching person. And from found and understood we learn and search for new ways of how to preserve what was left healthy and viable and to prevent what stops the development and growth. Hardly any country in Europe has such a teacher as we have. And no country in Europe has to be ashamed for robbing their own people. A lawyer formulates the thesis in this way:

Current risks of agricultural land privatization

We can see from examples stated in the final legal analyses that the sales of agricultural land is carried out in a different way than stated in explanatory report for Act No.95/1999 Coll. Mechanisms of sales according to examples 1-7 have the following risk impact:

a) Business corporations, disqualified from land privatization by law, obtain on easy terms (interest-free repayments for 30 years) state agricultural land under provision Section 7, Par.1, letter c), as associates of business corporations and as owners of plots connected with buildings.

b) Small farmers - natural persons lose the chance to privatize agricultural land in the area where they live.

c) Ecofarmers are threatened with the business liquidation by subsidies decrease and especially by return of provided subsidies.

d) Agricultural land is irreversibly sold without financial profits for the state to anyone, but not to farmers – natural persons who wanted to earn their living by farming.

e) The land is privatized for the benefit of big companies that gradually extend their influence over the region and drive small farmers out. From their position, they can also influence the course of tendering procedure for their own benefit within the imperfect law.

Summary

Existing privatization of agricultural land allows procedures that are in conflict with original purpose of the agricultural land privatization law. The farmers, who managed to survive the conditions of communist regime, face the pressure of financially strong companies which cooperate with local land funds and the MA (that is not able to react to the above-mentioned reality and remove loopholes in the law) and buy state agricultural land in bulk, increase their influence over regions and make local farmers go bankrupt.

The MA was regulating the system of public auctions very slowly, very vaguely and above all very late. They set a condition of paying a deposit and made it impossible to back out of the highest tender. At the time, when 90% of land has been privatized and tens of millions of subsidies have been accumulated in the hands of the owners. The MA also introduced useless checks of land funds that went through documents, didn't find anything and left, even though the MA got the detailed documents with numbers of plots that were auctioned contrary to law. The mayor of Nový Bor, who was a member of Česká Lípa corrupt group, got into prison only thanks to local people and a non-governmental organization. But this fact didn't make anyone at the MA become interested and to go through the charges against the group of speculators that are lying at courts without hearing for four years, and no one dealt with witness tampering in other legal processes led by the same groups. At this point, we and our students always discuss what are the worst consequences of the former system: whether the fact that we deprived the countryside people of the source of their living, or the fact that we allow the state budget to disappear, or that we destroy rural urbanism or that we don't have healthy groceries, or that we have involved innocent people into the dirty game called the Countryside Development Programme. We play a game in which people are divided into four groups and simulate the role of countrymen. The groups are as follows: Those, who resigned and look for a job outside agriculture. Those, who are satisfied with land of up to 60

ha, try to process on their farm and subsequently are up to the ears in debt. Those, who started to negotiate and make business with speculators. Those, who started to cheat with them and joined the game “Promises, like pie-crust, are made to be broken”. They change their promises according to whether they play a beginning farmer, a farmer who signed a five-year contract with the state, a farmer with a new-born child, a farmer who repays the loan. The most interesting is when you see them going through denunciation letters, forged bills of exchange, execution areas in the field, or walking with the local mayor through the village. During the last visit to communities of Mařenice, Mařeničky, Horní and Dolní Světlá, Krompach, Heřmanice and Trávník, it was found out that not a single job was created for local people on more than 4000 ha of subsidized land.

Unenforceable law – No crime is committed without agreement of others

Much has been said about the topic of unenforceable law. Maybe, too much. Here is a piece of hearsay evidence of one family of small farmers right at the MA: *“...you can see here how a forged bill of debt in the amount of two times 10 million crowns was passed off, a member of group bought it for 120 thousand crowns and subsequently the farm was adjudged bankrupt. And here you can see his subsequent denouncement with the request that the involved person mustn't buy land because he is in debt. There are signatures, court statements, witnesses to confirm what I have said.”* These documents of proving were submitted to consultants of the minister of agriculture. They promised that: *“the cases of misuse of ecological subsidies will be investigated by Supreme Audit Office so as their flows would be transparent, draft law on land privatization will be submitted to the minister and methods of auctions will be changed to be more open.”*

The minister's consultants submitted a detailed analysis of how the fraudulent increase in subsidies to permanent herbage was caused, thanks to which land rush started. Since this negotiation that took place on 13th June, 2007, the MA didn't do anything (except for the increase of subsidies to permanent herbage within the limits of quoted fraud).

Without long discussions and unnecessary shouting, our reality is served in front of us:

1. If a person without permanent residence in the place of auction buys land, the price of which is subsidized by the state because it is intended for the local business and development, and then make his investment into the town through its subsequent sale at market price, it is considered as violation of the law. If a citizen draws attention to this fact by complaint and no remedy follows, it can be classified as unenforceability of this law.
2. If a citizen pays for “the above-standard welfare” of animals in subsidies and the cattle are drowning in the mud or are overran by tractors and burnt in masses, it is considered as violation of the law. If a citizen draws attention to this fact by complaint and no remedy follows, it can be classified as unenforceability of this law.
3. If a citizen pays for the milk subsidy and this milk is five times sold among particular centres of a subsidized joint-stock company and in the shop the citizen pays the same price as for the unsubsidized milk, then it is infringement of his rights. If a citizen draws attention to this fact by complaint and no remedy follows, it can be classified as unenforceability of this law.
4. If a citizen pays for ecological farms subsidies and these subsidies end up somewhere outside the farm, it is considered as violation of the law. If a citizen draws attention to this fact by complaint and no remedy follows, it can be classified as unenforceability of law.
5. If municipal authorities draw attention to the fact that their rights are limited and community people come to harm by land privatization, and no remedy follows, it is classified as unenforceability of law...
6. And if organized groups that cause harm to countryside people with low education and income are helped by state institutions, then it is considered the corruption of public administration, which itself is violation of the law. And if, despite the evidence given by the involved people, no remedy follows, it is classified as unenforceability of law...
7. If the police influences the witnesses, intimidates them and publishes information in media

that was not properly investigated, it is the violation of the law. And if no offender is punished, it is classified as unenforceability of law... and we could carry on this way page by page of our study.

To ignore these cases and think that everything will be set right spontaneously is the same as to believe that pit-bull that has already killed a teacher's dachshund and a neighbour's cat will start to play with our dog Alík. Organized groups of "ecological farmers" surf in the countryside waters where what is not prohibited is allowed, but where also prohibited is allowed. And our public administration and its flunkies open crossing-gates on their way to hell for them.

4 How are the subsidies calculated

In this third part listing the causes of stagnation of home farms, starting with missing strategy and unsuccessful privatization of agricultural land, we got to another related part – appreciation of investment into the cheap state land. Here is a commentary and suggestion of Roman Rozsypal on this topic:

The calculation of subsidies rate

The share of permanent herbage in the total area of agricultural land is constantly around 90% (in the transition period, in 2005, it was 86.3%) and according to the structure of agricultural land of businesses that joined ecological agricultural in 2006 (already knowing the subsidies rates AEO EAFRD), a change of this trend can't be expected in the next few years.

In communities, where these subjects farm, they create minimum of job opportunities, they have no relation with these communities (they don't live in them) and the communities have minimal or no income from their business. Investments into agricultural business are minimal with these businessmen and most financial means from subsidies are invested outside agriculture or cover individual needs. There is a real danger with this type of businessmen that they will leave this land after the subsidies support is finished (for more information, see the chapter).

Requirements:

* the amount of subsidies shouldn't be derived from economic losses only as it is nowadays, but from a primary all-society concern, i.e. bio-groceries production (primary concern of tax payers is production of bio-groceries that are considered healthy – see Project Potential of BIO-groceries in the Czech market, Marketing study, the MA, Praha, 2006);

*the amount of economic losses compensation for subsidies rate calculation must be determined in careful investigation – responsibility of the MA (it mustn't become a subject of lobbyism and purpose manipulation, as it happened in 2006 and 2007)

Also, this proposal went unnoticed, and the subsidies for permanent herbage were increased by the MA in spring.

5. Administrative ways of subsidies – Students give points to their teachers

Those who are not interested in economic balance of business in agriculture promote payments per area. Their arguments are supported by the MA that constantly proves they are not able to administer another type of payments, except for lump payments per hectare... There are two examples:

The farmer Josef Šourek talks: *"I have asked at the MA many times why they are preparing the subsidies title Early Retirement for so long. It works well in Europe and it has been tested, so what do they want to work out? Thanks to their delays, many of my friends do not fulfil the conditions and the MA robs them of hundreds of thousands of crowns. They replied they can't take the programme over as they must include national specifics. This was the worst thing that could have happened to us,"* says Mr. Šourek and continues: *"In summer 2007 first eighteen pages of a proposal were published. Lawyers worked on it and it has been rewritten again and again, but problems with land fund aren't still solved, but they can't be solved until it is admitted that land privatization is one big mess. They've made such a big mess in it that they can't find the way out. E.g. livestock, in our case – cows. One lawyer suggested a new owner of cow mustn't sell it for five years and he mustn't also lose it, it must stay on the farm list. What nonsense! It's like signing the paper promising I won't die within next five years. I don't know who is writing these programmes and why they take us our time.*

But there are more problems:

1. Subsidies. I must apply for them in April. The part of them comes till the end of the year and the other part in May or April next year. When I pass the farm on my son at this time, I will get the subsidies, and I will be taxed.

2. Another problem is taxation. Let's say we pass the farm worth 10 million on our sons, the state will tax the passing and we will pay more in taxes than we will get from the operational programme. In September the MA promised no tax would be paid, but similarly to other parts of the programme, it is not good to rely on their promises.

3. Terms: In September 2007 the programme was supposed to be finished. Then the MA talked about November and they finally launched it in January 2008. Mr. Šebek, the father of manager of Private Farmers Association, lost the chance to draw his pension thanks to one day. Even though the MA promised that the exception would apply because of the time of delay with programme. As well as in other cases, when the MA was promising they would satisfy all applicants owing to unclear conditions. Even this was changed 10 days later...

Outputs from the Ministry should be very simple: I finish today and tomorrow my son takes over the farm with all the rights and duties. What is unclear, I can't understand. The clerk, who was working on it in January, left for maternity leave, today someone else is working on it and sighs again. What are you doing with it? I keep asking. It has gone very well in EU countries for last 15 years – why don't you look at Germany or Austria? It is such a shame what our clerks cause in Europe, they keep us behind the wall so that no one could see our mess.

A large number of complaints are about the points system. Except for the basic one that students give points to their teachers, we will quote one of the mistakes that again shows leaky and thoughtless system (addressed to Ing. Sekáč, MA, summer of 2007):

... To get the title Young Farmer is a long-term process. During the years of "apprenticeship" a young farmer usually finds out that his schoolmates from other branches have more time and money and very often leaves the farm, sometimes coming back, sometimes not. At this probation period parents can't make their children feel they are obliged to work on their farm – not even by a binding employment contract. Trading Certificate is used as an offer to work on the family farm but not a commitment. The decision whether to start their own business or not is not usually made until they want to start their family, which is usually at the time they are tough and experienced enough to earn their living.

Unfortunately, Labour Code doesn't remember about labour-law relations based on "apprenticeship" years of the beginning farmer, and thus European strategy of lifelong education delegates external agencies and consultants who are not able to pass on farming knowledge and skills of an old farmer. The reality of agriculture which works for thousands of years is not taken into account by the current legislation and Trading Certificate is only a only a piece of paper overcoming a certain period of time until the children are able to start their own business.

Let us hereby ask you to reassess the conditions for the acquirement of a subsidy title provided the beginning farmer doesn't have Trading Certificate older than 18 months and suggest the determination of the beginning of farming business not only according to the existence of Trading Certificate and arising income but according to the income from independent agricultural project, i.e. arising from real independent agricultural business.

This proposal wasn't heard out, but at the eleventh-hour many changes of points system were added into this subsidies programme (see case of Mr. Šourek) that farmers had to act quickly – either start getting the appendices and fulfilling the conditions or come to terms with the fact that the hours spend with the programme were useless. E.g. the points for ecological agriculture were removed, points for cattle and ecological land, which were in separate table cells before, were put together... A single absurd condition is that a starting farmer must show gains predetermined by the MA, they are of course higher than potential of European family farms. By this, the MA tries to reduce 640 applications for subsidies that gathered from devastated and hungry farms that didn't know anything else than payments per hectare before. This hit below the belt was the last drop and finished the destruction that started by land distribution to speculators. The protests from all sides followed (Young Agrarians, Private Farmers Association) but the MA schizophrenically claim they want to guarantee economically viable companies to be supported by subsidies. However, viable companies are according to the MA those that are the most expensive for the state and that has 80% of subsidies in their profit and loss accounts. And in this way, the title got beyond the concept of European policy and minister's proclamations. And many starting farmers will have to live with the risk that if they do not fulfil the conditions the MA set, they will have to return the subsidies or start cheating under the MA supervision.

6 Payments and applications assessment

Another system problem are the payments of subsidies themselves. We have said – among others – the following to the MA:

"Farmers are severely punished for any, even small or formal, mistakes (often owing to unclear interpretation), even though they fulfilled the purpose of the given measure. Moreover, even in the cases when they didn't cause the mistake, the payments of subsidies are delayed. From the point of farmer's view, the final decision of administrative body is often unpredictable and unlimited in time, which prevents them from planning about subsidies."

The lawyer comments the same problem in this way:

Possible ways out

Recurrent mistakes on both sides - applicants and subsidies provider - can be solved as

follows:

1. To specify the statements about subsidies decision so that it would contain not only positive decision but also negative decision, this will ensure the decision in positive part can become effective and at the same time the negative decision can be appealed. (*E.g. A: the applicant is given 200,000 crowns for permanent herbage treatment title, but not 100,000 crowns for arable land title. In this case 200,000 can be paid to an applicant without delays and outstanding 100,000 will be the subject of appeal of procedure.*)
2. To perform the removal of application mistakes with concretization of requirement under Section 3, Par. 3, Act No. 252/1997 Coll., this provision should be interpreted on behalf of farmers and in accordance with law, i.e. to support their business and not to destroy it.
3. To prevent severe punishments. Provided it is found out that the applicant unintentionally violated the regulation (i.e. subordinate legislation) but acted in accordance with the purpose of CR law and EU regulation, less severe penalties should be considered (not to take all the subsidies) and the possibility of making an exception should be discussed.

To determine tolerance. Slight excess, e.g. 0.03 VDJ(cattle unit)/ha should be tolerated, and possible excess punished by minimal penalty (the same system as financial authorities use, penalty up to 100CZK is not recovered).

4. To determine binding terms for all subsidies payments so that not only the promise of subsidies payments would exist but also this promise would be legitimately ensured.
5. To determine a lump-sum that would be paid if the subsidies were unjustifiably stopped or paid late.

The purpose of the meeting and the analysis of farmers particular cases is to show that otherwise useful law on ecological agriculture and the law on land are not efficiently implemented in practice and that eco-farmers can be severely punished for slight deficiencies of the law implementation. Owing to wrong implementation, the purpose of the above-mentioned laws can't be fulfilled.

In model cases, it was found out that unsatisfactory grading of sanctions can be discouraging for farmers, if not destroying them completely, and that toleration of the state's own mistakes can cause the doubts about the equality of participating parties.

By subsidies policy without determination of their specific responsibilities (terms observance), the state can severely violate the principles of legitimate expectations and can get into the conflict with CR Constitution.

7 Veterinary and sanitary regulations

This is the reality at a family farm in spring 2008:

"I have been running my dairy for about 10 years," a farmer Alois Mejsnar from milk farm in Trutnov region says. "We have invested about 6 million crowns in it and naively believed we fulfilled everything the veterinary authority requires. But last two years prove we were wrong. At present, when we produce about 500 litres of milk per day, we need one worker to do paperwork only. For example, audit of 2004, when 9 people came and gave us a list of defects that need to be removed. It cost us quite a lot of money but we did so. However, in

2005 another audit came and gave us another list. Every visit of theirs costs us dozens of thousands of crowns and has the only result – it makes our business activities more difficult. The last requirement was that we want to enter our family dairy we have to have coats washed by a special dry-cleaner's, sealed in plastic and with a date stamp on a hanger that mustn't be older than 3 days. We are the only one in Trutnov region who process dairy products.

Here is our commentary to causes of the above-mentioned pending problems

The standpoint of veterinaries is discussed – what is good for whom – the only voice out of many and not very trustworthy as it is burdened by two things from the very beginning. Firstly, their own interests force them to look for comfortable solutions and transfer the responsibility beyond them and secondly, as we could hear in their preceding speeches, they don't know the answer for the very core of the discussion, which is definition and "legalization" of small processing as such. But our problem is that these people assume the right to be the only voice heard in the discussion. And they achieve it with the same tactic as we could see before when they instead of answering the questions were asking them (detailed in the case of Pěčín farm). They have also been ignoring complaints and suggestions of those who have the most relevant comments – of the farmers for a very long time. The consequences are obvious: multi-member audits without analysis of their efficiency and yield, one-side responsibility of the farmers, decisions about quality of their work made behind their backs, ignoring of farmers' suggestions and critic, ignoring the interests of consumers and tax payers and above all years-long concealing of damage that veterinary and sanitary clerks cause to our society when they close small businesses and intimidate potential processors.

Despite big investments into grant programmes, we don't fulfil EU standards of processing conditions.

8. Abuse and maltreatment of animals

Since 2003 media has been continuously informing that in many ecological farms – thanks to the above-mentioned system – serious maltreatment of animals occur, even though the welfare of animals is one of the basic criteria of ecological agriculture.

Winter of 2007/08 was particularly warm and the cattle from pastures brought together to winter places, which is usually nothing else than cattle-range with fence, floundered in the mud. In April, when the mud got frozen, the cattle got frozen in the mud as well. During one afternoon we managed to take pictures of dozens of suffering animals in Frýdlantsko, Českolipsko and Jablonecko. And we showed our reader the options a citizen has when he wants to make good the damage caused on the case of Chrobolská farm, when we sent the photographs, list of witnesses and local agricultural agency testimony to all supervising organizations, veterinaries, police, the MA, PRO-BIO with this text:

"... In some photos we can see cattle that covered in blood, with broken limbs and serious injuries caused by heavy machines were dying for several days near Chrobolská farm where on the gate we can see the name of the above-mentioned businessman from Rokycany. In the pictures of May 2004 we can see two pieces of dead cattle lying right in the work-room of the estate, in others a pregnant cow that in agony tries to give birth to a calf, then there is a dead calf between two dead pieces of animals of 19th May, 2004. In another photo of February 2004 we can see a tractor tire track in the bloody snow, in other pictures of November 2003 burnt pieces of animals that were poured with oil and burnt together with tyres. The last

photos are of spring 2005.

In the photos of December 2003, we have a general view of the Chrobolská farm and black smoke from the fire in which tortured animals were burnt. The witnesses claim that some of these animals were not dead at the time.

Apparently, there were dozens of animals that were tortured, dying without help and subsequently thrown on piles and burnt. These actions were reported to all relevant institutions and were in progress for more than one year.

During the local investigation, it was revealed who the offender was and how he did it. There are witnesses and we also know registration numbers of the cattle. From the photos, it is obvious where it happened, when and who was a responsible person of the business. We also know the places where you can find the skeletons of burnt animals under a thin layer of soil.

The case has never been investigated and the offender never punished. Only the witnesses of the case had problems (Case of Pratzers). In the editor's office there are dozens of photos available of 2008 showing maltreated or tortured animals from ecological farms. But no one wanted to take the trouble to complain again.

9 The voice of consumer

Fresh home-made bio-products equal an unsatisfied tax payer, consumer and businessman. Their voice – as well as voices of farmers – don't match the policy of the MA and a citizen will not learn anything in their materials, as well as in materials of agencies paid by the MA.

"I personally visit the farmers processors, I know their big effort and struggle and I must say I am very concerned about how little the state and the MA do for them even though they have enough of our and European means..."

Jiří Štíft, Executive Chief, Radisson SAS Alcron

"...As a chief doctor of the Department for risky and pathological pregnancies at Gynekologicko-porodnická klinika I. LF UK a VFN in Prague, Maternity hospital at St. Apolinář, that is currently the biggest maternity hospital in the Czech Republic, I strongly support Czech ecological farmers – processors of bio-products.

*We have been promoting Czech bio-products for many years. Among others, we for example list names of ecological farmers – processors and their products in our specialized publications for future mothers (e.g. the book *Kniha o těhotenství a porodu*, Galén, Praha 2006). At international symposiums we prepare the refreshments only from Czech bio-products.*

Healthy food is absolutely necessary for successful pregnancy and good growth of the child. We promote and recommend Czech bio-products at the website www.porodnice.cz. Unfortunately, from our farmers-processors, we learn about the problems the bio-producers have to face in the Czech Republic and that cause that women after the birth and also their children cannot include the recommended bio-products in their diet. (E.g. a nursing mother is supposed to drink minimally 3 litres per day, but there is only one supplier of bio-cider and suppliers from abroad are very expensive for young families. The same applies to fresh dairy products, such as cottage cheese and cheese, acidified milk products that are available only from abroad, also fresh bio-salami without glutamates, poultry, fish, vegetable salads or juices are missing. Fresh vegetables are imported from abroad and 8 tomatoes cost 80 crowns, which is very expensive for a young mother, as well as bio-beef that we do not recommend in compliance with European regulations, however, in the materials of the MA

the information that our mothers support this bio-product by 300 crowns per 1 kilogram is missing. Thus, it is obvious, we can see no benefit of distribution of agricultural subsidies for mothers and their children.

Doc. MUDr. Antonín Pařízek, CSc.

„...ecological farms produce ecological bio-groceries... and for this they need special conditions at the market. ... If we don't want the market to be deformed, we need to have different players and the same rules for all of them, which in this case means fair political and financial support without which today's production of bio-groceries can't exist.“

PhDr. Jitka Ortová, CSc., Charles University, Department of Culture and Social Ecology

10. Farmers - processors and the law on ecological agriculture

The farmers realize there was a shift in interpretation of the term Ecological agriculture and that its aims are different from what is stated in the Law on ecological agriculture.

During the preparations and passing of the bill, these aims were followed and taken into account: • to enable production of agricultural goods and production of high quality groceries, • to improve the relations among agricultural farming, natural ecosystems and natural cycles, • to preserve and improve long-life soil fertility, • to enable efficient protection of waters, water sources and protection of water life, • to support biodiversity and agrobiodiversity, • to support biological diversity by increase in the number of grown crops and varieties, • to support the diversity of grown breeds of farm animals, • to use renewable resources in agriculture and groceries production as much as possible, • to create harmonic balance between plants growing and animals breeding, • to provide farm animals with natural living conditions, • to minimize all forms of pollution, • to support the development of ecologically and socially responsible farming, responsible production and groceries sale, • to enable the countryside development and quality life of countryside people (Act No. 242/200 Coll., on ecological agriculture).

The comments of farmers are valuable essence of the above-mentioned examples:

“The system that originally and primarily laid stress on production and agricultural products processing by traditional methods that do not prefer maximization of production and profit (exploitation of land and animals), the system that didn't avoid the risks and didn't simplify the life by interference in the age-long natural cycle, the system that was based on respect and considerate treatment of animals, was reduced to “landscape cultivation” and made “living mowers” from the cows.” (ing.Tomáš Mitáček)

“...we come across an absolute shortage of opportunities to produce bio-products...” (Josef Šourek)

“It is clear that until the MA is controlled by representatives of big groups, it will be very difficult for us, but I believe that ... we will manage to reach the standards the small processing should have...”(Jarmila Abrlová)

„Law on ecological agriculture doesn't take into account other institutions like sanitary authority, botanical-medical regulations, plants protection, banking, there are no regulations about how these institutions should treat ecological agriculture”. (Jiří Karger)

„...as a state we need to be self-sufficient in the groceries production and we must save our market for their sales.” (Ing. Marie Bubíková)

More than one year the farmers - processors have been trying to submit the findings of this report to the minister of agriculture at a meeting he promised them to attend at a ball of Agrarian Chamber last year (2007). He never accepted the repeated invitations. The only ecofarm he visited was the holding group owning 16 thousand ecohectares that was called a group of speculators with subsidies by Czech television and a mass eliminator of farm cattle by Nova television.

We have only one name and we keep it for the whole life. And every system must take care of this name itself. If it let selfseeking persons, hypocrites, weaklings, speculators or villains and sadists among themselves, then it has to be prepared it will lose the credit. And credit has always been considered a cashable trademark in ecological agriculture. At this moment it will have to find another space for the moral disgust that until now comfortably aimed at conventional agriculture and profitable sector. Ecological farmers – founders themselves said the moment has come and it is necessary to take a scalpel and make a cut which will create two sides – one side will be people who will follow thoughts of ecological farmers – founders and the other side those who started to misuse these thoughts. Let's hope this work will serve as a map to tax payers and consumers.

Three groups, three interests, three options

Well, we have again named 10 basic areas of mistakes and their consequences. But what is their trigger? Do general manuals or guides exist that would lead to understanding, and which could help us to find a solution that would initialize changes? Let's again take a look at three groups of participants of our study:

1. Farmers - processors and mayors of municipal authorities, original local inhabitants of foothill communities. Their chances to participate in the game about countryside development are minimal. There is so much evidence that we could say they were excluded from the game called “Countryside Development Programme” right from the beginning. Their voice is not constantly heard, they are excluded from the participation in tripartite negotiations. They are not informed and they even have no chance to inform, they don't have available means to make the MA to listen to their suggestions and complaints, they were thrown before “the stronger” as “guinea-pigs” for amateur experimenting with power.

2. Those who look for loopholes in the system and they can profit from them at the expense of fellow-citizens. They are easily-nameable, easily-intelligible and in principle also easily-understandable group. Their methods have their regularity, their arms are lies, denouncing, violence, threatening, and slander, and if you survive the third round of voluntary or involuntary meeting with them, you will start to see two possible ways. To learn their strategy and play with them, which was the case of many countryside people, or to ignore them and go your own way as we did. Countryside history – and especially Czech countryside history – has this model deep in its roots – war, 50s, 60s, 70s and 90s and again 2010s. It is not necessary to become modern martyrs of justice or messenger of bad news.

As it was said at the beginning, no information from this report is new. Everything is already lying at relevant authorities: in archives of the MA, land funds, veterinary authorities, union

and supervisory institutions, police, courts, etc. This report is only an organized listing. We would like to say something else here: The contact with this group of players is usually exciting and adventurous: intimidating phone calls, threatening, wild car rides with punctured tires, anonymous denouncement, black-marketing, promises taken back, police influencing.

3. But much worse danger is in their counter players. In the state institutions and their appendices – supervisory institutions, research institutes and non-profit organizations connected with state. To get stuck in the swamp of passive and political “masters of chaos” is the same as to fight and not see the enemy. As individuals they are so small that it isn’t possible to hit them, but in the groups they can manage to dissolve the most intelligible concept or the best ideas and make a swamp out of it in which everyone looking for a way out will definitely drown. Only the one who is not interested in the whole but in his own interests can succeed. These lobby groups very easily reveal slight mistakes of our small consultants and clerks and if they make a pressure for sufficiently long they will very easily defeat the weak protection of “rights and solidarity”. The MA accepts these attacks, submits and their employees get salaries for it. But how to name all these small failures and nuances so that we wouldn’t get stuck in the insignificant individual things?

We don’t need to see any conspiracy when SZIF (State Agricultural Intervention Fund) sends thousands of paper with nonsense like that the addressee doesn’t have the correct address costing dozens of thousands in postage and hundreds of thousands in wages payments. It is not an organized crime or settling arguments between particular parties or their fractions. There is nothing mysterious in it, not even the pressure from “Europe”, and nothing as interesting as bad faith. A Honza or Alice got confused or a Lád’a or Maruška didn’t watch them properly or a Pavel or Tomáš paid them for it. Or more precisely, we paid them for it. What to do about it? A look at another clerk browsing his out-of-context files is aesthetically unbearable. These things have got a certain system.

It is naive to think that 20 thousand of gross salary will pay good working force. And even if we released this money and administration extended, the demand for invention, advancement or managerial multicontests would be as effective as searching for rubies in a sand mine. With every new minister (and in the course of writing of this study, four ministers changed) a new suite of managers together with their colleagues and friends comes to the MA.

To be angry that these people don’t manage project, methodical, organization and technical aspect of their controlling and supervising job is useless as it is obvious that these tasks highly exceed their constitutional abilities. (With exceptions, of course. My point of view is a view of a manager and it isn’t the only one.)

This low quality and stiffness of bureaucracy is a worldwide problem and there are never-ending discussions which tells us they slow down the society development rather than help it. Doctors, teachers, soldiers and even artists cry about the same thing. But just because of this latent danger of weakness and anonymity in the civilized world, there is (sometimes a merciless) system of the supervision of state institution and their employees. It is clearly expressed in numbers and observed, their performance results are clearly defined and there are unreasonably serious punishments for the smallest offences. Starting from family leaving and ending with ride at red light. If a citizen supports his clerk from his 12-hour working time than he is interested he wouldn’t go home at 2 o’clock on Friday when he spent the morning at an English course. We are just starting to look round and from what we see we can say we are at the beginning.

Hello, aren’t you from Ministry?

I have been working in the service business for many years and I got used to the fact that people say hello to each other when they meet. In Carrefour, the part of every morning social ritual is that the manager goes around all his employees and shakes their hands and look into their eyes. The rules of ethics are printed on working suits of employees in service business (Hypervova: “How can I help you?”, Peugeot: “We are here for you”, Tesco: “Your salary is

paid by your customer”) and they are inseparable part of firm culture and they are reminded to employees all the time. E.g. in Tesco, just before you enter the selling area, there is a mirror on the door for an employee to see if he is smiling when coming to his customers. I suppose the MA employees got used to the same standard. And this is what they offer in return for it:

Case 1: An employee of the MA ecological department. I took an employee of agroenvi department for a good breakfast into one of our best hotels. When we didn’t succeed in persuading them to go to farms with us, I tried to support one of our thesis right in Prague, which is that we should make records about the amount of bio-groceries according to commodities and demand. The chef helped me as much as he could: in between his work, he tried to explain to him that it would be good for hotel gastronomy if they could offer fresh products right from the farms as the visitors demand them and they are offered these products in hotels abroad. After some time, I could see his smile disappearing. The clerk didn’t pay any attention to his words. Absent-minded he was looking around. When we were led to the table, the chef whispered to me: “Šárka, you can come here any time, you know that, we appreciate your work, but please do not bring the guy with you any more. He didn’t listen to what I was saying at all.” “That’s what we know for years”, I said, trying to finish the embarrassing situation by a joke. It didn’t help. He was serious.

Case 2: Another employee of the MA and the manager of PRO-BIO union: If I should name two really respectable and authoritative persons that are gurus in bio-products, it would be Jarmila Abrlová, a herbalist from Pavlov and a member of PRO-BIO board, and her friend – a chairwoman of Jeseník union who started to produce bio-sheep cheese and goat cheese in Jeseník. When I was paying a short visit at a Prague bio-market in Toulouvcův dvůr, I saw an employee of the MA passing by Mrs. Abrlová without even greeting her. It wasn’t possible he hadn’t seen her. I told her and she confirmed that it was not for the first time, that he usually doesn’t greet at meetings in one room either. It didn’t take long and I had an opportunity to complain about the same embarrassing situation outside the research institute in Rapotín. I was given a lift to this place by the chairwoman, Mrs. Bubíková, I mentioned above, who is a manager of 500 ha union farm since 1990s and manages to solve unsolvable problems of Czech agriculture transformation. When she was getting out of her car, she almost bumped into the manager of PRO-BIO union, Mr. Trávníček. The scene repeated. Many years older and more respectable woman went past an insignificant “manager” who couldn’t be bothered to greet her.

Case 3: The Minister of agriculture. By chance, I was completing my study at my friends in Nové Lázně hotel in Mariánský. Even though I worked quite hard, I still had the time to enjoy extraordinarily pleasant and professional hotel personnel. In a moment, we became friends and were talking about things like whether it is necessary to take the curtains to dry-cleaners or whether the tattooed boyfriend of an attractive waitress Fatima doesn’t mind the piercing she has in her tongue.. “He doesn’t mind” she said and added: “He likes it.” I smiled.

And now, let’s get back to the chance. On Saturday morning I saw Fatima not being in her mood. “What happened? Did you boyfriend catch the streptococcus again?” I asked. “No, not at all. We were here till midnight yesterday.” She answered. “How come till midnight? Dinners finish at half past nine.” I wondered. “The minister came.” She answered. “And we had to start the breakfasts at 6 in the morning.” It is not necessary to say, it was the minister of agriculture. The next day I just looked into the bar that is joined with the dining room and is open till 2 am. It was a bit after midnight. The situation repeated. As it was the weekend when the time changed, the young people could sleep one hour more, but it didn’t help much. At Sunday lunch I could see really exhausted people. It is very tiring to serve 120 guests, 25 businessmen so as everyone was satisfied - in 3 people after two 4 hours’ sleep. “Gandalovič?” One of their colleagues from the café said. “Arrogance of power.” And he went away with the coffee.

Takovouto míru interpersonální zaostalosti a sociální dysfunkce nemůžeme u lidí s tituly považovat za náhodu či omyl. Agresivita má mnoho podob a zde máme co do činění s jejím skrytým aspektem. Co je společensky nebezpečnější? To, že někdo okrade farmáře podstrčenou falešnou směnkou, nebo když si funkcionář jeho oborového svazu na kapsu vyvěsí štítek se jménem farmy a na její jméno odcestuje na mezinárodní sympozium pro výrobce tradičních potravin?

Je horší podplatit ředitele pozemkového fondu, nebo zakázat účast na prodejním biofestivalu chudé farmáře, která nemá oficiální povolení ke zpracování? Je horší v opilosti přejet traktorem březí krávu, nebo obvinít svědky události z nesvéprávnosti a událost nevyšetřit? Hlavní rozdíl spočívá v tom, že ten druhý aspekt agresivity je snazší, a je proto dostupný většímu počtu lidí, kteří z přítmi množství čerpají svou pomyslnou legalitu drobnou dezercí z civilizovaného světa. Skutečně pomyslnou. Protože i kdyby nezdravilo 10 tisíc úředníků a jejich poradců, tak to není společenská norma ani za předpokladu, že by nezdravili na hlavě a žonglovali při tom lístky na oběd. Naše trauma zrady kráčí ruku v ruce se stigmatem malosti.

Vítězové a poražení

Kdybych měla shrnout předchozích 350 stran do tří vět, zněly by:

Ti, kteří chtějí následovat, nemají co.

Ti, kteří nepotřebují následovat, nemohou.

A ti, kteří následovat nechtějí, mohou vše.

Zatímco přirozeným vývojem na venkově by pracovní farmáři rozšiřovali své farmy, zbohatli by a časem se uvolnili z manuální práce pro práci manažerskou a politickou, uvnitř nekonkurenčního prostředí, do kterého stát zasahuje výše analyzovanými intervencemi, jsou tito lidé přikovaní ke stagnujícím farmám, které nemohou ekonomicky konkurovat těm, které na svých kontech nakumulovaly velké objemy státních peněz. Nám chybí jejich hlas, zkušenosti a čest právě v politice. Jsou konsensuální, mimořádně komunikačně zdatní, otlučení v desítkách let trvajících bitvách, které jdou až na krev a z kterých vyšli jedině díky tomu, že nezabředli do osobních šarvátek a agresivní arogance. Jejich moudrost (ne kličkující chytráctví) jsem měla tu čest vstřebávat za poslední rok a byla tou největší odměnou za stovky hodin věnovaných této práci. Jejich zkušenosti, nadhled i hloubka jsou nejcennějšími hodnotami, které tato země má.

Obcházení a ignorování faktorů, jako je vztek, bezmoc ponížení, je snahou pacienta, který se před postupující sepsí brání tím, že si přetáhne peřinu přes hlavu. V životě to jsou skuteční spouštěči společenského nihilismu a následné stagnace.

Nejsme pesimisté. Zákonitosti jsou nezvratné, a pokud existuje vyšší uspořádanost, v našem případě zemědělského systému a jeho administrativy v Evropě, je jen otázkou času, kdy do sebe pohltí náš chaos. Není třeba příliš protestovat ani se zlobit, stačí čekat. Jen nemělo být těch obětí a nemá se o nich lhát. Našimi politiky a prezidentem tolik nenáviděné Strukturální fondy a dotace jsou okna, kudy je na nás vidět. A pokud tato okna chceme udržet zavřená, zřejmě k tomu máme nějaký důvod.

Welcome to the Czech Republic!

I can hear an old Ford starting with a driver in the black leather jacket. "What does your father do?" I am trying again. The girl gives me an angry look.

We are standing at a petrol station near Varnsdorf and I am thinking about where I know her from. Once again, I am waving with my 50-crown note from the window. "Don't hesitate, I won't give you a hundred!" Overweight, with short fat arms, fat neck: as she would come out of school desks where I used to sit. Her main and probably the only qualification for the "oldest profession" are bared knees and high-heeled shoes.

The Ford is slowly approaching the parking place. "Hey, stop it or I will get out," I am opening the door. The girl is turning her back. I am coming closer for her to see that I have nothing else than a banknote in my hand and that there is nobody else in the car. "Are you local?" She ignores me again. "Can you hear me? Do you know me?" I am looking at another colleague of hers who is coming. I give up: "Ok, I am leaving, but I will come next week again."

The difference between our and European culture is, among others, in the fact that our lawyers can't buy an English or French prostitute on German or Austrian border. Maybe, that is why their reverse didn't happen yet.

I serve, Jan Luxemburský

There are 4 types of administration: helpful administration that helps to manage the chaos and acts as a transmission gear of exchange and share of experience and stimulator of development, necessary administration that a citizen willingly accept as a shield against the misuse of freedom, useless administration that doesn't understand its helpful role and starts to adore itself, and aggressive administration that is a mixture of arrogance of mistakes, bad judgements, lack of feelings and as such helps to frauds and destruction.

To distinguish between them is a question of honour and feeling. To guard the borders between them the matter of courage, persistence and diligence. These borders between right and wrong never led across the society, these borders are inside us.

It is always an experience for me to observe the farmers at public meetings. They refuse the confrontation. They look at the world calmly and peacefully. They ignore the clerks accusations with a calm smile, they answer stupid questions of media, they argue to the point. Sometimes I ask myself, where all the patience comes from, how come they don't get angry, and don't moan. Later on I understood that their peace comes from their superiority. But where did this superiority come from? How can one feel superior when according to all external criteria he is defeated? They don't have property, they work all the time, their bravery doesn't have memorials and there are people behind their backs. It is because, under particular conditions, what we do doesn't make us lead, but what we don't do make us lead.

How easy it is to seize the opportunity, to find the moment of inattention, to misuse the chaos. How easy it is to use the animal, how easy it is to let the property inactive, to rob a neighbour, overrun the slower, but it is also easy to crouch in the corner, do with what we have, follow, and believe rather than know.

Yeomanly fortresses of honest ecological farms are silent guardians of temptation. And those who decided to resist do not need to get angry, argue, react, comment any more – where there is a victory it is not necessary to fight, where it is decided it is not necessary to appeal to justice. The biggest punishment isn't an act interpretation but the loss of character.

Pěňčín Necklace

The cooperation of the Ministry of Agriculture and the Ministry of Regional Development is essential for the countryside. There are many cases of their common actions as well as many cases of their failures. Richard Hübel is the mayor of Pěňčín community. He is not a farmer, but he wanted to cooperate with a local farmer Mr. Pulíček. Actually, he was contacted by the Ministry of Regional Development saying “Europe” supports projects on which a businessman, a farmer, a community and schools cooperate. He agreed with their offer. Really, it did seem that after 40 years Pěňčín is lucky. Nowadays, he is facing the charges and might go to prison for 12 years. Nor Mr. Pulíček was successful in his cooperation with the Ministry of Agriculture. His losses are smaller, but the result is the same. He doesn't start new business activities.

Topics:

1. Farm: History, Subsidies into added value of groceries, how much do we pay for veterinary audits and is it of any benefit?
2. Veterinary and sanitary requirements for small-scale producers: A sanitary pack, what is a small amount of milk. Safe groceries: a consumer and competitiveness, consumer interests and unfair competition, veterinary and sanitary practices and their impact on countryside development, added value for food products
3. Commentary – rebellion and peasants at Chlumec
4. Pěňčín necklace – development of countryside tourism assisted by the Ministry for Regional Development, communities and farms: 3 years to write project conditions, 2.8 million investment into the project preparations, executors working against a terrible deadline and the consequences, cooperation with the Ministry can end up with prison, warning against naivety of countryside communities
5. Epilogue: Duration of litigation and fines can cause firm's liquidation

Farmer **Josef Pulíček**

Contact josef.pulicek@fipobex.cz

Qualification glassmaker, agronomist

Place of business Pěňčín u Železného Brodu

Subject of business ecological farm, goat cheese processing, turnover: 3 mil per year

Property	235 ha of land, 400 pcs of goats and 120 sheep
Property acquired forming	the extension of home company specialized in traditional glass, glass forming
Start of business	1997
Financial sources	his own
Employees	4
Farm production	about 200 pcs of goatlings and lambs for slaughter, 5 t of goat cheese, milk
Potential	milk sales increase, agrotourism
Current plans	withdraw from Pěňčín necklace project (see below)
State contribution on business development area and land (agroenvi and arable) subsidies	400 thousand for investments, payments by subsidies
State contribution on adaption of processing facility according to EU regulation	0
State contribution on land purchase	0
Contribution on building repairs and construction	0
Contribution on technologies and processing	0
Contribution on machines and mechanization	0
Subsidies share on investment into business	10 %
Subsidies share on business turnover	70 %
<i>Main obstacles to business development</i> <i>problems with sales, stagnant production of home company, envious fellow citizens</i>	
Membership in unions	Agrarian Chamber
Trust in political representation	10 %
Trust in consultancy and union organizations	
Trust in media	
Trust in research institutes and consultants	15 %
<i>Participation in public life</i> <i>membership in local council</i>	
<i>Benefits for community</i> <i>taxes, expertise, traditional production, working</i>	

place for family

Working hours

10 hours a day

Last holiday

this year

1.Farm.

Beginnings

Mr. Pulíček started his business of cut glass that is traditional in Železný Brod region in Pěnčín near Jablonec nad Nisou in 1991. He was learning continuously – similarly to the state. He followed regulations and ran a business so that he could give it to his children one day. One of the hidden mistakes of that time almost broke his neck, we will read about it at the end of this case. We are still in the nineties. The number of his customers was growing, as well as his premises for production. As he started at good time and was skilful, he was soon successful and opened a restaurant with lamb and goatling specialties in Pěnčín, started train rides for tourists around the Jizerské Mountains, bought exotic animals and let ostriches and peacocks walk among geese and ducks as a tourist attraction.

Thanks to his neighbour who was employed at the Ministry of Agriculture and explained the policy of countryside development to him, Mr. Pulíček – a former agronomist – became interested in agriculture. He bought land, goats and sheep and joined ecological system. In his premises, he built a dairy and a small shop and began to process goat products – at first he sold his products only to tourists and locals but later to the national network.

Subsidies into “Added value of agricultural and food products”

By signing a petition at the Ministry of Agriculture (against the will of their union PRO-BIO) asking for a correction of a manipulative calculation of subsidies for non-existent animals in permanent herbage programme, ecological processors were promised the saved money would be transferred into the support of facilities processing bio-products. Mr. Pulíček set all his hope to this promise and believed that operational programme OSA I., esp. 1.3.1. Provision “Added value of agricultural and food products” will help him to pay the costs connected with dairy enhancement under veterinary regulations. This hope was wrong, though. The gap between what the farmer must do and what the state doesn’t have to do is still becoming wider and wider.

A subsidies programme’s particular points are contradictory and it is not possible to satisfy the conditions (e.g. Point 3 is contradictory to Point 7, as specified in the Ábrles case – Chapter “Hello, how many points have you got?”). I remember Mr. Pulíček giving me the envelope with the programme thinking I would take it to the Ministry of Agriculture, show them the mistake and they would correct it. At that time, they had half a year to submit the application. I am again and again sorry for those people and their naivety. The system, for which the farmers work hard, created dozens of committees and hundreds of hours paid from

state money and also an impenetrable wall through which the mistakes are leaking but outside pole-axes are sticking out. It is one-sided pressure, one-sided risk and one-sided profit.

As one of Mr. Pulíček's more experienced neighbours, Mr. Šourek – whose farm thanks to a similar logical collapse in operational programme SAPARD and Agrotourism lost 600,000 crowns (see his own case), commented: the mistakes the Ministry of Agriculture made in programmes of 2007-2013 would be removed for 3 years. As usual. Mr. Pulíček never saw any correction in programme “Added value of agricultural and food products”.

Mr. Pulíček isn't a tough case and he wouldn't “be worth” writing a chapter about him, but even him has no chance of easy life and farming. So, let's look closer at another layer, which a farmer has to bite his way out – State Veterinary Authority and Regional Sanitary Authority.

Costs of (bio) processors checks are higher than their yield

The Ministry of Agriculture supports farm processing. It can be through subsidies or by other different means. To be more specific, let's start with an October (2007) veterinary audit on Mr. Pulíček farm. To his tiny dairy, where the Pulíčeks produce 3 kinds of cheese, 6 (in words – six) veterinaries came and they were checking all day long whether the processing facility keeps the regulations for which only 1 (in words – one) employee is responsible. I guess a tax payer will ask the same question as we did: was the number of inspectors adequate to the number of the inspected and who paid the whole-day work of all these people, **at the time we make our seniors pay 30 crowns when going to the doctor's**. We can find the answer in the audit report: the veterinaries found a damaged plaster of a 2-crown coin size behind the till and one questionable date in two-years records about pasteurization: the pasteurization started at night but finished in the morning and there was the day when the pasteurization started in the tables. Whether this state “product” is of any worth of “input costs” can be judged by tax payers themselves.

The delegation finally left some footprints in Mr. Pulíček's processing facility: it was a decision that Mr. Pulíček mustn't extend his product portfolio of 3 types of goat cheese with a new product which he was developing together with Milcom Praha for several months. They said it would be a parallel production the facility didn't have a capacity for. This is nonsense, of course. If one employee works with a given amount of milk, nothing like a parallel production or over-capacity can be caused: you can't pasteurize two doses of milk in one pasteurizers at once as well as you can't roast a goose and bake a cake in one oven, or peel potatoes and make butter at the same time. Nevertheless, a citizen when confronted with a review body has no chance to assert his rights, and auditing commission didn't even include it in the audit report.

Just if you are interested, the same veterinary audit was carried out at the Šourek's neighbouring farm in Plavý u Tanvaldu - at the only processors of bio-cow milk, butter and cottage cheese in the Czech Republic. The all-day-long inspection of Mr. and Mrs. Šourek by a six-member inspection team of veterinaries brought similar results: they found a small pot with salt used by Mrs. Šourková to salt the spice. This is forbidden and so it was recorded in the inspection report. Another mistake was similarly serious: they found a pencil and a notepad in the table drawer of this small dairy. The same procedure followed – a never-dying record in the protocol and urgent call for its removal. (“But how can I note down everything they want if I can't even have a pencil here?”) asked Mrs. Šourková herself when they left. For the rest of the day, one of the veterinary audit team members talked to Mrs. Šourková about whether it is better to stay in Podhájská spa for one week or one month, another

member was walking in the hills and the rest was sitting in the warm office of a farmer checking already checked things – report on pasteurization and compulsory milk samples analysis. Why? Because Europe wants it. It is another nonsense, there are no European rules stating how many inspectors should carry out the inspection:

These audits balancing between buffoonery and absurd comedy only prove that the state is not able to check what they should check (see veterinary performance in Southern Bohemia in the case of a cattle herd tortured to death) but they are eager to look for salt-boxes and pencils, which is nothing else than spending of state money on one side and on the other a bully and dishonest abuse of naive farmers who by now don't know their rights and who let these pseudoinspections come to their private premises, where they didn't come with the view to help the farmers in the process of countryside development but with the view to find something wrong that will be a good reason for farmer's time and tax payers' money wasting. These audits are for nothing: the farmer doesn't learn anything as he gets the results in a fortnight's time and it is the same with a tax payer as veterinaries are not very much interested in a farmer and his life.

Audits have never brought a systematic collection of information and feedback about the impact of sanitary and veterinary regulations on farm economy and operation, the work load of a family, farm marketing – i.e. everything these regulations cover. When we will get to a meeting with the main Czech lactologist, responsible for veterginary and sanitary legislature of small processing facilities, we won't be surprised he had appealed to farmers to suggest their own ideas (2008!) about family processing of food.

As veterinary and sanitary regulations make desperate not only every processing farm but also a big amount of Czech consumers nowadays, let's look at them more systematically. How are they created? Who are the people who create them, how do they think and what intentions do they have? How do they get on with farmers and what are their relationships?

2. Veterinary and sanitary requirements on small producers as a condition of their business

Brno grant project Trust organized a seminar in Prague on January 24, 2008 on the topic: Competitiveness, development of eco-agriculture and regions, gastronomic specialties, breeds of farm animals. Theme: European Commission wants to make the life of small processors easier.

“The ratio is 12 farmers to 18 officials”, said a farmer next to me. Besides the representative of the Ministry of Agriculture, PRO-BIO, inspectors and organizers, there were Northern Bohemian veterinaries from Liberec Regional Veterinary Authority and MVDr. Jiří Hlaváček – the chief methodologist-lactologist from Prague headquarters of State Veterinary Authority.

Newly but from the beginning a bit defensively formulated subtopics of the seminar were: Specifics of farm production: Limited production, Periodical production, Few employees – family, Small farmers can't afford to offer a bad product, Local sales – a range of stable customers. These confusing definitions of subtopics hide a request – “they are small, they don't do any harm, they move in a limited space, they check each other, so let them work”. I personally consider this submission inappropriate.

Farmers in our morally, economically and culturally devastated borderland who struggle to preserve at least basic infrastructure there, who create work places, possibility of a family life, move a stagnant economy, create a different type of retail (not Vietnamese salamis in Hřensko region or prostitutes at gas stations), are an example for others not to wait until they are made cheap workforce. Therefore, my theme would be: Dear Ladies and Gentlemen, EU gave you money and methodology to bring new conditions to small processing facilities, but instead in five years' time you liquidated two thirds of these small processing facilities. And now we would like to hear something else than your speeches about invasive EU and our shining yesterdays.

Sanitary packet

To listen to a story about the origin of sanitary and veterinary regulations for small businesses and their never-ending series of explanatory mistakes and misunderstandings about European strategy is the same as talk to a wife who sees her husband's failure for the fiftieth time – it is difficult and in vain to appease her. In this background, the speech of a manager – lactologist, methodologist RNDr. Hlaváček, who defended the views of “the world according to the Czech veterinaries”, and especially his way of presentation were self-confident and jovial right from the beginning.

“On January 1, 2006 Czech regulations on sanitary and veterinary standards came into effect. Until this time, we had been taking over EU regulations word by word.” *(Nevertheless, this is a formulation of Mr. Hlaváček. We were never asked to take over the EU regulations word by word. It was, actually, EU who stopped our health and veterinary officers and sent them a clear order – implementation of EU regulations mustn't cause closing-down of farms. Moreover, there was SAPARD programme that was supposed to help the farms to adapt to new conditions. But before the veterinaries managed to agree on contactless taps and washable ceilings, SAPARD money disappeared, no one knows where, and we are in 2008 and Mr. Hlaváček continues:)* “General idea of Sanitary packet of 2004 was defined by Regulation 178 with directly exercisable rules. Then there is Regulation 852 on food sanitation that describes what every food premises should look like and what everyone who wants to do public catering must fulfill. This regulation also stipulates the conditions for retail and Regulation 2072 deals with microbiologic requirements on groceries. This regulation is linked with Regulation 853 on animal products that concerns the small processing on farms.

At this time, it might seem that in five years' time, through two very painful steps and irretrievable losses, we managed to get to binding regulations on what conditions a farm should meet if they want to produce cheese or sausages. But it isn't so, Mr. Hlaváček takes a breath and continues. Regulation 1662 completed Regulation 853, and actually replaced it.

And afterwards we learn there is an amended Bill 375 that changes Bill 298 and that the amendment to the act is being prepared and expected to be issued in the first half of the year. So we can say we are constantly in the middle of the process for five years. Why is it so? Mr. Hlaváček a bit obscurely answered: **“National regulations can be amended by those who are not Unionist.. We have direct milk sales on the farm, but we have no direct processing!” A bit confusing, I don't understand it much??? ...No wonder, that's the way these idiots speak. What about my explanation that follows?** (A more clear formulation would be: “We would have it, but Mr. Hlaváček doesn't have it so we won't have it either.”) No matter how generally they spoke, we finally learnt that responsible institutions haven't dealt with small processing under sanitary and veterinary regulations yet.

In other words: foothill regions, where one fourth of our agricultural land is found, where historically nothing else than pastures and home processing existed (former collective farms and unions destroyed it and a new regime stole everything from the only centralized processing facilities of socialism) are nowadays in a legislative vacuum and there is no methodology for them and no funds for their development and therefore no possibility for local people to earn their living.

While in normal democratic environment a wife could ask for a divorce, pathologic environment of state administration will not allow their drones to lose their warm nest with pension. The other way round. They get paid for their inefficiency from state money. E.g. Mr. Hlaváček. He finally agreed, when he was asked so many times, he will go to Austria to see how they do it there. We could hear in his ironical tone of voice he could no longer stand the unison echoing from all sides about why abroad everything goes fine but in our country it is not possible.

However, the journey of Mr. Hlaváček is actually useless as he doesn't want to change his opinion and attitude to small processing in EU: unlike our country, in the neighbouring states there is a lot of mess, complainers and anarchy, these are his expressions for democracy and collective responsibility for country prosperity. As he concluded, whatever he sees in EU, he will never allow the production of groceries harming the health and unfair competition. Before his superior will sign his travel documents, Mr. Hlaváček should at least understand the basic terms..

Smaller than small amount of milk

Seminar moderators slowly pushed Mr. Hlaváček to the topic of the seminar: European Union wants to support small processing. After many digressions (e.g. we have always considered foremilk as health harming, Northern countries allow it, and now one interesting things – mushrooms are considered a basic industry...) the manager finally admitted: "According to Europe we mustn't do detailed regulations. But we mustn't do general rules either."

Of course – "Europe" demands flexibility and flexibility means being operative. And this is only possible with individual case surveys carried out right on the farm, which requires personal responsibility of field workers. But that's exactly what our veterinaries don't want to do. Field workers demand their simple and comfortable world. The paper with Yes/No spaces – otherwise administrative procedures, fines and bans. And now they should fight for their comfort. Here are the arms of veterinaries. A psychological dictionary has a simple term for them: Questioner ritual. Mr. Hlaváček starts his part:

"Regulation 852 is supposed to stipulate a small amount of groceries and products of basic industry. A small amount should be stipulated by national regulation. But we don't have such regulation and it is January 2008." "Why? As we don't know what is... a small amount." "Yes, what is a small amount of milk?" asks the manager. "Is it a daily consumption of a person? We know this question from the discussions about marihuana legalization, don't we?" asks a person comparing drugs and fresh milk – a person we have been paying for these

answers for five years – paying his salary, benefits, social and health insurance, traveling expenses, telephone calls, laptop and numerous seminars.

“And preservation of traditional techniques?” – another question mark. “What is a traditional technique?” continues a cunning secret philosopher Mr. Hlaváček. “Is it a Swiss farm whose recipe for family production of cheese was not interrupted by an eastern idea that everything belongs to everyone? Or is it a recipe that a farmer found in his loft and that was hidden there by his grandfather in 1950s.”

“And marginal activity?” the manager rises his voice, “What is it? If someone produces for direct sale or marginally something else? For example, home slaughter of animals. The slaughter house must be registered. And to be registered means to meet the regulations. But a tradition of killing a domestic animal for feast is not regulated by any national rule... so, you must admit that if you want to kill your pig at home, you mustn't, as we weren't able to make a regulation for this and therefore you have to go 50 km to the closest slaughter-house labelled with our stamp. If you have a cooling car, of course. A feast? Forget it! Cross it out of your calendar and underline fasting.

The real dangerous actions influencing the natural development of community are usually hidden in obscure comments that are surrounded by seemingly more important “facts”. Without noticing, the manager isolated the farm and prevented “the third party” to enter by another simple question: “And what about a local market? Is it a farm? Or a farm and the closest shop? 50 kilometers around the farm? And is it as the crow flies or by the road? And what if there would be a local middleman who would drive around the farms distributing the goods to the shops?” From the farms where according to available demographic data and textbooks of infant school all population disappeared already in 1947, and so did a customer. From the farms that have no nice cars or time to go somewhere else, from the market where no local shops exist as they went bankrupt thanks to state supported hypermarkets that will not accept the goods without fees... “We will not allow this in any case!”

“Punishment”, “restrictions” and “liquidation” have hundreds of administrative faces: e.g. three farms will agree they will build one expedition room where a businessman could come. Or maybe after some time a small processing facility. Regardless the amount of milk and number of products that a farm dairy will produce, the state intervenes and stop their community activities by forcing them to follow the same rules and administrative procedures of technological investments as e.g. Olma Olomouc, because “they work on the same principle, right?” jokes Mr. Hlaváček. But Olma Olomouc homogenize the milk that means deteriorating the quality for constantly growing number of consumers and above all for their bio-milk, they pay only two thirds of what “their friend farmer” or “friend processor” would pay. With this short manager's comment, the farm loses the profit and the possibility to invest and grow and the countryside becomes an open-air museum of cheap workforce and a flycatcher for unemployment benefits. If we want it and we don't mind it, then everything is fine. But it is necessary to admit it openly to wide public. And if so, we can't call it Countryside Development Programme but rather Cities Development Programme.

And let's allow Mr. Hlaváček to finish: “Or what if a farmer went with his goods further than to the closest shop? I am sure you can tell the difference if I have carrot or cottage cheese in my car.” It is, of course, a difference but only theoretically, in practice the farmer driving round his customers can hardly afford to offer sour milk, mouldy cottage cheese or rotten meat, simply because there is his name on it. These products are more likely to be seen in hypermarkets whose lawyers will send the national hero, Mr. Hlaváček, to stay where he belongs to.

As a former manager of hypermarket, I personally remember the summer months when e.g. chicken halves were brought by cooling cars that kept switching off the engine every time they got into a traffic jam and even outside shop ramps as the boss evaluated them, among others, according to their fuel consumption. By the time the meat got into the refrigerators, “seeing better times before”, the customer who bought it and loaded in his car and went with it let’s say from Plzeň to Třemošná, because these are the zones of our hypermarkets as there are no local shops, found out the meat was green-blue. I personally know how many complaints like this I dealt with and they are impossible to be punished.

Transportation, on which a current food business is built on, is such a problematic topic that we can evaluate the prevention of arising of local markets as sociopathic behavior. Unfortunately, current food policy only worsens the situation. Last week a friend of mine, who works as a chef of a big Prague restaurant, showed me a label from beef. Thanks to the obligatory labeling of country of origin we could track down that the cow was born in the Czech Republic, fed in Poland, killed in Italy and packed in Austria. Every single step was consecrated by a veterinary stamp, and every single step damaged the consumer, the quality of the product, competitiveness, environment, local employment. How does this happen? Let’s not pretend it is beyond our control and let’s listen:

The speech of the manager was not a drama of a person who wasn’t able to decide but a very precisely made calculation in the game of who is stronger.

3. Safe food, consumer, competitiveness

Mr. Josef Šourek kicked off and started the game in the name of farmers and in the same way as veterinaries – by a question. But he didn’t direct his questions to open spaces but to Mr. Hlaváček: “What is a safe food?” he asked simply and directly. “Are they milk products that do not contain listeria? Are numbers of somatic cells still measured? E.coli? There is no clear border between safe and unsafe. Bacteria that were several years ago tested as very dangerous to human health are of no interest to anyone nowadays.” Similarly to preceding cases, the representatives of veterinary administration didn’t answer the question.

Mr. Mejssnar (alojsmejssnar@tiscali.cz) who has been working on a family dairy farm for 10 years answered the questions from the preceding veterinaries speeches very clearly in one sentence: “Small processing is such processing that can keep up one family. In the case of milk farm it is about 100 cows and the volume of production is about 500 litres per day. And small sales? It arises from small processing. Everything I produce from this amount of milk is sold to a customer (according to his wishes). Where? Everywhere I find a client. My goods must be of good quality, otherwise I could lose my customer.”

Mr. Šourek adds his recommendation: “The farmer, who doesn’t process yet or only makes cheese and cottage cheese at home and is interested to sell them, comes to the Regional Veterinary Authority (RVA) and says: This is what I produce and I like it, I have been doing it for my family up till now but more and more of our relatives come to me saying they would buy my products and so I’ve had my products analysed for health and safety and now I would

like RVA to come to our farm and evaluate our situation: this is sanitary minimum you must fulfill and we will monitor, you can start, good luck. Individually, tailor-made requirements for every single processor.” Veterinaries, who originally asked farmers to bring their suggestion, stopped them after the third one entered: this time their magic formula was a consumer, competitiveness and unfair competition. But let’s take it one by one:

Consumer: Have anyone asked a Czech consumer about his interests and explain his rights, present situation and results of recent research to him? Does helpless Czech public administration follow EU recommendations concerning consumer’s interest? E.g. food for hospitals, schools and authorities? According to EU, there should be almost no red meat included. But our agricultural legislation is adjusted to support beef only out of organic products. Where is the consumer’s interest then and where are EU recommendations concerning fresh local food? As a tax-payer, I am also quite worried when I see what difficulties and embarrassments our farmers must go through when dealing with public administration. And I am not mentioning agricultural subsidies that are rolled through the countryside to towns. This is not a consumer’s interest either.

“There is only one criterion for quality of my work and it is the demand of our clients-consumers who would be interested in threefold larger amount of our cheese and dairy products than the capacity of our production is,” Mr. Šourek continues. Besides having all our products sold out all the time, we won the first prize in the competition of all local products. The committee of 130 members was deciding!” Silence. The Ministry, veterinaries, PRO-BIO, none of them will take an opportunity. They came here to serve another day.

Consumer’s interest and unfair competition

Who decides about our consumer’s interests? Does a consumer have the same opinion of what is good for him as veterinary authorities and health officers? Would he really prefer the meat that was travelling around the whole Europe to the local meat coming from the neighbouring farms? I myself can say that my consumer’s interests are in conflict with our veterinaries practice. They differ e.g. in the fact that I am interested in using my money to support the local production of fresh seasonal groceries and I consider myself being so intelligent to be able to judge on the spot the conception of particular processing farm, their business, abilities, the farmer’s opinions and the quality of his products. I don’t need to put my money in their stamps and certificates.

But veterinaries and health officers prevent me to take this opportunity and what more – which is unbelievable – they even say they protect my interests. As a consumer, I quite rightly feel threatened by veterinary and sanitary interventions into groceries processing. Sterile, long-lasting cakes full of emulsifiers offered at gas station, sandwiches wrapped up in plastic – where the price of the container is higher than food itself, fastfoods that offer energetically and nutritionally poor frozen or long-lasting semi-finished goods – that is what threatens me most and especially my children. I am not definitely threatened by Mrs. Šourková salt-box or the date of Mr. Pulíček as Mr. Hlaváček would love to persuade us. Well, for the next time, we (consumers) would love to ask Mr. Hlaváček and his colleagues to let our interests out from their calculations. And now something about the competitiveness:

As Mr. Hlaváček explained to us he is especially concerned about the special rules or exceptions for small farms that could create the environment of unfair competition. His

concern, considering the reality of Czech agriculture, could be compared with the concern of a person who in the middle of his epileptic fit managing to break chairs, pull down the table cloth with grandma's porcelain, bite his wife's finger through and both telephone directories tries to find his night cream with jojoba extract. (political correctness of the metaphor is judged by an epileptic...) Even all grandma's medicine store wouldn't manage to cover the core of their fear: after the veterinaries made the owners of small processing farms invest into four contactless taps, washable ceilings and a cooling car for nothing (how come their neighbours don't have to do these things?) and the farmers are now heavily indebted thanks to them then it is more than clear that their fear doesn't concern the farm but themselves. As the solution is simple: Those who invested into things contrary to European standards will bring a collective suit against the veterinaries and the state will return their worthless investments and there will be no unfair competition any more.

And big businesses that say the rules should be binding for everyone? The answer is much clearer than in the previous case: the calculation of fixed costs of cost price and equal opportunities of living and business. It depends whether we decided to defend constitutional rights or specific interests of particular civil servants. If we decided for the first option, the suggestions for methodology of small processing facilities in words of farmers-processors are mentioned in the previous chapter and they are absolutely clear.

If we decided for the second option, the unfair competition which is of a great interest of a concerned veterinary, Mr. Hlaváček, who is responsible for methodology of dairy products processing in small businesses, should be primarily of our interest. These people, starting from the manager and finishing with the minister, can't define competitiveness because - if we omit many other reasons, such as they haven't got necessary qualification for that and know-how - thanks to the nature of their own existence they have no idea what it means. While in competitive environment the farmers would find other partners for safe building and running of their processing farms, they can't even choose the minister or veterinary now. Moreover, only in non-competitive environment it is possible that the badly-fulfilled tasks that are very often contrary to the signed EU declarations and the never-ending series of field mistakes that caused incalculable cultural, urban, demographic and economic damage are not punished and the responsible people don't have to face the consequences but can actually keep doing harm without any doubts.

The standpoint of veterinaries is discussed – what is good for whom – the only voice out of many and not very trustworthy as it is burdened by two things from the very beginning. Firstly, their own interests force them to look for comfortable solutions and transfer the responsibility beyond them and secondly, as we could hear in their preceding speeches, they don't know the answer for the very core of the discussion, which is definition and “legalization” of small processing as such. But our problem is that these people assume the right to be the only voice heard in the discussion. And they achieve it with the same tactic as we could see before when they instead of answering the questions were asking them. They have also been ignoring complaints and suggestions of those who have the most relevant comments – of the farmers for a very long time. The consequences are obvious: multi-member audits without analysis of their efficiency and yield, one-side responsibility of the farmers, decisions about quality of their work made behind their backs, ignoring of farmers' suggestions and critic, ignoring the interests of consumers and tax payers. A specific example we have seen hundred times since 2003 follows:

Practice

“I have been running my dairy for about 10 years,” a farmer Alois Mejsnar from milk farm in Trutnov region talks. “We have invested about 6 million crowns in it and naively believed we fulfilled everything the veterinary authority requires. But last two years prove we were

wrong. At present, when we produce about 500 litres of milk per day, we need one worker to do paperwork only. For example, audit of 2004, when 9 people came and gave us a list of defects that need to be removed. It cost us quite a lot of money but we did so. However, in 2005 another audit came and gave us another list. Every visit of theirs costs us dozens of thousands of crowns and has the only result – it makes our business activities more difficult. We are the only one in Trutnov region who process dairy products. The other farms give their milk to Miler who processes it in Dresden and subsequently imports cheese and cottage cheese to our republic.

Last week we got a fine as we had wrongly kept an administrative record of cleaning outside. But it is among family members, no one else has access to the farm. How to get out of many checking critical points that haven't been explained to us till now? Wee don't know. And there are more and more of them, usually utter nonsense, that has nothing to do with consumer protection or healthy food. We don't also like the hypocritical attitude. The audit won't tell you anything on the spot and in 14 days' time you get an administrative action or a fine coming without any warning. And usually, only one word would be enough and the defect can be removed. Those people can see we are stressed, we are under constant pressure from all sides, they must know they are totally confused with all the regulations so as they don't know what to inspect and the chaos is changed every six months, but still no team work or personal responsibility or normal talk is possible with them." For a while there was a discussion about how it is possible that every district has different rules, Mr. Hlaváček defended this by saying that regional veterinary authorities have right of veto and so the farmers should apply to them.

A farmer from Frýdlant region, Mrs. Ondřejíková, confirms that at the time the veterinaries required HACCP from them, she didn't know what it was and since a small processing operation hasn't been defined so far, it isn't possible to do individual HACCP because farmers do not know their rights. And Mr. Mejšnar adds: "No, really, no one explained to us that we could have a simple list of checking critical points as we, for example, know it from Chinese bistros. The only thing we know is that our operation doesn't constantly fulfill the conditions." "Can you give us a specific example?", I am interrupting... as he looks he will start crying any minute. He recollects: "Thermometer – temperatures records. The temperatures were alright but the paper wasn't. Nobody told us on the spot and in a fortnight an administrative action followed and we had to pay a fine of 1000 crowns." "No worries, you will be more careful next time and everything will be alright, won't it?" I am trying to comfort him. "No chance! They have come up with coats. The last veterinary inspection told us we have to have coats washed by a special dry-cleaner's, sealed in plastic and with a date stamp on a hanger that mustn't be older than 3 days. Otherwise, we can't enter the dairy." I am closely observing the faces of every single veterinary and inspector present. I want to see who we speak to. I am provoking:

"Can you please tell me how many people an audit needs and who pays them?" I am talking to them. A young Liberec veterinary, Miss Chaloupková, in a tight suit calmly answers my question on behalf of all inspectors in the Czech Republic: "I personally like taking my colleagues for audits. We have a better chance to hear more opinions in the field and I am very interested in their opinions." By my face expression, I am adding: of course, no one can prevent you from taking a dog, a grandma on a wheelchair, a classmate from basic school on a business tip, you can afford it, you are so rich. We can tell immediately by your clothes and mobiles.

In the meantime, Mr. Mejšnar continues: "At the present moment, another audit is being carried out at our farm. Again, 9 people came. My wife sent me a message a minute ago saying we are in big troubles. I feel like giving up the production, I am so fed up with everything. Once again, just to double-check, I look at the faces of all 18 present veterinaries and officials. They say nothing. The last processing facility in Trutnov region. So what? We

don't care! We haven't managed to make a better environment. Let's listen to a story of Mrs. Ondřejíková from Frýdland region now.

Consequences> Destruction of the countryside continues

While Mr. Majsler was almost crying when talking about the experience with veterinaries and health officers and about why he can't stand it any more and wants to give it up, a few of his colleagues are so ill that before they achieve what they want they simply die. We have seen the first tragic cases. Maybe they are the happier ones. I personally remember the situation when I wanted to massage the back of one unnamed ecological farmer. It was a sad experience: I have never seen anyone who would have such sore back. And we are talking about the body only. I've never heard the farmers saying they don't like their work. They don't like the endless stupidity of the state and the Ministry of Agriculture that is bottomless and that has worse consequences in the countryside than a swarm of locusts. There is one of thousands and one cases:

While the previous scenes were balancing on the edge of Miloš Forman's comedy *Hoří má panenko*, the ending was not that funny. At a seminar, I was sitting next to a virtuous farmer Anna Odřejíková from Ves u Habartic in Frýdland region. She owns the only family milk processing farm in the district. She came to a Prague Thursday meeting one day before as she has problems with her heart. On Monday, it even seemed she wouldn't be able to go from Frýdland to Hradec Králové to correct the mistakes SZIF's bad administrative-checking system made, and which by the way left all applicants for subsidies for farm processing development hopeless (see chapter of *Lištičky na vinici*). One day before the seminar, I went to the doctor's with her. What did we want to hear? Exhaustion, stress. Relaxation? Now, when she is fighting with veterinaries over the possibility of cow milk sales from her goat farm?

Anička didn't try to hide that she was not interested in general and useless seminar presentations, her aim was quite specific: she hoped Mr. Hlaváček would be, in front of all people present, too scared to forbid her to sell cow milk from her goat farm as one of his colleagues, a regional veterinary, did. By the way, it was the veterinary who said she loved group audit experiences with her colleagues. For this reason, Anička came to the seminar with one prepared question that was fatal for her farm at that time: Why Regional Veterinary Authority requires some more construction work (to her 12 rooms, described in story *Anna and the tiger*) so that she could sell cow milk from her goat farm when e.g. at goat farm Břeží in Southern Bohemia there is no such problem and several recipes combine cow cheese and goat milk?

It takes her some time to take courage and ask Mr. Hlaváček a question. She has got 4 sanitary approved rooms – a refrigerating chamber, an expedition room, a shop and a store – is it enough to enable her to sell the milk? And finally, she got the answer. Mr. Hlaváček didn't reveal her female trick and he answers cheerfully, as a man whose position enables him to freely decide whether he wants to be nice or bad. And for now, he decided to be nice. “Of course, you can, you can sell cow milk of your farm animals.” We sigh of relief. One word and she just saved dozens of thousands of crowns including time needed for negotiations with confused field workers that has such impact on her heart.

But when she asked Mr. Hlaváček again if he meant she would get a stamp for cow-milk selling because the two present ladies, regional health officers Mrs. Chaloupková and Mrs. Dvořáková, refused to give her the permission before, the two ladies lost the control and in front of others started to shout at Mrs. Ondřejíková: “Mrs. Ondřejíková, we have done enough

for you, and we won't talk her about whether you will sell your cow milk or not."

I am closing my laptop and leave. I have heard what I wanted to hear. Especially, what I didn't need to hear and see. We haven't learnt anything about the small processing, just that Mr. Hlaváček and gang of his beautiful girls are not qualified to inspect anyone, we just learnt they are at their wits' end about what to do with themselves.

EU supporting the small processing? It is a question. Coincidentally, the next Saturday of January, following the above-mentioned seminar, an informal meeting of veterinaries took place in Prague. One of my former colleagues was there. Besides the complaining about the chaos in regulations and demands for individual solutions to problems and participation of veterinaries in building of processing facilities, they were talking about their own problems like nonworking software (e.g. for records on killed animals). At the end of the meeting, the final conclusion was pronounced. By 2009 all exceptions for small processing businesses are cancelled and they will have to observe the same rules as big businesses, such as Hypernova or Xaverov. "It might not be true." I am telling the chairman of Private Farmers Association, Mr. Šourek, on the phone. "Well, I wouldn't be surprised," he replies. The reality corresponds with his statement.

Epilog:

On April 18, 2008, Mrs. Ondřejíková was sent the following letter from Liberec Regional Veterinary Authority (RVA):

With regard to your request of December 20, 2007 for registration of food product, specifically, raw cow-milk production with the delivery to a dairy, a field survey was carried out by inspectors of Liberec RVA, Mrs. Dvořáková and Mrs. Chaloupková, on a farm in Ves u Habartic on December 21, 2007. As the subject of registration was the premises of the existing dairy indented for goat milk storage in the time of production that is afterwards processed only in neighbouring areas, the production of raw cow milk was approved only under the condition that the area of dairy will be used for cow-milk storage only until goat milk production starts. Till then, another area should have been used as a storage.

The subsequent inspection of April, 11, 2008 found out that the area for cow-milk storage wasn't determined. Since we have found this out, we would like to ask you for specification of cow-milk obtaining conditions, cow-milk storage and how was the processing business handed over after the goat milk production started.

Jitka Dvořáková, manager of Health Department of Liberec RVA. Attended by Chaloupková.

Rebellion? Only local

Everyone wants to leave something behind and the basic instinct of every human being is to express oneself. Up to here the activities of our administration are inevitable. But we need to distinguish between healthy growth and cancer proliferation. Both of them are growths but one supports the life and the other one damages it. If I can't go straight, I will have to go sideways because I simply have to go, we are told by people who act as arbiters with the right to tell us what a citizen can and can't do, or those whose task is "not to figure out the already figured-out things".

Not what but where is the question of today. Where are we going? Are we making a space for the growth of anonymous and confused administration destroying human creativity and fantasy? Are we in such a bad situation that we are scared to even pronounce words like creativity and fantasy in the territory occupied by officers and civil servants because it would be a sin? We are more tricky, rigid and bureaucratic than any orthodox church. We have just changed our vanes, instead of Holy Ghost we put mottos like safe food, consumer and competitiveness – it doesn't matter no one has ever seen them or even knows what it is. Similarly to scholastics, we repeat their method, **thousand of hours spent on working group and committees discussions** about how many angels manage to balance on the edge of a needle, only to distribute these constructions through emails and institutions whose members abandoned their opinions and their name and they stab those who didn't get frightened of their freedom.

Farmers defend themselves against ruthlessly advancing block of legalized violence and chaos through small rebellions that are more like complaining than systematic resistance. From time to time, we can hear stories about a veterinary closed in a cooling chamber or inspectors breaking out doors with their backs. The managers of supervisory institutions are surrounded by suites of secretaries, public relations officers and clerks, so a normal person or a journalist have no chance to see them (SZIF, PGRLE, ÚKZÚS, SVS). "Field workers" defeat protesting farmers through their quantities and as a shield against their arguments they use (not the correction of their mistakes) but more and more of their appendices and amendments.

There have been intense discussions about who is responsible for justification. A recent example: a new obligation has been introduced in recent months when dead animals or even bad milk from farms are brought together. A farmer tells us: "Before the company that arrived for a dead animal had an accompanying document of the (dead) cattle where the earring number, farm initials and veterinary inspections were stated. And now the veterinaries came up with another paper where we have to fill in these data again. The farmers were arguing with them for a while asking about who is interested in this paper and who is obliged to fill it in but finally, again, they were told "the farmer is obliged" because "the law tells him to do so".

I don't want to describe here how dead animals waste is treated in hypermarkets. I don't want to harm my former colleagues and we still have to be aware we are in the territory where no arguments count. Anyway, this accuracy with paper duplication for "safety" reasons is as funny as in previous cases and can't be compared with real dangers. To repeat the case, when the herd of burnt cattle is lying around the estate covered by a thin layer of soil and veterinaries do not react for two years, is the same as shouting the freedom of speech is broken under the communism: there is no one to appeal to.

Rules that apply to one side only can be nicely documented on the case of ÚKZÚZ (Central Institute for Supervising and Testing in Agriculture, seated in Brno, the manager RNDr. Jaroslav Staňa) of December 2007. To resist the advancing block of state machinery – hiding itself behind so called European laws and regulations, the members of Private Farmers Association took the action. What was it about? Again, Mr. Pepa Šourek will tell us: "We are a small farm, but according to ÚKZÚZ we are a "highly specialized food processing and feeding business," as I personally feed my own animals. So again, another administrative supervision, another ten laws and their amendments – especially price lists modifications of ÚKZÚZ for their services. It is two months since they sent us a form. A form where we are supposed to sign we will treat the fodder properly.

Not a single word about why, why now and not last year, who wants it and what for. We also commented the form – again another requirement, again without explanation, again without the inner structure." (We made up a similar form and did exactly what ÚKZÚS did. We sent

it by email to all members of Association and together asked Mr. Staňa to sign the form saying he will fulfill his duties and regulations. The manager inflated with pride and told us he would not present bills for his work to anyone and that it was only and exclusively us who needed to obey the regulations and law and he quoted European regulation No.183/2005 saying that starting from January 1, 2008 the owner takes over all the responsibility for his production. Why was this European requirement lying at UKZÚZ for three years, why did no one explain to businesses what was going on, why didn't the Institute issue a task schedule and why did no one consult it with the farmers? – no one knows and probably will never find out. The manager only pointed out in Zemědělec magazine that the businesses must (without even saying where it is written) and that he doesn't have to – without admitting his mistakes, which are zero awareness and zero communication with farmers.

When investigating the dispute more closely, we found out the only will of Europe given to ÚKZÚZ was a kind of declaration. ÚKZÚZ made the best of it. Yes, it is the same ÚKZÚZ that in 2005 caused substantial financial losses to ecological farms in the case of illegal sanctions for fodder (falling entirely under their competence) containing GMO (magazine Reflex 33/2005, Chapter The Only One in the study). At that time it was the same, the farmer wasn't allowed to and ÚKZÚZ was allowed to and the farmer paid and ÚKZÚZ ordered.

But let's go back to the farm of Mr. Pulíček. The aim of the study was a specific project – MAS in Northern borderland focused on sales and processing of bio-products (details in Chapter Bio-region of Northern Borderland). I found what I was looking for on the farm of Mr. Pulíček – particular experience with subsidies programme focused on cooperation of a businessman, a farmer, a school, a community and a state. Let's learn a lesson before we will start investing in the countryside. This state-subsidized project was called ...

4. Pěnčín Necklace

In 2004 the Ministry for Regional Development contacted Mr. Pulíček. A successful businessman in an attractive location of the Jizerské mountainst with the potential of agricultural production and tourism seemed to be an ideal shopping-window for the first Czech-European project after EU accession.

Specialists from the Netherlands came and together with Mr. Pulíček started to compile the vision of Pěnčín necklace. This vision comprised a winter sports facility, places of interest, accommodation, bio-food production, a museum of glass, etc. The project was supposed to be under the program Friendship: under this name, the EU declares projects of partnership between communities, schools and private subjects. In our case, the Ministry of Regional Development and a Dutch delegation decided the partner of Mr. Pulíček's Fipobex company will be Pěnčín community by 50% and non-profit partners would be schools from Jablonec and Brod. The total budget was 60 million crowns, the state was supposed to invest 30 million into Friendship programme, and Fipobex the rest. The investment of 30 million would be too high for a community with the budget of 14 million crowns per year and so they swallowed the bait of the Ministry.

The project formulation took the Ministry of Regional Development 3 years. In the meantime, Pěnčín and Fipobex together with the Dutch worked on the project. Only the project

documents cost 360 thousand crowns. Finally, within three years Pěnčín community invested 1,985,343 crowns in the project and Fipobex almost 950,000 crowns. This money was paid from the community budget. From 2003 the mayor of the community together with Mr. Pulíček went through expensive administration of the Programme. In January, 2007 they together withdrew from the project. Why?

IV.2. Three years to launch a programme? Normal!

As far as Fipobex is concerned, the official statement on why they finished the cooperation with the state published in the community newspapers was as follows: “The company management was aware of the fact it was necessary to approach the project responsibly and to have enough time to solve arising problems.... In the atmosphere that was created around the whole project, it is not possible to work. As the above-mentioned circumstances more and more interfere with our families, we decided to finish the project before it started. This fact is unchangeable and was announced to authorized subjects. The agreement with the tender winner SSŽ wasn’t signed, therefore no penalties will be charged, and the signed agreement about the ČS loan will be, without penalties, finished – no money has been drawn.”

This official statement can help us to guess something but we can’t learn what actually happened in Pěnčín. After some time, when we came to know Mr. Pulíček better, we found out how the state actually cooperated on the project:

1. The government did never approve Friendship project as submitted by representatives of the Ministry for Regional Development and the Dutch agency to Pěnčín community and Fipobex in 2004 – i.e. as cooperation between business subjects, communities and schools. All the money, originally intended for business development and education in the countryside ended up as investments into the building of highways, roads and railroads, on which foreign goods come to our country.
2. As Pěnčín project was directly connected with the Netherlands, it was necessary to finish it somehow. The Ministry of Regional Development couldn’t stop the project, so they adjusted the terms and conditions of the programme along with Fipobex and Pěnčín investments. E.g. Fipobex had to pay for the project promotion and this money had to be deposited in the bank for several months. Every private subject is careful about their money and the state interventions into firm’s accounts might have been one of the reasons why the businessman withdrew from the cooperation with the state.
3. The tender for the construction was carried out neither by Fipobex nor by the community, but by the Ministry of Regional Development. They chose SSZ company. It is a public secret that these Prague companies that are specialists for government contracts win these tenders by undervaluing their price quotation by up to 20% and by this step they disable (mostly) local suppliers, and in the course of the construction they charge the investor he undervalued millions as extra-costs. E.g. Metrostav acted in this way when building Prachatice hospice (Reditel@hospicpt.cz).
4. In the course of preliminary procedures, the Ministry of Regional Development issued a legal remedy that completely negated the original intention of the project: private business subject couldn’t be stated as a project partner, the state money could be collected by the community only and the community was to be the project investor. But the loan repayments would have to be paid by Fipobex. As the owner (on the paper) of all facilities would have to be a community, Fipobex would have to pretend they are renting their property to the community and the transfer the money for repayments to the community and the community to the bank.

5. Terms: It took the Ministry of Regional Development such a long time to launch a project that only 8 months were left for the very construction. The Ministry of RD stipulated this term to be binding and introduced sanctions if not. Besides this – and now we are approaching the cause of Pěňčín's mayor tragedy – the term for programme delivery, which the Ministry was trying to launch for 3 years, was technically impossible to meet. As we documented in the previous cases, to get a building approval can take even 13 years. One month is not any term that would be sufficient for our authorities and the Ministry must have known it. If they didn't know it, they are not qualified to launch operational programmes. After 3 years, the project was getting done in the eleventh-hour.

Provided Pěňčín's mayor, fully responsible for the project and community investments into its preparations, was supposed to meet the conditions of one side of public administration (the Ministry), he would have to leave out another of its branches - Construction Authority of Železný Brod.

And what to do now? What would you do if you were in the mayor's shoes? The best thing would be to give up, right? Yes, and that is exactly what the mayor should have done: take the project, invoices, go to Prague and sue the Ministry for financial losses and for pulling the their leg. Send the copy and a twenty-kilo project to Brussels and the Netherlands. If he had done it, he would have saved his skin.

But he didn't do it. He believed the Ministry knew what the truth was and that they were in the same boat. The citizen mustn't ever do that. Our study is a flow of dozens of cases that shows what will happen when a citizen starts to believe he is in the same boat with the Ministry of Agriculture (Parliament or Government). In the case of Pěňčín's mayor, we can only see another story that proves that ministers, officers, representatives or senators do not care if the mayor Mr. Hübel will go to prison, lose his name, property, go mad or commit a suicide because of their mistake. This study, among others, also brings the statistics that shows that no observed farmer believes in government or ministry. But we can't say this in such a dry way. It is necessary to show why, carefully and patiently. So, let's continue.

The ministries equal a lot of time and little work

The name of the programme the Ministry introduced to Pěňčín's mayor, Mr. Richard Hübel in 2003 was SROP, reference number CZ.04.1.05/4.2.00.3/0971 and it fell into subprovision No. 5.4.2.2.: The support of local infrastructure for tourism. One can imagine anything under this name, and as we have read many times before, the ministries treat the language in the same way as farmers – contemptuously. Tourism are roads, right? What? Are you saying that the name of the project was originally Pěňčín necklace and not E 34 road? Not a big deal, isn't it?

There were many local people against the Pěňčín project from the very beginning. We don't know how many of them, but we know the number was growing in the course of time. Similarly to Kaplický's Prague library, Ábrle's drying facility for herbs and our eco-hotel, Pěňčín necklace was also a project that was digging a hole into the ship of postcommunists' equalitarianism. And as the current government has no programme for almost one-third of countryside people, these people live off from protesting against those who have it and from making their life more difficult. Our countryside spoilers correlate with the state perfectly, their method is the same. They wait till someone comes up with an idea and then destroy it.

Since for the last 16 years the state has been spreading the idea that whoever makes an effort in the countryside will end up badly and that the only chance of survival is to be on the dole and moonlight at Germans, it is no wonder that the project containing the word Friendship was not welcomed by the idle majority, whose only emotion is hostility. And this is how

Pěňčín necklace project finished: In the first phase, the authors of the Friendship programme were convicted of their own incapability when they didn't manage to compile the programme to be approved by government. In the other phase, it was the reality that pushed them out from the community.

Necklace? No, halter!

While in 2004 the mayor would be able to face the small protests of locals against the project, after 2 years of waiting and one million and a half paid to consultancy agencies from community budget it wasn't that much fun. As we read in the first chapter, the biggest profit from government contracts goes to those who sell numbers and stamps – just look at the name of the project.

Pěňčín's silent majority felt the blood and all of a sudden more and more loudly they were drawing the attention to the costs connected with Pěňčín project – so much money and no result. They started to question the whole programme and they had quite many arguments: the change of original strategy, property transfers between the community and Fipobex, strange tender that preferred a Prague supplier to local construction companies, etc. The mayor was under a growing pressure, the Ministry of Regional Development was sleeping and the community skeptics were after him.

In this atmosphere, the decision was made. The Ministry published the term of project. Even though the project documents were complete, bank credits approved and the construction company was chosen by the Ministry, there was another condition – to get building approval. But the issue of building approval in Železný Brod took longer than the term specified by the Ministry.

Pěňčín's mayor didn't manage to influence the term necessary for stamp approval, even though the deputy of building authority told him it would only be a formality. And so he took a project and a stamp and he issued the building approval on behalf of Pěňčín community. He submitted the project to the agency saying he would add the stamps from Železný Brod building authority later when they are available. And that's exactly what he did later: he came to the agency, introduced himself, explained what was going on and why he brought the approval stamps with him. The agency took the documents from him, picked up the phone and called the Ministry. And the ministry picked up the phone and called... the criminal police. Since then all of us have been considered accomplices.

The special unit of anticorruption department specialized in European funds, that constantly ignores hundreds of millions of subsidies rolling through borderland villages back to Prague, decided to show on Pěňčín necklace project they are very investigative and honest. Plk. Farkaš, who is in charge of the case, had a chance to show who is an investigator, what is anticorruption department and what great man he is in this case of authorities' victim. The frightened mayor, whose only offence is that he was born in Pěňčín, has been constantly questioned for almost a year and the investigator forwarded the case to Supreme Prosecution. The case is judged as if 30 million from Europe ended up in the community budget and he might go to court and spend 12 years in prison. If you are a bit more patient, let's compare the method of investigation in drawing of European funds in Pěňčín and in Prachaticce.

Operational programme? No, thank you, I don't want it.

We could clearly see the state policy of the countryside development on the case of Mr. Pulíček's farm. At first, the state destroyed all his business activities by dozens of

exaggerated state interventions by veterinaries and health officers, then Mr. Pulíček couldn't reach "his" money in order to be able to fulfill these useless requirements thanks to wrong operational programme of the Ministry of Agriculture, and in the meantime he was facing criminal police for accepting the Ministry of RD's offer of cooperation between the community and the business.

These are the last words of Fipobex about the Pěnčín necklace project: "With regard to the development of situation around Pěnčín necklace, the project supported by EU structural funds (SROP) focusing on Pěnčín tourism development, we announce that after careful consideration we are withdrawing from the project. There are two reasons:

Criminalization of the whole project and questioning of the cooperation between the community and Fipobex company. The police contacting the mayor, the investigation by police anticorruption dpt. that followed, the questioning of the mayor and Fipobex employees, complaints of citizens questioning the third round of the tender...

Citizens' doubts about the partnership between the community and Fipobex company (why this company, why to invest into its property, why to invest the community money into the private property, dubious partnership agreement, dubious project as such, dubious approved procedures of the council.)

In private, Mr. Pulíček told me the current government is not prepared for European programmes. It is not enough to copy European textbooks. A Czech village is not a village about which we can read in our presentations in Brussels. Seeing these two variables, we can expect something similar to what happened in Pěnčín and in many other places. His next business activities and plans? To stop them and not to be in touch with the outside world.

And the mayor? His main mistake was being influenced by the impression the Ministry of RD wanted to create – that they are able to do something. Do something together. And when he was, as other "guinea pigs", left in the lurch, he stayed alone with his investments into the promises of the Ministry.

Epilogue: Josef Pulíček and his 2 million

In the first January week of 2008 when we were proof-reading the text, the chapter of Mr. Pulíček was in danger. Farmers are very brave and we would like to thank them they are so willing to share their experience. But sometimes a tiny thing is enough and we wouldn't find out anything. What was the January tiny thing?

Mr. Pulíček wrote to us: "In 1991, when we were starting our business, we had divided our farm into four legal entities because of VAT payments. In 1993, one of these entities exceeded the VAT rate by 30 thousand crowns in the whole year. We immediately sent a letter of apology to Financial Authority saying we would correct the mistake straight away – according to constantly arising and amended state regulations – and pay the VAT, which we later did. However, Financial Authority sued us and the court was solving it till this January. Even though, VAT was paid, we were charged the penalties from the amount in controversy. Until the time when the case was solved. We were told the result last week – we have to pay 2 million crowns."

On this occasion, Mr. Pulíček repeated that processors do not need the state. Subsidies and state intervention bring so many negative aspects, the farmers will be happy to give them up. Farmers don't want the subsidies, they don't need instructions, seminars, programmes or projects, they want one simple thing – observation of law and rights, especially the observation of the constitutional law on property and business activities protection.

And the result for us? German kefirs will be imported to us on the roads paid from the money intended for tourism development. At least we know why now.

Businesswoman Emílie

I. Beginnings

1. One dairy and then another
2. Again from the beginning
3. SAIF (State Agriculture Intervention Fund) and zero cattle units
4. Future? Not certain!
5. State help? Yes, but ...
6. Conclusion – what are the obstacles in their business

II. 1. Unbelievable persistence

III. Countryside development?

1. Questions we have asked hundred times

IV. 1. Advertising campaign “Eat bio”.

2. Where you can(not) buy Czech bio-products – the list of processors

3. Conclusion

“A South Bohemia idyll on a picturesque estate with scenes of Czech goats”, a Czech journalist exploring the countryside on his bike or in his car Felícia would write. “A goat cheese processing facility that complies with EU standards”, a MA inspector fills in the table cell. “Obvious negation of business, economic and physical laws” the headline reflecting the reality of last 10 years of Emílie Cíttebartová’s life at Goat farm Březí in South Bohemia would say. Only the strength of will holds her farm in sort of weightlessness balancing over the abyss of a bottomless throat of warrants to appeal and bailiffs.

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Farmer: Emílie Cittebartová, Pavel Cittebart - husband, Pavel Cittebart - son

Contact: cittebartova@tiscali.cz

Qualification: dairy products saleswoman, dairy-farming business

Place of business: Goat farm Březí at Rožmitál pod Třemšínem

Subject of business: dairy-farming and sale of products

Property: 25 ha of land (24 ha rented) - 6 ha of arable land and the rest is permanent herbage. 70 goats and 2 cows. Stables, a processing facility, a milking house, a grange, a barn (rented), a shop, a store, 2 cars

Property acquired: renting and purchase

Start of business: 1997

Financial sources: family fortunes

Employees: two – seasonal

Farm production: 50 thousand litres of goat milk per year, processing of 4 thousand kg of goat and cow dairy products (cheese, cottage cheese, butter, acidified drinks, spreads)

Potential: to extend the production of goat products, to increase the number of cows to five pieces.

Current plans: to buy the estate and land from the owner, to reconstruct the buildings, agrotourism, the extension of shop

State contribution on business development: direct payments on land

State contribution on processing facility adaption under EU regulation: ☐

State contribution on land purchase: ☐

State contribution on buildings repairs and construction: ☐

Contribution on technologies and processing: ☐

Contribution on machines and mechanization: ☐

Subsidies share on investment into business:
☐

Subsidies share on business turnover:
15%

Main obstacles to business development: money,

inaccessible investments

Membership in unions: Ecofarmers-processors Club, Probio, Private Farmers Association, MAS

Trust in political representation: no, she expects changes from the new minister, but she will start to believe them only after they get to her farm

Trust in consultancy and union organizations:

Regional South Bohemia Union Probio, Club

Trust in media: small, superficial information

Trust in research institutes and expert advisers: bad connection with practice

Participation in public life: community vice-mayor

Benefits for community: traditional production, bio-shop, tourist destination for cyclists, agrotourism, jobs for family and seasonal workers

Working hours: 12 hours a day

Last holiday: last holiday in 1997

I. The beginnings. 1. Twice

“We built our farm with no support and from nothing. We have produced goat cheese since 2000 and it took us 5 years to ensure the sales. By the way, despite all the proclamations of agencies, consultants and Probio Union, no one helped us with sales and promotion of our products. We ensured the sales on our own, exhibition by exhibition, deal by deal, market fair by market fair, by presentations of our cheese in distant places without a crown of profit, etc. Nowadays, goat cheese with Goat

Farm Březí brand is sold all over the country in the healthy-food shops (big chains demanded the production we were not able to guarantee because of the below-described reasons that do not allow us to extend our farm).

When we managed to get out of the red in 2000, Veterinary Inspection from České Budějovice came, their representatives looked round our brand new production facility into which we invested another one hundred thousand crowns on their request to comply with EU regulations and told us that all our ten-year work on the farm and investments are for nothing and next year – I will quote: “You’ve got a farm there where there are no animals, there is a lot of space – so you can make a new production facility there – if you don’t do it, you’ll finish.”

(Note: The interpretation of European regulations is a problem for lawyers. Only nowadays did the representatives of Sanitary and Veterinary Authorities start to withdraw their unreal demands, esp. because of the pressure from Brussels that pointed out the interventions of the state administration are not meant to destroy the businesses. Unfortunately, it was late for many. Because of the unbearable legislative pressure, unjustified and useless (and very often stupid) requirements for facilities equipment, wrong interpretation of law and outstanding complaints, there were many who had to stop or end the production or certification of bio-goat cheese after 2004, producers of delicious and demanded bio-products such as Mr. Špatný from Bílsko u Bavorova (orders from Inspection of Ecological Agriculture and well-known case of cheese covered with chive from the home-garden - Reflex 31/05, Why the Operators do not want bio), the Horynas from the Lužické Mountains (unjustified administrative procedures of the MA), Mrs. Romanovská from Polevsko (excessive eagerness of Liberec Regional Hygiene Station), collective farm Jeseník (badly stipulated conditions, rigidity of the MA and Ecological Agricultural Inspection - KEZ)... In Prague, the second wave of veterinary inspections was a bit better - you don't have a toilet? Write down that a customer can do his needs round the corner, and write down the air exhaustion will be through the windows...But the countryside producers were so alone that their political and factual power was minimal and they were defeated by inspections that have no

responsibility. It takes dozens of years to create a farm organism. In terms of countryside culture (and EU as well) an operating farm is a national treasure and the interventions into the running must be made very carefully with regard to the fragile ties that have been created for generations. A farmer is a person who is able to earn his living on the farm. Subsidies are intended to make his living conditions better and closer to living conditions of a clerk who administer them. And the interest of a tax payer is to pay as low subsidies as possible. This is a basic subsidy system - but instead we can hear only weeping and teeth grinding. On Březí Goat Farm, the farmer, state, tax-payer and consumer will start crying soon.

I. 2. 2003: Again from the beginning

“All investments ten years back and five years of business activities were for nothing. We live in a small village where it isn’t possible to commute to work and there is no work anyway. Our aim is to produce healthy food and live in harmony with nature and to recommend this healthy food to people so as they could have healthy children, etc.”

“As we were not able to fulfil the conditions to gain the money from SAPARD support program, there was only one possibility how to save the cheese production – to take a loan. The costs to equip a small processing facility for goat cheese (that is made in home kitchen from unpasteurized milk in France, Belgium and Germany) were one million crowns. Banks were not ready for EU joining and new requirements for operations – the only bank that was willing to even talk to us was Českomoravská záruční a rozvojová banka (ČMBRZ), but they gave us only 4 years to repay the million.” (According to ČMBRZ Prague branch manager, ing.Mráček, no one from the MA asked them for another type of a repayments schedule for farmers-processors).

“And so from a ruined farm, we created a brand new dairy according to EU regulations as interpreted by our state. After three inspections they finally approved it and the funny thing is that one year later when we started to do the business and repay the loan, veterinary requirements were simplified and

many things were not required by veterinaries and health officers any more. But we still have the loan for contactless taps and other stupid things and we still repay it. The state made us run into debt and we soon found out we wouldn't be able to repay it."

(Note: These things were happening an the time of implementation of the government-approved Action Plan that contained a point on support of ecological farm processing and operation. Moreover, the EU invested into SAPARD programme of the Czech Republic almost one billion crowns with the only purpose: to help these existing farms to adapt to new conditions. South Bohemia Březí Goat Farm is the only farm in the region, in South Bohemia there are four of them.)

"Only thanks to our 5-year work on our product developing and market building, our products are well-known, we have got 100% sales and we are surviving. We are trying very hard: we rent a car with refrigeration to other ecological businessmen, we sell our products to foreign brands (Bio-nebio, Hemp Production), we pack German cheese products that go to our shops, we organize events for tourists on our farm. Despite all this, it is not enough and we are still on the verge of bankruptcy, demotivated and dead tired as we must manage everything ourselves - the workload that increased with the dairy building, all the extra work and the work on our farm. Despite all our efforts, we had two repayments outstanding in summer 2006 and the bank threatened to pass it to Financial Authority.

(Note: The representatives of the Club started to negotiate with ČMBRZ manager who at first told them the farmers come under PGRLF, but they were told there it was not true as they hadn't given them the loan. At the end of 2006 it wasn't even clear whether PGRLF will continue to exist, the manager was hiding or denying everything. Finally, after a big pressure and production of evidence about the state's uncoordinated and contradictory steps that get farmers into problems with no one being responsible (which bank can e.g. provide a loan of 1 million to a farm with an annual turnover of 1 million crowns, when a simple arithmetic sum total of costs will show the turnover cannot even cover two thirds of repayments?) the bank withdrew and provided Mrs. Cittebartová a one-year extended time for payment and a possibility to make her own repayments schedule. But - provided she will pay all outstanding repayments till the end of

September. The Cittebarts again calculated crown by crown how much the events will earn, how much they will get from subsidies, who will lend them money. They asked Probio and customers and in August it seemed the bankruptcy was far away. But it was a mistake, SZIF (State Agricultural Intervention Fund) came.

I. 3. State agricultural intervention fund: zero of cattle units

“We asked for the first ecological subsidies after four years of our business in 2005. It wasn’t possible earlier as we didn’t have enough goats to make enough milk and enough products to earn our living and so we couldn’t fulfill the quotas for ecological agriculture. We gradually rented more land and when we first managed to get ecological subsidy from agroenvironmental provisions, we looked forward to obtaining the state support after so many years of hard work on the farm and we thought it would help us to postpone our repayments of the bank loan.

But the subsidies that were supposed to come in March or April of 2006 were still not on our account in July, and in August we got paper from SZIF (State Agricultural Intervention Fund) that all the subsidies were rejected. We were immediately interested why it happened and why we learnt it so late.

We appealed but SZIF sent us a letter saying we didn’t get the subsidies because there were no goats on our farm. To be more specific, it was saying that we had zero of animals on our farm. And to be even more specific, the number of cattle units: zero maximum, zero minimal.

And so at the end of the summer when there is most work on the farm I had to start solving the administrative nonsense, communicate with all the relevant authorities, spend lots of money for phone calls and journey to Prague Ministry. In the end, we learnt what happened. Central Animals Registration in Hradištek made a typing error in the number of the stable. Five years ago when we were beginning they gave us a wrong number of the stable and we learnt it just now when we applied for subsidies. They renumbered the stable but they didn’t transfer the animals there. Therefore, the computer showed zeros on the screen and our subsidies were rejected. We found out we were not the only one and that the same thing happened to many other farmers, which is usual about system errors, there were articles about it in Zemědělec Magazine, but we got into the situation which thanks to several blunders of the state could lead to our bankruptcy.

I urged it in České Budějovice, but they sent me to Prague SZIF, there they

sent me to the MA and the MA told me it had to go through their Legal Department at first and when everything went fine I would get the money at Christmas. But the bank is not very much interested in this. The bank gave us a deadline of the end of September. You cannot imagine the stress we went through.

(Note: In June, the members of the Club had a meeting with representatives of Ecological Agricultural Department at the MA where they among other problems (especially EAFRD Programme subsidies distribution, discrimination and violation of farmers constitutional laws) pointed out that several farms were in critical financial situation and that one of the reasons was the method of subsidies payments and SZIF agency procedures. The MA employees told us they were sorry, they had initiated negotiations with SZIF but they had refused to change their procedures. If a farmer used the same strategy (e.g. when handling outstanding invoices or appealing against administrative procedure), there would be no ecological facility in the Czech Republic. If a farmer said "ok" to his bad payer after being told that he had no money, he wouldn't survive. We criticized the attitude of Ecological Agriculture Department clerks (official name of the department completely conceals its workload) and asked them to improve their work. Nothing happened. On 15 October, Mrs. Cittebartová still didn't have the money, the wrong decision of SZIF of August wasn't handled until December, and the MA or SZIF refused to give Mrs. Cittebartová a piece of paper for the bank saying her delayed payments are state's fault. The bank deadline was not fulfilled and all the negotiations with the bank were a waste of time. The last comment of the MA to the case was: "It is their private business and their private risk. Subsidized agriculture is not private agriculture as well as ČEZ is not a private company").

In January 2007 we were informed that we hadn't met the conditions and the outstanding amount – which was something around 40% of the loan – had been transferred to Strakonice Financial Authority. Fortunately, the financial authority was helpful and allowed us to make our own schedule of repayments that is in Strakonice right now and we believe they will approve it.

I. 4. Future? Unclear.

“We rent buildings and land we use for farming and the owner would like to sell them and we would like to buy them. Banks won't help because of the bad experience they have with us. I go round the region, to seminars on EAFRD, to Vimperk for Probio, to South Bohemia Economic Chamber, to Blatensko Communities Union, etc. and all of them are very willing and explain to us what the state offers to communities businessmen. Unfortunately, nothing that could help us has been approved yet.”

“Last month (June 2007) I called project and consultancy department of SZIF in Ve Smečkách street. They told me the CDP was approved in Brussels, but nothing changed in OSA I concerning planned investments meaning there

was nothing appropriate for me. 10% at most could go from two programmes for property purchase and production facility. Nothing for land. The only opportunity for me is to work with the community and Local Action Group (Blatensko Communities Union) where I just wrote the project. Unfortunately last week (July 2007) I learnt that Czech part of Leader Programme had been lying at the MA for months.”

“National part of Leader Programme was finally approved in July 2007 but under the condition that all the applications must be submitted until 25 August. Together with building approval. Which is impossible. They didn’t have to do it they could throw the programme to the bin straight away. Doesn’t the MA know how our construction authorities work? Or how they themselves work? They needed half a year to correct a trivial mistake with numbers of animals and they want us to have a project ready together with all the stamps in one month. Moreover, if the project were approved (Bio-shop attracting tourists into the community), the facility would have to be built by the end of December. They make fun of us. I would send the authors of the project to Blatná to see how they would manage. Thanks to the MA, the programme fails and it will be issued next year again. But at this time under different conditions because it is going to be Leader EU. Well, we have lost loads of time again...”

1.5. First state help? Yes, but...

The last message was optimistic. Slightly. Someone who doesn’t know the life of these people would consider it pessimistic but Emílie, who knows only unrealizable demands from the state, sees it as a chance for better life. From CDP- the project of diversification of agriculture (granaries, barns), she got 400 thousand crowns for granary reconstruction. But the granary is not hers, it is rented. The investment, therefore, is risky, but she believes the owner will stay honest. She doesn’t have money to buy it, she doesn’t think about the increase of price after the reconstruction. She will get only a half out of 400 thousand, the rest after reconstruction. She doesn’t know yet where she will get the money but she believes she will manage it as the term is 18 months. In Germany, for example, she could come to a bank with an approved application and the bank would pay the reconstruction completely. No one talked to her, the granary is not hers, and there are no subsidies for buildings and land purchases. Moreover, we know that Emílie didn’t repay the loan and her outstandings are at Financial Authority. And why are they there? It is the same song from the beginning...

I. 6. Conclusion:

The case of Mrs. Cittebartová shows the situation of farmers who farm with the aim to cultivate the soil and to process bio-groceries and also basic problems of Czech (ecological) agriculture which are as follows:

- unsolved problems with land and restitutions (those who want to farm the land have most difficulties getting to it. In this specific example, despite Emílie has been farming the rented 24 hectares for almost 10 years, her chances of owning the land are slim. Paradoxically, she keeps investing into property which is not hers because the land subsidies are 10% at most). But she would need to “send” much more milk into the dairy, that almost destroyed her farm, so as she could repay the loan, invest and be able to pay herself some wages. But for this, she would need more land – this land, though, is kept by a former collective farm, today’s joint-stock company. They don’t do anything on the land but they don’t want to sell it to Emílie because of subsidies. This means that the only businesswoman with 100% sales stagnates and we pay her neighbours who don’t lift a finger on.
- badly-allocated subsidies, their payments (paperwork of a processor highly exceeds paperwork of a “landscape maintainer”. The difference in subsidies are minimal, though, the state supports the land and not the farm work and life. Moreover, the mistakes of State Agricultural Intervention Fund (SZIF) that happen very often are much more likely with a bigger amount of paperwork.
- persistent mistakes of the state administration (see legal study – SZIF constantly acts contrary to law, their notifications are formulated in the way it is not possible to appeal against them, when there is a tiniest mistake, SZIF stops the subsidies that are vital for the farm existence for half a year or more... The cases of 2007/08 are described in the case of Mr. Šourek)
- slow and inflexible complaints handling (while a citizen has only a few days to appeal to court, the state needs months to correct their own mistakes)
- unfamiliarity with the farm life (the authors of subsidies titles and operational programmes don’t know the farms and their life. They don’t react to qualified remarks of farmers and don’t work with them – see the study conclusions).

- unbearable working load and stress of a farmer (long-term stress and hard labour harms a farmer's health and destroys his motivation and therefore the benefit of healthier life in the countryside)
- long-term ignoring of complaints (all these complaints have been in the analyses of case studies at MA and departmental organizations for several years. They move in millimeters, while the farmer thrown in the water needs to swim kilometers)
- and most importantly, the missing conception of agricultural policy and especially ecological agriculture (ridiculous Action Plan and ludicrous Vision of Ecological Agriculture of 2006 cannot be considered programmes that would help to get out of the complicated situation. Their only criterion is a graph of "eco-land" hectares growth that draws money from a tax-payer's pocket. Moreover, main benefits of ecological agriculture, that are welfare of animals and landscape preservation, are criticized by conventional farmers who complain about the exploitation of farm animals in the ecological agriculture with a view to fill in the tables and obtain the subsidies. Bio-groceries production is another term than Czech ecological agriculture. As a consequence and summary of the previous points, the shelves of our shops are filled with foreign bio-products)

II. 1. Unbelievable persistence of being:

For years, the Emílie's phone calls sound as her last: "We were supposed to make hay, but it was raining, we turned it twice, it got wet twice. We have an old haymaker and it broke down. Then we asked our neighbor to pack the hay as it was going to rain that evening. But in the morning he called his machine was broken and he couldn't come. I jumped into the car and went to a neighbouring village to ask my friend. But on the way there, my car stopped working and I was towed to the garage. It was the alternator – costing 8 thousand. Finally, they managed to repair it, we packed the hay and I came home to pack the cheese for the Germans. As I was very tired, I went to bed and got up at half past two in the morning to finish the labels before they come. But the printer got broken and I didn't have any labels. The Germans were very angry saying they wouldn't accept such products. And they didn't know that the water supply was cut off as I had 500 crowns less on my account than it was needed... "How many times have we paid for telephone, car repairs, electricity bills? Why? These farmers would earn their living through their work in the countryside. Even without subsidies."

And what next? The economist sees her situation as without solution. The turnover and subsidies cover the farm's running. All the wages and potential investments are consumed by the loan. There is no money for the buildings and land purchase and their owner wants to sell it. Machines are in bad condition. The situation of the farm could be solved by another 50 ha of land and investments of about 2 million crowns, that could be covered partly by the loan and partly by the state subsidy. But a complex approach to possibilities of farm's existence is missing in the CDP. And it is also missing in the whole state policy. The farm of Mrs. Emilie employs 5 people in the area with high unemployment rate. Another ministry pays 500 thousand crowns (but also 1.5 million crowns) to create one job e.g. in a hypermarket. And I would like to point out again that annual state investments into "grass" are almost 2 billion crowns per year. And there is no check of how many jobs were created, of what benefit to a community, or where the money ends.

In this case, we can again see how many times a tax-payer pays for the policy of the countryside development:

1. he subsidizes the sale of cheap state land that ends up in the hands of non-natives or non-businessmen
2. he supports the unemployment in the countryside when he subsidizes permanent herbage
3. he pays unemployment benefits as a result of this agricultural policy
4. he pays to create jobs for foreign companies that pay 65 crowns per hour and exports profits out of the republic
5. and he buys half a litre of a German bio-yoghurt for 60 crowns in Hypernova
6. and last but not least, he pays salaries of thousands of clerks that keep this machine in operation

A tax-payer that supports the farm of Mrs. Cittebartová for 10 years doesn't do it so that she could go bankrupt or because he wants to waste his investments. He expects the state to be similarly inventive and responsible as other countries where family farms and farmers prosper and do not live on the verge of physical, psychic and financial exhaustion.

Subsidized agriculture and farms are essentially state property. In half, three quarters, at least one quarter – it depends on the profit and loss report of each agricultural business. Therefore, the state is responsible for crisis management that supervises – in this case European – investment. If we subsidize a farm that needs decades to be created, we will not let it go bankrupt because of one questionably-filled form or because of one badly-trained representative of the state administration, we would rob a citizen that has supported the farm operation. This is irresponsible wasting of money and irresponsible management. And the farmer runs his rat race in vain. We

have been asking the only thing from the clerks of the MA: show us that your CDP works on one single specific farm. E.g. the farm of Emílie Cittebartová. The answer is the same all the time: nothing.

And Emílie: “We don’t give up”, she says, “the son is 17 and he studies to be a serviceman of agricultural machines and he wants to work on the farm, we do everything mainly because of him.”

III. The countryside development?

1. Questions we have asked so many times.

The Club of Bio-processors has been trying to divide farms according to their specialization and region and to determine their basic sizes (area), product, employees and turnover so as to guarantee owners their existence and tax-payers confidence that Czech agricultural policy is not only wasting money and political proclamation. In EAFRD, we can find empty words about competitiveness, but it is not said anywhere what a competitive farm is. We have only heard a general post-kolkhoz opinion that a competitive farm is the one over 1000 ha. This statement of the MA subsidy policy wouldn’t be supported by any world economic theory. I asked its author, who had a great influence on the flow of subsidies, for the data that support this statement. But I found out he had none. Again and again we ask him and the others who transfer our money for agricultural development about the basic conception of the Czech agriculture:

Again and again we ask the same questions, in vain:

1. What is food absorption of the Czech market and what share of food market are we able to fight out and what measures have we taken? Especially, how many negotiations with representatives of at least the biggest retail chains have been held at the MA and what agreements have been concluded about (bio)food sales? Do we follow trends in groceries sales? I personally offered these meetings at least three times. And I offer it again. (The report lies everywhere, at Ministry, their consultants, eco-department, at every relevant resorts, including Agrarian Chamber and Private Farmers Association and Probio).

2. What are the investment and operating costs of a European model of a farm in Czech environment? (As far as we know what a European model of a farm is and if we want to know it – if not, what is a Czech model of a farm?) Is pasturage more profitable than plant production and why? And what does the market need most? And what is the best in our demographic, natural or

historical conditions? And what are the specifics of particular regions and their potential?

3. What is economic break-even point for existence of (family) animal eco-farm? Is it sixty hectares and sixty goats? Or sixty hectares and one hundred and sixty goats? Or 160 ha and 60 goats? How many cows, how many goats, how many hens would earn family's living? And how many of them could be sold? Why do we keep a game of cattle units? What model of animal farm is presented to the villagers and what model is supported? Legislatively, methodically, administratively and financially? How much money does the state demand to allow a farmer to buy and keep such amount of animals? And who will pay the farmer money back?

4 Are we interested in the production of commodities? How many hectares of orchards, vegetables, grapes and wheat is necessary then for a farm to be able to economically survive and for a farmer to be able to pay his wages? How many litres of milk must a farmer sell to German Miller so that he could bring cheese and butter back to us?

And how much does a tax-payer pay for this milk? And how much does he have to pay for a kilo of bio-beef and another commodity, just for comparison? Where is the list of particular food products with specific numbers, how much does a citizen pay and what is the demand for them on the Czech market?

5. Or do we support the production of "safe groceries"? Well, then how many hectoliters of cider, stewed fruit salads and jams, how many eggs and how many tons of cheese or cottage cheese, how many quintals of ham and salami would be enough for a Czech (ecological) farm to earn their living? And again, where are model examples of these businesses? According to a nation-wide survey of the MA and the Club 70% of eco-farmers is waiting for instructions which direction to take in the subsidized agriculture. Do we somewhere have a plan or conception for family or regional processing facilities? For what commodities? Where and why? Well, we can hardly have a plan for processing facilities when we don't know our market, right? And we can hardly have employed farmers in the countryside when we don't have any processing facilities and export the commodities, and actually, we don't even have the commodities now...?

6. Or are we interested in supporting labour force in the countryside? Then how many jobs does an ecological family farm create and how much is necessary for investment in comparison e.g. with how much we invest into jobs created at an assembly line for television sets? What qualification programmes and seminars are prepared for these potential processors?

7. Or have we decided to depopulate the countryside (borderland) and pay for grass-mowing, burning of wheat and bio-alcohol? If so, let's be more specific: What programmes have we made for grass processing so far? For family processing of grass, that could be used e.g. for heating...? How many hectares of herbage does a family need to earn their living? And what family

will pay for it? A family of a tinsmith from the city? Do we not confuse landscape maintenance with agriculture? Or even with ecological agriculture? What is the difference between a ditch grass mowing and a meadow grass mowing? Does ownership of agricultural land mean any duties or only advantages? Does it mean that if I buy a small garden, the state will pay for the mowing-machine? Or if I buy a block of flats on Neratovice square, will the state pay for the reconstruction? Or if I buy a dog, will I get any subsidy?

8. What model examples of farms do we found as most viable in the long term concerning subsidies (which of them need the fewest subsidies to survive?) What is a subsidy ceiling and why? Is it 25% of a farm's turnover? Or 95%? Why do we pay farms and businesses that need 85% of subsidies and we don't support those that need only 20% (they need more investments but they create jobs)? We have the numbers to be able to talk about competitiveness or do the representatives of big agricultural companies have any special motivation to defend indefensible?

9. What volume of agricultural investments ends up in non-agricultural sector and subsidizes industry, building industry and consultancy? And how do the prices of these services grow in comparison to the volume of subsidy into a given sector and payments of farmers?

10. Do we know transaction costs for subsidies administration? What amount of money stays with the administration authorities, consultants, research institutes, agencies and projectors?

11. Where does a villager have an intelligible and binding manual for business in particular branches of agriculture that would guarantee that if he meets the given conditions, he can start doing the business without facing unexpected and unpublished risks or hidden state requirements in the middle of his investments?

12. Where is a guarantee that the farmer has an equal access to information about agricultural subsidies strategy as others? How does the MA guarantee that there is no information leak, especially to those who can get this information first or those who influence the flows of these subsidies?

13. Is the regional administration that incorporates central strategy into particular projects trained so that every single farm didn't need to pay dozens of thousands to consultants to get the information once already paid?

14. Where can we find the list of risks and critical points of Czech agricultural business? Where does a farmer who works without wages for years have a guarantee to be defended against the state that keeps making mistakes,

where is a guarantee that his property and work will be legally secure when the state can decide whatever they want while the farmer has no relevant information about the property and employees of state administration (e.g. how come it is possible a junior employee of Česká Lípa Land Fund can afford to buy a flat for several millions of crowns?)

15. Where is a balance between the salary of, let's say, a member of Parliament, a member of Senate agricultural department or a MA clerk and a farmer who has to face their "100 tax revisions per year"? How and where did we analyse labour productivity, results, output and efforts of a public administration employee and of a man who managed to build a flourishing agricultural business in the mountains out of nothing? Whose work is of more social benefit and can we see it on a salary cheque? Who do we actually subsidize?

16. How do we watch financial flows and absolute and percentage return of subsidies into an agricultural business that draws 100 million of subsidies per year? Or 60 million per year? Or 30 million per year? Or 10 or 5 or five hundred thousand? Do we know something about where the money ends and of what benefit and impact on the countryside? What did this money bring to a village community, its culture, how did it influence the community employment, urbanism and development? Aren't these two parameters in reciprocal proportion, i.e. the more subsidies, the smaller return?

17. We don't know what to do and so we support bio-fuels whose technological inputs are so expensive and energetically demanding that they are not that "ecological" advantageous? Don't we hide the fact that villagers don't get to bio-fuels subsidies as well as land subsidies? Who do we actually support? The countryside doesn't mean villagers for us? Shouldn't we read Common European Agricultural Policy again?

18. How come there are 3 (bio) goat processing farms in South Bohemia and not a single one could reach structural funds of EU (e.g. SAPARD) in order to be able to adapt to new European regulations? Where can we find a list of those robbed and being robbed? How many "bordermen" did we allow to bleed to death in the mountains so as to fill the pockets of those who use clerks as their puppets? Is it ten of the above-described cases? Or twenty of those who are willing to tell their story? Hundreds or thousands of farmers? Who is interested or not interested in having these lists? What are their chances of compensation?

We don't know the answers to these questions and also many other questions but we give out 13 billion per year for so called countryside development. And then we just watch how the current state politics on the one hand create a job for half a million crowns in the industry area and on the other hand destroys four jobs in the countryside. We collect taxes from a lady who fills the shelves

in a hypermarket in Mladá Boleslav and we use them to pay an unemployed person in Rožmitál who could work at Mrs. Cittebartová farm and produce Czech bio goat cheese if only the state didn't subsidize a former collective farm that doesn't want to sell Mrs. Cittebartová the subsidized land. The biggest losses are in these questions. In the unused potential of ours. And in wasting of state money that balances between legal and illegal as the following case.

IV. 1. Campaign – eat bio. For 30 million:

An average marketing budget of store chains is about 10-15% of the annual company's turnover. It means that provided a profitable sector releases 10 million for an advertising campaign and supposing it is the only communication campaign in a given year and that in this year it doesn't invest anything into new products, packaging, shelves, changes of opening hours, or pricing policy, then the turnover of this company must be at least 100 million crowns in a given time. The author of the communication campaign is then closely watched to find out whether the return of this campaign is at least 10%, i.e. whether the campaign made its living. Classical investment return has a coefficient of at least 0.3. If not, the marketing manager leaves to find another job. This is how a profitable sector works. And what does the MA do?

In 2007 the representatives of P.R. and Ogilva Advertising Agency contacted three chosen bio-groceries producers. It happened as follows: When Mrs. Abrlová picked up the phone in the middle of September, she could hear: "Hello, we are an advertising agency called this and that and we were hired by SZIF (payment agency of the MA) to take photos of your farm for our advertising campaign promoting Czech bio products. The campaign will cost 30 million crowns, it will be divided into three years, it will be paid by Brussels and the condition is that there must be alive farmers, producers of bio-products." The Abrles reacted spontaneously: We don't need any campaign, our sales are ensured for two following years, moreover, it is only us, the Michlovští, Mr. Peřina and Mr. Mádl who produce bio-wine and

what would we tell the consumers if they saw the campaign and wanted to buy the wine then?" A relaxed agent kept insisting and the tired Abrles gave up. What situation were they in?

At the end of September the stress was culminating on the farm because of grapes harvest and because the family didn't have any money to hire some helpers. Besides, overworked Mr. Abrle was recovering from an injury caused by a fall into a grapes tank. As we read in their chapter, civil proceedings about survival of their bio-processing facility in Pavlov were in progress for 15 years and the community allowed them to do their business in old premises (the agency came to take photos of) only until the end of next year. Until then, they have to empty them and their son has to build new facilities for bio-herbs processing in the middle of the field outside the village. Despite all the declarations about the countryside support, the family didn't get any state contribution or loan and therefore ran to debts. At the time of photographing anti-corruption police investigation concerning the building approval for the new facilities was culminating. It was initiated by neighbours who didn't want bio-products in their village. The Abrles were also afraid that any advertising campaign could escalate the hatred felt against them. Moreover, they couldn't imagine themselves as smiling Moravian vine-growers in such situation. To take pictures of cheerful Czech bio under these circumstances is the same cynicism as taking pictures of art works of children from concentration camps. (And they didn't know that at the time they became the faces of Czech bio-products, Czech Agricultural Inspection initiated an administrative procedure accusing them of releasing a product that had a non-standard taste and smell and they could face a fine of up to 5 million crowns. The MA costs us so much money, doesn't it?)

Mrs. Abrlová says it didn't occur to her to ask why the agency takes picture of her property, how much they will be paid for it and what about communication mix. In fact, no one had time for these questions and the agency itself? They didn't tell her anything. They don't know anything, they don't decide anything, everything was agreed by SZIF, they just survey and they will

call on Monday. But they never did. If their photos were not good because they were not photogenic or if they were already on billboards next to a highway, the Abrles wouldn't know, if:

A new object of advertising agency interest weren't "our" Emílie Cittebartová.

As there are altogether 15 bio-processors who are in close email and phone contact, Mrs. Cittebartová knew from Mrs. Abrlová there was a campaign supporting bio-products and decided to call me. I once worked as a creative manager of the biggest advertising agency of that time – American branch of MacCann Erickson – and therefore I was able to tell Emílie the rules: no photograph can be published without her consent under Section 13 of Civil Code, also a binding agreement about the use of the photograph must be signed, and she must be paid a fee (according to the campaign investment and low number of protagonists, I estimated the amount of something between 30 and 70 thousand crowns).

Instructed Emílie welcomed the eager photographer of Ogilva advertising agency on her farm with the words she will not allow him to take pictures of anything without an agreement and fee. The representatives of agency started crying again saying they do not decide anything, they don't know anything, they will have to ask their boss and they will call on Monday for sure. Similarly to the case of the Abrles, no one called any more.

Emílie Cittebartová decided to call Marketing Department of SZIF. She was told there the responsible person for the campaign was Miss. Poláčková. This lady confirmed that Ogilva advertising agency ran the campaign and said they had been given the contacts to the three above-mentioned eco-farms from SZIF who told them these farms are "top and the best". Then Mrs. Poláčková explained to them it was not clear yet who was going to be "the face of Czech bio-products", and she agreed the steps of Ogilva agency were contrary to law and promised to contact their representatives to apologize to them. Mrs.

Poláčeková doesn't know why the agency goes around the farms in autumn when they won the competition in spring, it is the fault of the MA. We asked Miss. Poláčeková if she knows how little Czech bio-farms produce and whether she realizes they deceive a customer by the campaign. She answered the campaign wasn't much about the support of Czech bio-products but bio-products in general, which means German bio-products in our case. And all that because another agency in one of their surveys found out a Czech consumer didn't know what "bio" meant.

Of course, the Czech consumer doesn't know what bio is when there is no Czech fresh bio in the market. There is no bio because we either eagerly closed down the processing facilities or we distributed the money to the places that don't produce anything.

But Europe doesn't know that and thinks they make people more and more aware by high (subsidies) investments into bio, and that's why they released the money for bio promotion. Under one condition, there will be farmers-bioprocessors there.

But what farmers? We will not tell the consumer and "Europe" that they subsidize one kilo of bio-beef with 300 crowns and Czech mothers, who the campaign is aimed at, will hardly feed their children bio-beefsteak. Moreover, after TV scandals with the state land (today's ecological land) consuming 85% of all ecological subsidies, the ranchers-thieves who own it now are not very suitable candidates for promotion. But we need to conceal the wasted money by something or someone. And so the faces of the Ábrles, Šoureks and Sklenářs were used. Products of these farms are sold out before they get to the market. If it were a profitable sector, the customer could immediately sue the authors of the campaign for customers misleading.

And so the MA will build “Potemkin village” for us and “Europe” for another wasted 30 million crowns in which there is technically no bio but actually there is as it doesn’t matter there are the Šoureks on billboards who have a sign “sold out” on their shop, you can buy German bio cottage cheese in Plus supermarket, it was packed by our Emílie as a cheap workforce from a Czech colony, the most important thing is that we are all one Europe. If you compare this with the MA inspection of every crown invested into the farm and you add their points criteria, you can imagine how the MA itself can manage the money.

The form of the campaign matched its contents. Three weeks after Emílie Cittebartová showed the door to the agency hired by the MA and managed by SZIF saying they can come when they know how to make an advertising campaign, a Mr. Bača from Ogilva called the Cittebarts and apologized promising they would come with a contract and financial reward of 20 thousand crowns within one week. No one showed up. But they showed up at the Šoureks.

The Ogilva photographer came to take pictures of the Šoureks on October 31st, at the time when they drive cows to stables because of winter. He came with a clear, creative and original idea: a purple cow and milk jugs on perfect green grass with the Jizerské Mountains at the back – yes, the same way as advertisement for KlasA we could see at the airport for two years. We paid 80 million for this campaign. Mr. Šourek was shaking his head but for 20 thousand crowns he took the milk jugs and put them next to the cow. He just commented: “I hope people will not think we milk the cows straight on the pasture – it is strictly forbidden and they would take our bio brand.”

The last person that could be the face of Czech bio was the only processor of bio smoked products in the Czech Republic, exhausted and piled with executions, Mr. Sklenář from Sasov. He didn’t want to be the face of the campaign saying he cannot imagine a French farmer advertising a German wine and that foreign chains importing bio-products from their home states and

promoting them professionally will take care of bio-awareness. This campaign helps to increase the turnover but takes the market of our farmers who can't afford to pay slotting fees to the chains.

Regardless the form the advertising campaign has, and that corresponds with overall performance of the MA, let's consider how many farms there are in the Czech Republic and where the agency hired by the MA can go to take pictures? What is a total annual turnover of fresh bio-products processors? How many subsidies do they get? And what is the return of this advertising campaign?

IV. 2. Where can you buy Czech bio?

The MA officially states there are 255 bio-processors in the Czech Republic. But the consumer shouldn't think there are 255 farms (out of today's 1400 farms) where he could come and buy a bio-product. These are numbers that employees of MA Ecological Dpt. use to secure their salary and position, that we report to Europe - the numbers of Probio and other non-profit organizations or research institutes that abused the thoughts and principles of ecological agriculture for their own power and financial interests. "Their" 255 processing facilities are mostly suppliers of dietarians who produce extruded breads, teas, crackers and biscuits, vegan pate, oils, dried soya and goat milk, packed flours, groats and pasta, soya milk, gluten-free products and tofu - well-known idle goods on bio-shelves in hypermarkets. That is why bio is confused with dia all the time.

When the chains didn't get any Czech bio-products, they started importing them. Potatoes, tomatoes, peppers, carrot, leek, yoghurts, cottage cheese, cheese, salami, juices, vegetable juices, bio wines - we can find all these in our market, but look at the country of origin. It is definitely not the Czech Republic.

The output of Czech ecological agriculture is not fresh undrawn turkey, chicken, carp or dairy products that make up 90% of eco-agriculture output and 80% of bio-products sales in "Europe" and that are demanded by a consumer. If you want to bake a bio-cake, you will have problems with eggs, you will not get bio-butter, cream and fat, home-made jam or marmalade, sugar and you will have to buy nuts from California. Carrefour that used to have bio-bread in their compulsory assortment, imported flour from Furnace as our unreliable and bad paying Probio and Country Life were not able to guarantee regular orders. And if you want to go round the Czech Republic because of one recipe, it is your ecological money into your ecological

petrol. Almost every day, I disappoint mothers, restaurants and shops that ask me about where to find a farm producing bio cheese, pastry, smoked products, ciders - simply products that a normal person imagines when you say bio. A French investor of Bio Kafé bores his customer with three types of baguettes and sandwiches and two types of overpriced salads. Western chains brought up European consumers who should be served by Balkan policy of agriculture.

The Czech Republic includes 1400 ecological farms in statistics. But if you ask about your subsidized bio-products, the MA will tell you you don't understand it and that you cannot put agro-envi measures and bio-products together, that ecological agriculture is not agriculture but landscape ecology. If you ask them, how ecological is to cut the grass near the woods and how it differs from cutting the grass in the ditch, they will make their favourite show for you about a stupid citizen and clever clerk. You cannot even find where your money ends from available sources. The best thing is to go to the farm that observes ministers management of landscape maintenance and ecology. There a crying farmer will tell you how many objections he raised against so-called agroenvi measures that are intended for so-called landscape maintenance and that are immature as well as others (zdenek.miklas@foa.cz). But their author is the Ministry of Environment and so your simple question about where you have bio-tomatoes for your subsidies will be elevated somewhere else, which is a purpose of the MA. Fortunately, we can observe landscape maintenance straight in the landscape and bio-products straight in the stores. It is enough to climb Hvozď and pop into Tesco on the way there.

When you (educated and instructed) come back to the ministry and ask the question what stupid programmes they released, they will start involving bio-fuels, bio-gasworks into the problem and as you are close to organized crime there, you had better back out. Written enquiries and complaints are, similarly to this report, for nothing. Confusing terms, organizational chaos, duplicating of performances, fight for power, yes, we have all of them... but bio-processors not.

If you are persistent enough in your questioning, you will finally find out that when (bio) wheat and corn started to be used for heating and quota for bio-fuels was created, LTO (light fuel oil) mafia divided fields with rape-seed among them similarly to "grassers" who divided subsidies for poor regions among them, and ecological agriculture got into a game a normal person doesn't want to be involved in.

But let's get back to bio-production. Real numbers about farm processing, the volume, turnover, potential, and assortment are not available then. We sent an application for their examination to the MA in 2004, at that time together with proposal for a meeting with chains representatives to find out what bio-products we can offer to them and also what their absorption of fresh local products is. Without any result. By this, we are repeating our application and offer. It is suitable now, the advertising campaign supporting bio-brand will go on for two more years. We have a right to know what bio-products it is supporting. If not Czech products, then it is necessary to inform consumers it supports foreign products and document the amount to a tax-payer that is subsidized by Ecological agriculture. And to define the term

Ecological agriculture to him.

Until this time, there is nothing else we can rely on except “qualified estimates”. It is a very simple table: we observe the volume of subsidies into bio-producers and their return with regard to the turnover. (We also mention the farms that ended in last two years, farms that are still waiting for their certificate and farms that are on the verge of bankruptcy. The consumer can then imagine what Czech bio is. The list of contacts is enclosed in the study Appendix)

Farm	Product	Region	Approximate turnover (in mil CZK)	Approximate subsidies (in mil CZK)	Note
Abrlovi Michlovský	Wine, herbs	Pavlov South Moravia	1,5	0.23	
Peřina	Wine	South Moravia	1 mil 8 ha	0.4	
Mádl	Wine	South Moravia	0,6 3ha	0.4	
Cittebartovi	Goat products	Rožmitál	1	0.3	
Špatných	Ditto	Strakonice	0.9	0.3	
Štěpánkovi	Ditto	Volary	0.1	0.3	
Královi	Ditto	Karlovy Vary	0.3	0.4	Farm in danger, without certificate, Land Fund forbade the access
Sládečková	Ditto	West Bohemia	0.6	0.3	
Jeseník	Goat cheese products	North Bohemia	0.8	0.3	Loss of certificate due to Czech interpretation of EU regulations
Horynovi	Goat	Nový Bor	0.2	0.2	Certificate returned due to the MA “bully” MZe
Ondřejíkoví	Goat	Frýdlant	0.2	0.4	
Romanovská	Goat	Nový Bor	0		Bio-production stopped by Liberec KVS Veterinary Authority
Pulíček	Goat	Liberec	3	1	Transition period, it doesn't have brand Bio
Šourek	Cow milk	Tanvald	1.5	0.4	The only farm cow bio-product in the CR
Ondruch Dobrovolní		Beskydy Třebíč	0.5 2	0.3 1	
Vohralík		East	0.5	0.4	The biggest producer in the CR

Sklenář	Ham, salami	Bohemia Jihlava	2	0.4	At least two months a year without supplies, even for stable consumers – beef is missing
Syrovátko	Juices	Louny	0.3	0.3	
Bílé Karpaty	Apple ciders	Hrozenkov	?	?	
Total:			18 mil	7 mil	

Even though the numbers are only estimates, they give us a basic idea about the proportion of subsidies and their return. What concerns investments into subsidies, the support of bio-producers is only per mille out of the total subsidies into ecological agriculture. The subsidies together with agro-envi and LFA are 2.5bill per year. (Official numbers are being released in these days and they are available at: Martin.Leibl@mze.cz).

What concerns the number of registered ecological farms and ecological farm-producers, it is about 1400 farms. Out of them, there are about 20 where you can buy a bio-product. Another about 10 farms grow bio-vegetables, fruits or herbs, another 4 farms produce bio-eggs (2 farms only in small numbers). If we talk about meat, there is only beef available in the market, no fish or poultry. Some numbers of “bio-products” sales are put together by Probio, Staré Město, Bio-nebio, Nový věk and Country Life – but these sell foreign production and costs for “groats packing” are a bit different than for cheese production, and also the demand is not that high.

But, let’s not digress – what is the turnover of farm bio-products considering yearly subsidies into ecological agriculture and how much the MA released for their promotion.

The number of ecological farms in the CR:	1318	The number of bio-producers:	20
Subsidies into eco-agriculture:	2.5 bil	Subsidies into farm-processing:	about 10 mil
Farm bio-products turnover	20 mil	Costs for advertising campaign to support the bio-products:	10 mil

V. Conclusion:

A frequent argument of “experts” is that my report is not a picture of the whole Czech countryside and that the case that is being described is unique. I don’t protest. It might be unique soon. In Karlovy Vary region, it is like this. What are we going to do with Emílie Citterbarová in our case? Will we shoot her dead so that she couldn’t speak about her experience with Czech agriculture and subsidies policy in Brussels? Will we sacrifice her as well as dozens of farms before her to be able to match our social engineering with thieves, inefficiency, and corruption?

This report could easily be about one single farmer because even one farmer would be enough to prove guilty everyone who earns his living through work in agricultural state administration (both national and regional, also in consultancy, research, and supervising institutions), because when they came to her farm (and we pay them to go there and know them) and saw what was happening there, how the people live there, and they remain silent and don’t try to improve the situation, they demonstrate their incompetence, cowardice, cynicism and corruption.

We, as tax-payers, are interested in the result and my question is simple – subsidize or not subsidize agriculture? This question can be answered only by Emílie Citterbarová who has just called that she is standing at the petrol station in Smíchov because her car in which she carries bio-cheese for Prague market broke down. Prague citizens who pay taxes for countryside development (esp. for ecological and safe groceries) are coming to Smíchov and help her to distribute her bio-goat milk in their cars to shops with healthy food. For how long? Until she has money for loan repayments, she needn’t have taken (but she did, she paid EU in SAPARD pre-programme) as nobody wanted washable ceilings, contactless taps and alteration of the processing facility. The money was divided among those who know where to make pressure at the MA. Thanks to all the obstacles created by the state’s intervention, Emílie had no chance to buy land and buildings where she has been farming for 15 years, and that is why she cannot expand her farm and that is why the future of such agricultural activity is not very bright and more subsidizing is difficult.

Anna and the Tiger

One of the deep spiritual teaching of the mankind says each of us has to prepare to meet their tiger. As if Anička Ondřejíková was a candidate for this mysterious teaching. Did she know how many forms the tiger can take? In the life of one woman? From Ves u Habartic?

Topics:

1. Farm: • Restitution • Reconstruction and revitalization • State subvention of agricultural business – dairy
2. Social aspects of life in the countryside: • Case of Mrs. Holoubková • Rural criminality assisted by police
3. Communities: • Either EAFRD or countryside development • 6 farms, 5 communities • Where is Mařenice money
4. Business aspects of life in the countryside: • Countryside = isolation: Farm in Horní Světlá • Dairy? But only if you don't produce anything there
5. Who makes decision about the countryside? • What do we actually want from these people? • The controlling and the controlled – the struggle for dominance • Conclusion: Answers? No, just questions.
6. Farmer's conclusion

Farmer: Anna Ondřejíková, Ladislav Ondřejík (son)

Contact: anna.ondrejikova@seznam.cz

Original occupation: entomologist, violinist

Place of business: Černousy, post office in Ves u Habartic, Frýdlantský výběžek

Property: estate from 1306 (2000 m of built-up area), 100 ha of land (32 ha woods, 23 ha arable land, 45 ha permanent herbage), machinery and technologies (basic machinery, dairy and milking house equipment), 30 pcs of cattle, 30 goats with milk production, 4 horses

Property acquired: restitution of family property

Year of farm takeover: 1991

Investment sources of company: sale of Prague flat, family savings, grandma's and her pension

Start of business: 2003

Farm activities: 30 pcs of cattle, 30 pcs of brown rough fur goats with milk production, 4 horses. Processing facility for products from goat cheese, grains production, agrotourism, cultural events (concerts and biofood markets)

State contribution on farm restoration: 0

State contribution on farm activity: 0

State contribution on EU conditions adaptation: 0

State contribution on farm running: subsidies per area in ecological agriculture – AOE, permanent herbage, arable land

State subsidies share on running costs of business: 45 %

Farm potential: higher production of grains, rape growing, wind power station, agrotourism

Main obstacles to farm development: demographic and sociologic factors of the place (isolation, criminality, education and morale of local people, relations in the community, ...)

Restitution process (lengthy and against law, see encl.)

Inaccessible financial sources

Non-existent business policy for these areas

Membership in unions: Ecological Farmers-processors Club

Trust in political representation: low – 15 %

Participation in public life: Anna Ondřejíková established Democratic Party for Černousy Development in 2002 that won the elections (until then communists were in control). In 2006 communists won again.

Benefits for community: cheese home sale, horse riding rental, estate excursions, educational seminars, cultural and church events, cross-border projects (journey to Poland, 2006), tree alley in the community (2007)

Monthly wages of Mrs. Ondřejíková: she doesn't pay herself, all the money are consumed by farm running and restoration (the farm is in state of disrepair)

Monthly wages of her son: he doesn't get any wages, they couldn't even afford to pay social insurance last year

Working hours: 12 hours a day, 7 days a week

Last holiday: 2002, (son and the farmer) one week at their daughter's in Switzerland

Number of employees: 1 (problematic)

Farm turnover: enclosed, about 1 mil per year

1. Farm

Restitution

In 1991 Mrs. Ondřejíková started to claim her family property in Černousy seized in 1948. Her granddad, the son of spa town Poděbrady mayor influenced by Masaryk policy of Sudetes settlement by Czech intellectuals, bought a beautiful Renaissance border estate in 1926. He built a school in Černousy for Czech children but because he was giving schoolchildren snacks for free small Germans started to attend it as well. He played the violin perfectly, he loved company and good food and he managed to change the estate into a place of meetings of Polish, German and Czech farmers, businessmen, artists and politicians. It was like that until the war when the Germans who didn't like the Czech school seized the estate. But in 1948, the same German commissioned officer who took over the estate from Mr. Ondřejík in 1938 returned everything to him including all the cattle, musical instruments, and paintings - with the only exception of the palms from the glasshouse that were destroyed during the bombing of Dresden. Mr. Ondřejík didn't farm for a long time after the war though. He spent the rest of his life in Prague after 1948.

Anna came to the village alone: a widow with her son, the violinist. Only enclosure walls and piles of manure were left there. Mr. Davídek, the mayor of the village, was appointed the administrator of her restitution property. He was a son of a revolutionary group that drove the Ondřejík family with a six-week-old Annie wrapped in a blanket out to a February night of 1949 with the words: "Give us the key from the till and account books, you have 12 hours to leave the estate."

Young Mr. Davídek was doing everything he could to prevent the restitution claims. At first he made up that the family was granted the property after the World War I. In return, Mr. Ondřejíková submitted the Contract of Sale of 1926 which clearly stated that her father bought the estate for 220 thousand crowns. And so the mayor came with an archive document on the estate inventory of 1949 according to which the estate owned 8 cows, one tractor and 15 ha of land. In fact, the estate had about 100 ha of land, three tractors and horses. And Mrs. Ondřejíková managed to prove it after she searched the Prague Těšnov archive. She proved that National Administration seized their property but the inventory was missing there. She also showed that Mr. Davídek submits false documents and tries to give her only a small part of the estate that was temporarily possessed by Mr. Moravec who was granted it and who was farming there for two years and then returned it. It turned out that the documents about the year 1949 were missing.

Finally, they agreed that State Farm will acknowledge the Ondřejíks' restitution claims for the seized property according to the amount of hectares – e.g. they will get 1 tractor for 50 hectares. In accordance with law. And so the Ondřejíks got two tractors from the State Farm – unfortunately both broken. They also got the paper saying the State Farm had no more inventory. In the words of Mrs. Ondřejíková, the mayor did his best to prevent them from getting their property and especially from starting to farm. He even said he was sorry the

community didn't have enough money so as they could pull the estate down completely.

Since 1991 legal suits for land and pending restitution claims have been in progress.

An individual story is the land in Poland for which Mrs. Ondřejíková should have received the full compensation of hectares but for which she got only 50% thanks to local land authority and local council composed of former members of State Farms. Mr. Davídek got his claim in one to one ratio. Moreover, he was so mean that he intentionally bought (in accordance with valid legal regulations) the part of public road that led straight to her estate gate. Despite two court appeals, Mrs. Ondřejíková lost the case. Through the ombudsman, who advised her not to rely on our courts much, she got into the office of public guardian of the rights who evaluated the gate space as a farm entrance and not the road which meant the community didn't have any right to take it. But how to obtain a few square meters between the pillars of her gate was no one including several lawyers able to tell (see Legal supplement of study).

Even though the management of Liberec Land Fund has changed several times, Mrs. Ondřejíková is still not successful in her restitution claims. Land Fund told her to pay 6 crowns per 1 sq meter but in fact she buys her former lots that Land Fund releases ten times more expensive and in the amount of hundred meters. Maximum one lot of hers per year is posted on the notice board and the price of land is still growing. And what is more, for the whole time she can't draw subsidies on her own land. And she has paid more than 100 thousand crowns to Land Fund for the land rental, the money she could save provided the restitution process didn't last for 16 years.

Reconstruction and revitalization of the farm

The estate was in the state of disrepair (2000 meters of damaged roof and ceilings, instead of floors centimeters of mess, without any water and electric energy, windows and doors stolen). The fields were full of couch grass and thistles, the pastures fenced with three layers of barbed wire trodden in the grass as State Farms treated all the land as pastures – if one fence went bad, they built a new fence one meter further.

In 1993 the Ondřejíks ploughed up all their plots and fertilized them with phosphorus and potassium. After 5 years they managed to restore the land to its former status. They estimate the costs invested into the restitution land taken over from State Farms at approximately 200 thousand crowns, they do not dare calculate the money invested into the estate. (The figures were misleading because all the repairs were made by them on their own, e.g. beams come from the trees of their own woods, they work for free for years even though they appreciate their work...If they did similar reconstruction for subsidies money under the state supervision, i.e. they held tender for every roof or tile, the investment would be too high, non-repayable under such demographic conditions and they would never be able to start it).

State support of agricultural business – family dairy

After the first phase of buildings reconstruction Mrs. Ondřejíková got down to the phase of

value increasing – she wanted to build a small dairy where she could process milk of her 30 goats. The rough estimate of production was about 8 kg of cheese per day from April to October, which would be a pleasant increase in family budget.

In January 2000 Mrs. Ondřejíková contacted the manager of District Hygiene Station (DHS) and obtained a contact to his schoolmate from the faculty, MVDr. Dušan Ryšánek, CSc. She asked him on behalf of DHS manager to develop a project for small family manufactory of goat cheese. Dr. Ryšánek originally wanted to recommend her *“the least demanding solution, the production of soft cheese from raw i.e. unpasteurized milk”*. Although the regulation allows this solution, its project paid by Mrs. Ondřejíková was not approved by Liberec DHS. And what to do now. She invested money into the project and that is why she asked the author – Dr. Ryšánek about changes implementation as required by Liberec DHS. But by mere looking at the project and the list of requirements, it was clear that the interpretation of the same regulations are seen very differently by DHS and Dr. Ryšánek and under these conditions it also seemed to be technically impossible to build a small dairy in the old original disposition of the estate.

Therefore, as one might expect, Dr. Ryšánek refused to continue in the work telling Mrs. Ondřejíková: *“(…) I am afraid I have to give you back your documentation and not to deal with your project any more... you can contact TENEZ, a.s. company.”* However, TENEZ company wasn't able to guarantee to Mrs. Ondřejíková they would be able to develop the project so as it was approved by DHS either. What they did not forget was to enclose the calculation for the potential project developing in the amount of tens of thousands crowns.

The very interpretation of regulations on milk pasteurization gave rise to two completely different project studies and the specialists from hygiene station veterinary institute themselves (and in this case schoolmates as well) were not able to agree on conclusion. And so Mrs. Ondřejíková herself started to develop different versions of the cheese production project, not according to EU standards but according to their interpretations of a Liberec DHS clerk. But DHS Liberec was not satisfied with a third version either (this version included 12 rooms plus cloakrooms, wash-rooms, toilets for non-existent employees, packing room, a shop with refrigerating counter and 8 contactless taps – all of this for production of 8 kg of cheese per day for 6 months a year) and they demanded to add: toilet ventilation (for both a toilet box and a hall), washable walls up to 180 cm, and securing cloakrooms for personnel. Thanks to her patience, invention and persistence, Mrs. Ondřejíková finally managed to meet the requirements of DHS and obtained the permission for production. Unfortunately, at that time she didn't know that the permission to build a dairy doesn't mean the permission to produce dairy products.

After she fulfilled all (useless) requirements, Mrs. Ondřejíková became interested in grant from SAPARD programme that was offering compensation of building investment costs up to 50%. One of the requirements demanded the supply of cheese processing technologies from a certified company. Mrs. Ondřejíková was recommended to contact Service and Tools company from Hostivice that sent her a budget for milking, pasteurization and refrigeration facilities in the amount of 992,547 crowns. Since this price did not correspond with the market value of such facilities and this investment in the given region (with shortage of labour force, high unemployment rate and missing infrastructure) would be nonrepayable, Mrs. Ondřejíková (similarly to her work on project) bought particular components for milking and cheese processing facilities on her own, in the same quality but for a half price, in the same way as someone who is building the house searches ads and internet to buy tiling or electrocables.

Now, when she has got one-year experience with cheese production, she complains about the

manufactory which is too large, about the water which freezes over in the rooms she don't use, about the contactless taps that prevent washbasins washing...

She considers projects supporting the countryside as immature, launched before they are tested in practice, individual branches of public administration do not communicate with each other and inside they are not able to agree on one single interpretation of regulation – see requirements for milk pasteurization. Unreal requirements on farms do not relate and do not correspond with the performance of research institutes, supervisory institutions, the Ministry of Agriculture, consultancy and union institutions.

(To give you more details: thanks to his eagerness and verbatim interpretations of EU regulations, the above-mentioned manager of Liberec DHS Mr. Král managed to destroy several small cheese processing facilities in the Lužické Mountains and around (e.g. farm of Mrs. Romanovská in Polevsko). Today, the final approval of new businesses depends on the willingness of the farmer to fight. Mr. Král refused to allow Mr. Šourek from Plavy u Tanvaldu to produce cottage cheese and cheese in one room, which might have destroyed another family business. Mr. Šourek asked him to submit the given regulation. As no regulation like this exists, Mr. Šourek survived. It was also thanks to his wife who after several visits of Mr. Král kicked him out saying: "We will work hard, invest, repay loans and you will come here to forbid everything? The door is over there." But Mrs. Ondřejíková is not such a go-getter. In order not to get into touch with these vulgar people, she begged the main methodologist-lactologist in Prague to issue the permit for cooling and processing goat and cow milk in the given days, which is common practice in the world but also e.g. in South Bohemia. Jovial Mr. Hlaváček did not see any problem in that: "Of course, 12 rooms is enough for this business."

But in April she received a letter from DHS Liberec banning the activity. It took her five months to get the approval and she had to work systematically on where to have cows, where to graze, what to feed, how to get health certificate and vaccination, how to get milk quota, where to obtain customers, what products to offer, etc. And now, the DHS comes and bans the sales for the reasons such as that employees would have to go through common cloakrooms where the family has their coats, or they make up something else. (For detailed information see the chapter of Mr. Pulíček – Pěničinský náhrdelník).

However, we should see the other side of this insistence to observe the regulations that either do not exist or are bad. Our inspectors weigh on uneven scales. The same manager, Mr. Král, having a good time at a landowner from Cvikov who killed, roasted and shared a stolen cow in his yard whose head with a tag in the ear was taken a photo of by one of the employees and reported straight to DHS (this activity is strictly forbidden by law – slaughtering outside a certified slaughter-house without veterinary checks e.g. of brain and spinal cord because of BSE...) refused to put this incident on record or solve it and instead he told the landowner, a friend of his, the name of the employee who took a picture of this crime and reported it. The case was sent to the Ministry of Agriculture. Without response. As one witness commented on this incident: "If DHS will boss the farmers about for not having a contactless tap outside the toilet for non-existent employees and they won't mind being stolen, killed and eaten 5 cows in the yard where no drain for the blood is, everybody will think twice before starting their business in such dirt."

Another dimension is that there might be an unqualified or aggressive inspector, but that is why union, regional and ecological institutions and above them the Ministry of Agriculture exist. They are all paid to keep ecological agriculture working. It is never about an individual failure, it is always a system failure. And as we have been closing the businesses for five years and we haven't moved forward, the problem might be somewhere else.

2. Social aspects of life in Czech countryside: an illustrative case

Before we deal with demographic background that creates the frame of Mrs. Ondřejíková's life and that is marketing background of investment return in the Czech agriculture business, I would like to present another, less historical, but related case from the neighbouring village.

Mrs. Holoubková moved to a village Horní Řásnice that is situated on the other side of Frýdlantský výběžek. In 2000 she retired and decided she would spend the rest of her life in a picturesque village of Czech borderland. Her son, who worked in a bank at Prague Wenceslas Square, helped her financially and she bought a small house in the village. Her former intention was to develop a traditional handicraft like making baskets and to become involved in the community. Her good intentions as well as Mrs. Ondřejíková's intentions had to face the reality of Czech community. The local community was made of a few people who were not able to escape to the town because of lack of their qualification, work attitude or independence. Mrs. Holoubková and her life standards couldn't fit this environment. Her attitudes and expectations clashed stereotypes of locals.

The closest neighbour of Mrs. Holoubková was a widower who became interested in her soon after she moved in. But he was a rude man, he drank a lot at nights beating and maltreating his daughter. One night, when the weeping of the neighbour's daughter was louder than usual, Mrs. Holoubková made bold to go to his door and knocked: The neighbour kicked her out very rudely and before long he returned the visit: one week after the incident, he broke into her house and tried to get to her room. Terrified Mrs. Holoubková ran away from her house into the village and even though she was knocking on several doors, none of the locals opened to help her.

There was a storm at that night, but it didn't make her return home and she finally managed to persuade an old lady to whom she helped to carry her shopping to the other side of the village several times to sleep on her kitchen floor till the morning. Unfortunately, an old lady was mother of a friend of Mrs. Holoubková's aggressive neighbour and the next day this man called the police to come to his mother's house making up that Mrs. Holoubková stole his mother 20 thousand crowns. When unsuspecting Mrs. Holoubková got off the bus that afternoon, she found chalk-written words like "thief" and arrows to her house on the road. Fortunately, "witnesses" lost the courage at court and admitted their grandma was sometimes sclerotic and she probably made a mistake when saying Mrs. Ondřejíková was a thief.

Today Mrs. Holoubková regrets going there and she would like to warn everybody not to go there, she is especially annoyed there is no available source, i.e. media, research or local councils that would inform the citizens about a real situation in Czech villages, the official researches conceal them.

(Note: Going through all the SWAT analysis of projects, such as EAFRD, I haven't come across any clear and honest data about the social situation in the Czech countryside, especially about its deep moral crisis – which could have warned the Ábrles, the Ondřejíks or Mrs. Holoubková not to invest their family property, power and enthusiasm into these areas. Not to beat about the bush, let me show you a few examples of their everyday life:)

Case 1. In the hot July and August of 2002 the neighbour Mr. Davídek was climbing over the fence of Mrs. Ondřejíková every night and was intentionally damaging the feeding system for her cattle. Mrs. Ondřejíková was worried about the state of her cattle and her son spent every morning with repairs. Even though Mr. Davídek told in front of witnesses that it was him who was causing the damage on the neighbour's land and even though Mrs. Ondřejíková informed the police, nobody punished him and she didn't get any compensation, as Mr. Davídek didn't admit guilt and Mrs. Ondřejíková didn't have any witnesses. When she had them, it didn't help anyway.

Case 2. The cousin of Mr. Davídek was shooting ducks on Mrs. Ondřejíková's land without any permit. One day after the dusk, the bullet flew by just next to her son's head. This time, an employee of Mrs. Ondřejíková was present as a witness of a loud shooting and Mrs. Ondřejíková informed the police saying her son's life was at risk by forbidden shooting on her land. But during the investigation, it came to light that the local police as well as Liberec Land Fund and Court were connected to old structures of the community, everything was manipulated and the report included sentences like: *"the witnesses saw the falling duck, but were not able to prove that they had heard a shot from a gun, which means the hunters used exploders and not the guns."* The threat to the young Mr. Ondřejík's life was solved by 500 crowns fine.

Case 3. Mrs. Ondřejíková owns woods in the neighbouring village Andělka. There lives a Kosovian who guards the property (woods, fields, estate, horses and three sheep) of his pal (Mr. Winter) who killed a man in Dračí sluj Bar and at present serves prison sentence. Besides the former lover of this pal, he lives with two more women; according to the neighbours he beats all of them. Before he moved to Andělka in Frýdlanstský výběžek, he was a procurer, one woman is allegedly one of his prostitutes.

In October 2004, the son of Mrs. Ondřejíková went for his usual walk to collect some wood for winter in their woods. But all of a sudden, the Kosovian stopped him with a gun in his hand and he didn't allow him to enter. He returned home very scared and it took Mrs. Ondřejíková some time to find out what had happened. As it was clear the police wouldn't help them (similarly to other cases of bodily harm and property damage), she took along the documents about plots and certificate of ownership and set off to show the Kosovian the wood was hers. The Kosovian, probably influenced by her courage and self-confidence, invited her for a coffee in his kitchen so as they could check the documents. And there behind the unstable bar from old pokers, a huge tiger was moving. As Mrs. Ondřejíková likes animals, she didn't get scared and drank up the coffee with the Kosovian and managed to arrange her son could go to the woods without being shot. The agreement was good until the last hay harvest.

Case 4. In July 2006, the son of Mrs. Ondřejíková was gathering the hay from the meadow that neighbours with the Kosovian's. The Kosovian was waiting for him with a gun again and made him put the hay in his barn. Mrs. Ondřejíková is scared to inform the police as someone might tell the Kosovian who was it and their farm could be burnt down or they could get hurt. They keep carrying the hay into his barn and are silent. In 2007, the Kosovian stopped to demand the hay as he found another unnamed source.

Case 5. In 2007, when the area was affected by the storm, the Kosovian dragged away Ondřejíks' broken trees they needed to repair the roof. Despite this fact, Mrs. Ondřejíková

says the Kosovian threatens her farm less than the neighbour Mr. Davídek, a current community mayor.

Case 6 – business: There is only one ecological slaughter-house near Mrs. Ondřejíková farm and it belongs to United Farms that own 16,000 ha of land in this region (see July 2007 report shown on ČT1 about state land selling practices). Mrs. Ondřejíková had to pay 5000 crowns as a registration fee. But after they accepted 2 bulls of hers, they refused others saying they have got enough of their own meat and they will not take and kill her bulls anymore. They won't return the registration fee either. After studying the multi-page agreement, we can see the lawyer of United Farms did his best so that no honest farmer could appeal or protest against it. She lost (another) 5,000 crowns.

The Czech village is poor. And the misery makes humans worse. Helpless rural population, the state only supplies with tabloids, pubs and social benefits, will return our neglecting hundredfold: they will create a borderland ghetto we will avoid. By the way, 13 billion crowns per year go to the fight with poverty. Let's take a look at the problem through the eyes of mayors. The mayors who manage one fourth of our population.

3. Either EAFRD or countryside development

Rural sociology didn't exist from the World War II to the end of 1960s. It returned afterwards but only as a public order for selected statistic data about big socialistic agricultural companies that instead of finding out something concealed the truth. Current rural researches try to fill in the gaps and follow descriptive variables, such as region area, population density, education... On the other side they copy advanced European models of sociology, economy and law that are "too advanced" or "too far" for the reality of current Czech countryside.

In practice, it means that e.g. for our work – the study of the state help to (ecological) farms building in the rural (borderland) regions – we went through hundreds of studies, researches, lectures, articles and seminars, but significant data about the real state of borderland communities that would monitor the complex reality of farmers life as described by themselves appeared only rarely. *(The only exceptions are Skřeteček's study on marginal regions and thesis of PhDr. Jarmila Premusová from Pedagogical faculty of Ostrava, quoted at the end of chapter about Ivan Krátký. However, according to their conclusions, I would never enforce a specific project of MAS-Local Action Group at a bank).*

I asked about the causes of such a situation and the reasons for missing studies and got a clear answer from Czech Agricultural University of Praha Suchbátka. Most surveys are ordered and paid by the Ministry of Agriculture that tries hard to depict the situation in the Czech countryside better than it really is or ignore it. In this confession, I can see one of the main causes of stagnation of private farms development and especially countryside in the borderland. In many respects, EAFRD is a vain effort to cover worm-eaten beams by a layer of pink latex.

The aims of this study are not theoretical, i.e. supported by filtered or incomplete data, the study tries to map the risks of investment into a particular CDP (Countryside Development programme) model project – a MAS focused on bio-production (MAS = Local action groups – the term taken over from CDP and used for local community projects).

No investment project has a chance to succeed without at least a basic knowledge of the

aspects anticipating possible investment risks and as there is no such information available in our country, we watched the selected areas necessary for research task: we economically analysed the conditions and risks of business of about 25 ecological processing farms (there aren't more of them in our country, see the part of Roman Rozsypal's study) and their access to the state subvention.

As the first outputs were not welcomed by either academic (*"you can't say this is Czech countryside"*), ministers (*"we didn't imagine it like that"*) or non-profit circles at all (*"you damage the results of the whole ecological movement"*), we couldn't rely on any help or cooperation connected with the collection and selection of data about the life of our farmers–bio-processors.

Our suggestions to carry out smaller field surveys through target groups that would help the study answered our question why we don't know anything about our countryside: such work would be carried out if I specified the topic precisely, personally found the mayors, cross-border mayors, people and representatives of regional and central state administration, organized a place of the meeting, made a list of questions and then gave 100 thousand to an agency that would – better or worse... fill it in.

I had better rely on my experience from the local council.

6 farms, 5 villages

Specifically in the region of northern borderland part of our country we watched 6 ecological processing farms: (region of Lužické and Jizerské mountains and the Frýdlant hook).

1. Family of Eliška and Jaroslav Horyna – goat cheese (Světlá pod Luží belongs to Mařenice together with Krompach v Čechách)
2. Svatava Romanovská – former goat cheese processing, (Polevsko u Nového Boru)
3. Josef Pulíček – products of goat milk and meat (Pěňčín u Jablonce)
4. Josef Šourek – products from cow milk (Plavy u Tanvaldu)
5. Anna Ondřejíková – grain, goat cheese, potentially cow too (Habartice za Frýdlantem)
6. Ivan Krátký – Lindava u Cvikova – pork, cow milk – so far conventional, (potential place of MAS)

The Horyna family and Mrs. Romanovská have small farms with less than 20 hectares, the Šourek and Ondřejík families have mid-sized farms (60 and more hectares) and Mr. Pulíček and Mr. Krátký large farms (over 300 hectares).

Their life and business arise from the reality of their environment. Demographic data according to SLBD (2001) present the following information about the area:

Municipality name	Area size	Inhabitants	Average age
Mařenice	254 ha	354	210 older than 40 yrs.
Krompach	777 ha	139	62 older than 40 yrs.
Pěňčín	1335 ha	1679	837 older than 40 yrs.
Plavy	519 ha	1084	475 older than 40 yrs.
Černousy	855 ha	330	153 older than 40 yrs.

We can see that the border villages like Mařenice, Černousy and Krompach v Čechách have larger area (4286 hectares) than still borderland but less distant villages like Pěňčín and Plavy (1854 hectares). However their inhabitancy figures are completely inverted (the first three villages have 814 people together, Pěňčín and Plavy have 2763 inhabitants).

Three times larger area of borderland villages with three times less people living there compared to similar villages further from the border. This is a unique statistical phenomenon and it is essential for any business plan or development and investment programme. (In each country the population “thins” in the direction away from administrative centers but not so dramatically. The German town of Oibin that lies just behind the border from Krompach is alive with people and European programmes.) But still both villages have the same conditions and applicable programmes. As our study shows, this had fatal consequences for some farms.

Although we can see this model in almost all borderland areas of the country and therefore it involves huge areas (mountain areas include one third of agricultural land of the Czech Republic), there are no countrywide studies mapping this effect, there is no analysis that would study it in depth and compare it with countries around and mainly there is no plan and consequential programme that would demonstrate what the state intends to do with these areas and how are its intentions coming true. This is why:

Let's take a look at the above described statistics from the “inside” and compare it with data we have received about these villages from local mayor, Mr. Petr Tlustý:

Municipality name	Area size	Inhabitants	Average age
Mařenice	1325 ha	280	Unknown
Mařeničky	313 ha	20	Unknown
Světlá p. Luží	572 ha	20	Unknown
Dolní Světlá	445 ha	20	Unknown

These data from the mayor bring another prospective. In reality Mařenice represent 4 independent villages (formerly including also Krompach), out of which 3 – that have similar area size as Pěnčín or Plavy – have now 20 people each. The village of Mařenice therefore has population of only 280 and not 345 people as stated in the SLBD statistics.

When we go into more detail, we will find out that out of these 280 people 60 are the clients of Social care institute for mentally disabled women that make one quarter of the whole population. However, these people can in no way be included in life of village, they are no target group for any store or business, for cultural events, education, they cannot be counted as work force and they are a risk group that the village cannot influence but it influences the life of village in a huge way. And that is exactly what happened this year (2007) when the Ministry of Health decided to cancel the whole institute and put the clients in sheltered flats. That is again a statistical model with no precedent. No agglomeration has one fourth of population to die or move at the same time. For the village it represents drastic decrease of its main income (see further) and loss of the last work opportunities for local people.

The trend of placing the “problematic members” of society into remote places of the country so they won’t “be seen” was one of the practices of the former regime and so similarly to Mařenice, also Krompach v Čechách has along its 139 inhabitants also 49 students of Basic practical school (formerly Special resident school for problematic youth – mainly of Romany origin.)

But unlike in Mařenice, in this case these are children that were taken from their families but their permanent residence stayed there so this one fourth of Krompach population does not administratively exist.

These data then completely shift the statistical data about average age (too old Mařenice and too young Krompach) and their average education (both villages are statistically disadvantaged by the presence of the institutions). Therefore these village are completely unreadable for purposes of statistic planning. *(Should I personally take on the risk of private business here according to MAS, I would either have to “import” all the personnel – and then MAS would miss its goal or face a risk in personnel resources that no bank would).*

Another important fact that has fundamental impact on the life of these village and that is not included in the above-mentioned statistics. The borderland areas after the forced transfer of German population never attracted new population and became (for example in Krompach very extensively) a recreational area. In the last years, Prague and larger cities in general went through substantial rise of rents and we have witnessed massive migration of city pensioners into these recreational areas. But these “vacationers” are not included in these statistics.

In Mařenice alone, there are now 70 people – pensioners / vacationers that still have permanent residence in city flats that they either rent out or keep for their children, but they live out here all year round. That means that one third of the population consumes the public services (public lighting, canalization, roads maintenance and snow ploughing, waste management, health care and social services...) without giving any contributions – even indirect because the municipality has no way to get any extra tax money. But the village budget greatly depends on the income taxes of inhabitants and local business as well as the VAT (see further).

In Krompach, this phenomenon goes even further: there are 139 permanent inhabitants there and 460 “vacationers” that bring 300 CZK a year from the real estate tax while they keep to criticize the low quality of public services.

Another statistically invisible group of population consists of citizens of Ukraine that represent another particular phenomenon of Czech countryside and whose life conditions and civil rights are topic for a separate study.

From this perspective we see completely different villages Mařenice, Krompach, Habartice..., than those included in NUTS and those for which the Countryside Development Programme has been modeled. These areas have so many overlooked or concealed risk factors that concerning on population counting is similar to counting sheets in house that is on fire. Their total summary is represented by tax income per inhabitant five times lower than in cities.

The complete income of the village is about 4 million CZK, represented by 69 % income tax from individuals and business and VAT. The rest comes from renting of land and properties. The village has huge unemployment, the only work opportunities were offered by the above mentioned institutions and relaxation center “Malevil” in Heřmanice.

But still the state has the same requirements for villages without regards to their reality of life – for example the obligatory fire brigade where one uniform with helmet costs 25 thousand CZK and lowest possible number of employees is 6. Villages like Krompach have no way to fulfill these requirements with their best efforts. The municipal authorities in Krompach are represented by workers in unreleased positions meaning that the mayor, his deputy and account have worked for free for years. Speculations about consolidation with Mařenice would be unrealistic because of long distance between the village and non-existing traffic service connection.

When we asked whether the mayor of Mařenice, Mr. Tlustý, uses any of the Countryside development programmes, we hear: “We are in Association of municipalities of Novoborsko region, but every time I came there in the last year the only information I got was to wait because everything will be different in one month...” and “... we have no money to hire consultation companies, the subsidy titles are complicated, there are no examples and experience” and “...the only money we got from the region were for restoration of memorable monuments and communications but for example last year (2006) we received nothing. The building of flats, support of crafts and services – there is no money for anything.” If someone wanted to use any of the programme for seniors, which would be very suitable project considering the age structure of population and the trend in this area, he would have no land or property to realize the project. Even the sewage plant is a problem as there is nowhere to place it.

Even worse situation is in Krompach v Čechách: the municipality had no funds to pay for electricity and had so many debts that an execution was called on its property in 2003. The mayor had fear for his life as he received threats from local people because they thought he was the source of the situation.

Where is all the money from Mařenice?

But at the same time, if we look into the state budget we see that the mentioned municipalities

have tens of millions CZK allocated each year. How does the state manage the funds that are supposed to go into the countryside development? The main financial stream and programme and support for agricultural areas development are subsidies – in the form of payment “per square area”. Let’s repeat the basic notes due to which we always hear the same story from every angle:

Our subsidies for countryside development ARE NOT directed:

** to a private business like in Germany, that would mean that every farmer would have access to funds for building or reconstruction, that is replaced by payment per square area and therefore there is a new trend to cumulate large amounts of land that is not cultivated in the meaning of managing and making profit but rather abused by buying and encashment.;*

** to product like in Ireland or even still Germany where we would for example subsidy only each kilogram of bio-beef really delivered to market;*

** to person like in France where we would guarantee an hourly wage to farmers according to their qualification;*

** according to criteria of community benefit as required by OSA III and as described in the case of Mařenice.*

We make excuses that direct payments for products, person or community is not favored by Europe but it is just another comfortable misinterpretation of the common agricultural policies. If we were to submit real facts that we are not able to deal with stereotypes of the former “socialist” stealing of property and subventions and that we have a good reason to point the money flow somewhere where it will bring some output – therefore to the people capable of their own existence, then “Europe will not have a different judgment of us then it has of Germany. As far as I could see it in Brussels, Europe wants one thing from us: to take care of ourselves and not nag them. And right now we are not capable of that.

The reality is that with our programmes we bring despair and hopelessness of people who have a deep relation to places of Czech countryside and borderland, places where they were born, where their parents and children grew up and they would like to spend a full life there. So let’s see what we have done for that goal:

The borderland agglomerations with the most under populated areas and largest land areas should be the richest communities in country calculated per population. Why is it not so? Let’s have a more detailed look.

Out of the 2640 area hectares of Mařenice: about 300 hectares are in the municipal woods, 300 hectares of state woods, some public roads, built-up areas, at least 1600 hectares are in permanent herbage. The countryside development programme HRDP had the following funds available for 2006 from the SAPS titles (2200 CZK), AEO (3000 CZK), LFA (CHKO up to 4600 CZK), ecology (1100 CZK), so one hectare of the local land was eligible for up to 12000 CZK per year. This could mean up to 16 million CZK per year.

But the municipality has no money from these funds. Why?

There were almost no former owners of the land (the restitutions could not be used on the formerly German land), the few of them divided their private plots – half a hectare under the woods, strip behind the church, a few hectares in total. Majority owner of the agricultural land

was the Land Fund – a small part of that land was bought by local people but they could not afford to buy larger areas and the state policy did not enable local people or municipalities to borrow money to buy the land and mainly did not inform the local village people that there will be huge subsidies from state budget available for this land soon.

A substantial part of the available land became available for public tenders. And those soon became one of the biggest current sources of corruption and bypassing law resulting in the local people being just the front for state money laundering. (The rules of these public tenders and the practices of Land Fund are described in a chapter of this study dedicated to Ivan Krátký.) In our case the most substantial part of the local land is owned and will be paid off in 30 years by an entrepreneur who does not come from Mařenice, never lived there and according to local people he is not even the real owner (his company is a daughter company of a holding that owns thousands of hectares of the borderland ecological land. As Mr. Krátký proved, this “owner” cannot even make decisions about this land, he can only cover the subsequent frauds with his name).

Further questioning of the local mayor told us this: *“Does the owner of local land employ anyone local?” “One young guy mows the meadow as part-time job.” ... “Does he pay any taxes to the municipality.” “No, he is not local.” ... “Does he produce any groceries, does he sell anything?” “No.” ... “Has he built anything here – a barn, cowhouse or made any contribution to local school...?” “Never.” ...*

The local people have answered our concrete questions about particular locations saying that the owner *“doesn’t even know that the meadows on the hill behind the metal barn are his.” “Does he have any cattle there?” “None.” ... “Does he mow twice a year?” “This year for the first time...” “Is there someone local who would like to start farming?” “Yes, the young Musil...” “And why does he not start?” ... “He has no land.”*

The Krompach municipality managed to keep 84 out of its 777 hectares (300 ha is built-up area, 120 woods and the rest is owned by the same owner as in Mařenice). But if Krompach wanted to buy the remaining hectares from the Land Fund, it wouldn’t be able to do it because the rest is rented by the same owner like in Mařenice and he has the pre-emption rights (the same pre-emption rights that is denied to the farming family Šmakals or Krátký in the study of JUDr. Heřmanská).

If we keep asking about life in these areas, we will get the qualitative data that result from the above described situation: unemployment, isolation, alcoholism, domestic violence, poverty, sneaking and enviousness, crime, property exposure, border prostitution, rising numbers of Vietnamese merchants... Other associated effects are: child labor, remarkably bad health condition of both men and women, no interest in education, retraining schemes or any other programmes.

The above described producers of biogroceries are partly or completely paralyzed by this situation: the Horyna, Pulíček and Šourek families permanently struggle with one basic condition of expansion of any business – employees, some farmers are running out of their strength because of this.

4. The business aspects of life in the countryside

Countryside = isolation.

Then we can just watch, how originally solidary system of transferring money from more developed regions into those handicapped ones results in the rich becoming more rich and the poor becoming poorer. (The policy of state incentives into creating new jobs in industrial zones are mentioned in chapter MAS.)

Ing. Jaroslav Horyna spent many years in communist jails, in the first free elections he ran for a seat on the municipal council. The goat products from his farm have been awarded as one of the best in Europe, they had German TV filming there many times. Five years ago, he and his wife built a small house behind their farm house for a potential new settler who would help them with the goats and cheese and maybe eventually took over the farm. Together we have contacted Konzorcium – an agency associating migrant associations – as well as churches, we posted advertisements. We had one Ukrainian couple that responded, but the man had a very clear idea about his wage: 25 000 CZK. In the past 16 years I have watched the Horyna family continually, after all the effort to find an employee for their farm, it shows that the state has not started motivation for life and work in these undeveloped regions and the few local businesses are being choked by bad development programmes, unrealistic taxes and fees and wrong system of social contributions.

Thousands of hours of work, inventiveness and care that they spent to keep their farm running, during winter buried by snow, during summer bombed by the inspections, we threw them over the board saying “they are old”. We all will get old one day. The question is how. Mr. Horyna spent last years of his life under the raids of 13 inspections per year, neverending restrictions and administrative hearings with no appeal option without elementary human decency (as described in Reflex 31/05: Why the operators don’t want bio). For potential candidates of starting a new business in the borderland (Horyna family just like Ondřejík family or Mrs. Holoubková moved to the countryside from Prague) is the Horyna family another secret message about the business risk: their decision to live in borderland brings lifetime of loneliness.

Let’s go back to the farm of Mrs. Ondřejíková.

Dairy? But only if you don’t produce anything there.

In summer 2007, Mrs. Ondřejíková had to pour out the goat milk because she had no market. In Liberec, in store Kendlík she managed to sell 1 kilogram of cheese per week, in Frýdlant 800 grams. But during the milking season she finally had some luck. A business man from Prague came to the village and asked Mrs. Ondřejíková to try and make for him maturing bio goat cheese. That is a product that doesn’t exist on the local market while there is enough of the fresh goat cheese. In case the product gets good feedback from the market, he would be able to buy the whole production and even come to pick up the cheese. She saw a chance to get return of investment into a dairy and she started to work.

At an expert seminar, she had herself educate in a special procedure that in the case she does not want to expand her herd, she doesn’t have get the goats become gravid and she can milk them all year round. That would mean all year work and pay for the farm. She consulted technology of production with foreign colleagues – ecofarmers. She worked with a local

advertising agency on the package cover and communication. After a few weeks of trying she sent the samples into the lab and she received a reply that the samples do comply with the norm. But she wasn't happy for a long time. OHS – the Regional Hygienic Station prohibited production of any new product in her dairy. For the production volume of few kilograms of maturing cheese OHS and the veterinary authority came with the same requirement as for the huge dairy that is now abandoned: Mrs. Ondřejíková would have to build new premises for maturing and processing.

(The argument that the mold would spoil all other products in the dairy is another mistake of our “experts”. We will not waste time arguing, I suggest visiting historical cheese-making families in Toscana or France where our businessman buys his 13 kinds of cheese – from fresh to 3 types of maturing cheese to import with no problems with our eager hygienic and veterinary authorities – and just consider that these cheeses are made in half of the production area that Mrs. Ondřejíková has. But the customers usually appreciate (and award) the expert in technology, not in theory.)

In January 2008 there was another attempt to use investment in the dairy. Mrs. Ondřejíková “adopted” 13 milk cows from a South-Bohemian farm that went bankrupt. On Mondays, Wednesdays and Fridays they would produce cow cheese and cottage cheese, on Tuesdays and Saturdays goat milk products. The first trouble came with receiving the milk quotas from SZIF. Two cows from the herd were vaccinated against the IBR virus in an EU member country. This serum was detected by a veterinary blood analysis and the doctor mentioned the low value of IBR virus in the report as possible contamination. The mentioned cows were placed into sanitation programme – the same as hundreds of other milk cows in northern Bohemia. But SZIF immediately came with decision that the cows are ill and therefore cannot receive the milk quota. And since this was not the only requirement the farmer has to fulfill to be able to milk the cows, and the veterinary doctor saw how Mrs. Ondřejíková spends endless time and money calling the regional veterinary and hygienic authorities, the Ministry and SZIF, he showed his mercy and adjusted the results saying “Those idiots don't understand it, no one asked about IBR and if they should apply such rules then no cow here could be milked.”

Another step was the cow milk products approval as mentioned before. The goat are milked half a year but they had to be fed the whole year. Plus many products combine the cow and goat milk. Before the total prohibition of production, Mrs. Ondřejíková went through these steps: the former manager of Regional Hygienic Authority (yes, again the friend of home-sliced stolen cow heads) allowed Mrs. Ondřejíková to process the cow milk during winter – when the goat have no milk. The reason? He allegedly allowed Mrs. Ondřejíková to process cow milk on terms that she will work there alone and with minimum amount of milk and only with approved types of products. There is too much of cow milk and the capacity of dairy is not sufficient, the veterinary and hygienic inspection stated. And another problem was with milk cooling. There should be an independent room called “milk filtration” with two cooling devices – one for goat and one for cow milk. But KHS (regional hygienic station) did not allow it – it was finally allowed by Ing. Hlaváček – the main methodologist. Finally the combined production was definitely banned for alleged problem with clothing. The issue is still developing. For the sixth year.

5. Who makes decisions about countryside?

What do we actually want from these people?

With no basic marketing knowledge, it is not possible to make restrictive regulations: the state should be here to support the efforts of business and be their service organization – not vice versa. Besides, we signed agreements with the EU declaring that the main criteria of agriculture is that business in this sector must pay off and the people must have free hands for building their place in the market. The uniformity, grayness and low risk of the non-profit sector are very distant from reality of the markets that let's only those who are inventive, playful, inspired, creative, independent and brave to succeed.

For each product development, at least one season of testing is required. Mrs. Ondřejíková said that her cheese gets sometimes great, sometimes poor and sometimes somewhere in the middle. That requires a year of work and watching the influences on its maturing by quality of grass, lunar phases and if the farmer is tired, etc. There is none near to give her advice, she has to figure out everything herself. And if she finds a way to guarantee stable quality of new product, it will take months to build the position on the market: weight, packaging, prices, logistics, if there will be a bio bred roll with her bio cheese, if there is someone else making similar products and if it is possible to raise production volume, whether to place the product in a marketing package or independently, how to set prices on national and international market, how in each season, etc. And only after this at least one year period, the farmer will decide whether it is possible to introduce this product to the market, start producing and have it registered. If the state comes into this phase and bans the production, then we have to ask the question whether an investment into agricultural business is not pure financial hazard. There is nothing easier for the market than just to import a finished product from abroad. And then we can see stores like Plus or Kaufland full of German bio-cheese and cottage cheese made in facilities our authorities would never approve.

Another example is ignoring an age-long natural cycle, i.e. a farm product calendar. Mrs. Ondřejíková must have a chance to bake cakes for Shrove Tuesday, kill three home-fattened geese for the feast, cut nettles for stuffing at Easter, dry herbs for tea at midsummer night, smoke sausages and ham in August, preserve jam and make cider in September, make sausages for harvest, shoot and roast ducks in November, pickle meat and eggs, make plum brandy, cook a garlic soup and potato buns for Advent, bake a Christmas cake and roast carp for Christmas. For her guests and clients. In her kitchen on her farm. At this time, Mrs. Ondřejíková is not even able to produce cheese in her dairy. And who would go to Ves u Habartic just for nothing.

Before we will start referring to Europe again, it would be good to consider what we actually want from people living in the countryside. To demand the certification for every single product is as absurd as checking the pubs whether they cook plum dumplings and not peach dumplings. HCCAP certification usually has one A4 page in EU states and is stuck somewhere around the toilet. If a businessman doesn't want to bother, he just puts a notice there saying "This business doesn't have HCCAP". The customers decide whether the business will survive or not.

The basis for every business is social – human – and of course economic aspect. The customer himself can judge and decide whether he will invest 12 crowns into the carton of milk that contains no nutrients or into fresh milk from a farmer whom and whose cows he knows. The panic which is spread by health officers and vets can be compared to a regulation which would order to take blood of children every week to test Ebola virus – such a risk can't be excluded.

The controlled and the controlling

Supervision and prevention is one thing, but bans and limitation another. The state intervention into the citizens life with his “I am alpha and omega of everything” is nothing else but a fight for domination and advantages that arise from it: low responsibility, not much work, comfort of clearly defined tasks, no effort to create the market, bad discipline, zero “interest in customer”, no or almost no punishment for mistakes, fixed working time, insurance, health and social benefits, pension, free access to internet and telephone, paid travel expenses, the feeling of power and emotional ease, perks arising from “forbid/allow” authority.

If a citizen is not guaranteed a strict or permanent supervision of every branch of public administration in every single act, such as corruption, looking for loopholes in the law, bully, stupidity, avoiding responsibility, no sequence of consecutive acts, if no direct punishment for mistakes is made, if prosperity is not the main issue, we will not move forward and we will, similarly to Sleeping Beauty”, get enclosed by rose thorns we ourselves grow.

In our case, the most damaged is the one whose interests the state defends: a consumer. At first, he pays the taxes for subsidies that are eaten and nobody makes use of them, then he has no chance to go to buy fresh local food and he is forced to buy foreign and long-life products, then he pays unemployment benefits to those who are not allowed to work because of the state and then he pays the guards who show him who is superior and who is inferior.

Conclusion: Answers? No, questions

For a potential investor, there is a range of questions without available answers that the above-described environment offer:

1. Will a young farmer, businessman or young family be interested in living next to “detention centre”, “mad-house” or seniors?
2. Can Programme for Young Farmer be made use of if the only young people willing to work in agriculture are the Ukrainians?
3. On the other side, is it a good decision not to accept more refugees in the areas “where nobody wants to live” (there is at least a certain programme aimed at work, qualification, help, supervision, records... for them)?
4. Is it economically profitable to run a risk that your horses or cabbage from the field can be stolen at any time?
5. Is it possible to make use of Countryside Development Programme here? E.g. the early retirement programme – when the young were forced to move out of the village (where only 20 people are left nowadays) to finish their studies and who didn’t return because there was no place for them as the village didn’t have the financial means for the basic running, let alone for home building?

6. Will anyone perspective be willing to settle down in a community where 70% of people are of lower education?

7. Is it safe to move to the areas where the whole communities are under control of “Kosovians”, “murderers”, “thieves”, “tigers”, “pimps”, “prostitutes”, and “Vietnamese” assisted by police, public administration and courts?

The other way round:

1. Are the particular parts of CDP goal-oriented, direct, verified and guaranteed? Can we make use of potential of our countryside?

2. What particular measures CDP brings to foothill areas that makes up about half of our agricultural land and which were once flourishing part of our country, and where a dense transport network including supported railways is together with tradition of textile, processing, food and agricultural industry?

3. What groceries and in which amount do we have from our pastures in heavily subsidized LFA areas and what has been built for these subsidies?

4. How did we make use of the local attractive countryside and areas neighbouring with Germany and Poland that do not have this geographical advantage?

5. How did they managed to help locals who worked hard there and who are interested in starting their business in these areas? Are they supported in their effort?

6. Are the programmes aimed at their children? What are the possibilities of child’s personality development in the present borderland?

6. Farmers’ conclusions

Let’s ask about the experience of farmers. After 16 years of experience with restitutions, the Ondřejíks call the restitution a means for keeping the bad system, corruption and bad performance of public administration alive.

What concerns domestic production, in which they see the only honest possibility of investment return, they suggest the steps aiming at the protection of their own market and such prices of food products that will correspond with their work and investments – not at protection of land speculators or equilibrists with property of former collective or united farms. They suggest a nationwide campaign that will explain to people that if they pay 15 crowns per litre of milk, they can be sure the money will get to the agriculture, otherwise a citizen will pay 300 crowns per kilo of beef as nowadays and his money will go outside the agriculture.

In the words of Mrs. Ondřejíková, only those who didn't have a chance to get a job in the town stayed in the village. While four years ago she established a political party (Democratic party for Černousy development) and won the elections, this year the communists returned to the local authority again. No wonder – Mrs. Ondřejíková didn't manage to get any help for a village from the state in four years' time – financial, conceptual or moral. The state literally nurses communist voters who slow down the process of democratization, economic stability and Europe integration.

Although LFA philosophy and programme applies to these communities (small communities influenced by specific conditions were excluded in CDP), Czech programmes of countryside development have never taken a social aspect into account and the authors of CDP don't even know about it. Money for LFA were distributed among other people. The mayor of a neighbouring village, Andělka, a teacher – Mrs. Matoušková told Czech television that she has been trying to raise the community for 15 years, but in vain - the result is worse than under the former regime.

Mrs. Ondřejíková keeps her business only thanks to her never-ending fight with a state about every single aspect of running and production. She sees state subsidies programmes only when she is invited to state-subsidized events and markets. The latest experience with the application for a riding-hall building is thanks to its mistakes and administration far ahead of all negative experience Mrs. Ondřejíková has had with state programmes of development (for details see case of Mrs. Ábrlová).

Epilogue

When doing the final proof-reading, I assured Anička the study is not intended for public reading and that it is highly unlikely it will get to the local council or police. However, similarly to other farmers, who took courage to talk about their experience of life and farming in the current Czech countryside, she started to be worried about the risks.

On a remote place where they live, there is nothing easier than burning the barn down or waiting for young Láďa somewhere near the wood. At least five people will not like – no matter how long their cases are ignored by police or authorities – the facts that will be published in the study and that would normally deserve a punishment. Finally, she agreed. Because of solidarity, friendship and beliefs. She corrected a few details from her family history and she sent the message to our email address. What happened?

Two days later an anonymous message from an unknown address came: it reacted to the message. Paragraph by paragraph commented by foul language and lies. The Ondřejíks do not reportedly pay taxes, there is no criminality in the village, young Láďa Ondřejík doesn't work as he gets up for lunch, and... the Kosovian can live with any number of women. And what about the tiger, stolen hay and gun? A fictitious person signed under the email wrote: *"We can go to the Kosovian and ask him about the truth."* I got so scared! The Kosovian was a procurer and he guards with a gun the property of his pal who sits in prison for a murder. The anonymous writer knew who to choose as his partner. How many times have I asked myself why I spend hundreds of hours with report writing when it doesn't bring any new information but threatens the only layer – the witnesses?

To say it or not? Anna has had a hard week, problems with her heart got worse and Monday meeting at SZIF and negotiations with vets did not help it either. What are the anonymous

villagers able to do? Who could it be? How did they get to materials? How is it possible they know so many details about the life on farm? Finally, my worries won. I called Anička and we started working with friends and colleagues. The truth came out very soon, I won't say how. The investigation in the village is much easier than in the town, the person who knows it can read it like a book. People are of different types there but if you get to know one, you will know all of them. Most evidence can be found very soon, even for amateurs. What we have found out:

For the whole time, Anna's email has been "watched" by one of her former employee, Mr. Daniel Stříbrný, who was dismissed because things and later money kept disappearing on the farm. In Germany, the police would investigate these thefts and employment office would write it down into his working book as a warning for future employers, in the Czech Republic this person, who stole his first car before he reached 18, causes problems to his victim even one year later. Every step of Mrs. Ondřejíková, every plan of hers was under the control of her enemies who have been trying, since she came to the farm, to do harm to her and to her work.

Hopefully, the report doesn't go round the village and reach the neighbour of Mrs. Holoubková – she can dream about the horrors that could happen to her. What can happen to her son and to her property? Everything. In this state, absolutely everything.

Reasons for ecological agriculture development and bio-food production in the Czech Republic

Common agricultural policy of the EU ranges from support of production to rewarding of farmers who offer goods to public, preserve natural sources and provide job opportunities in the countryside.

The EU (and UN as well) officially approve of social and economic advantages of ecological agriculture. European Council in their “European Action Plan for Organic Food and Farming” claims that ecological agriculture ensures “the combination of positive ecological, social and economic elements”. Ecologic agriculture offers more job opportunities compared to any other agricultural system, the demand for its products keeps growing and it is the most perspective model of farming.

Supporting payments for ecological farming (AEO, Horizontal Rural Development Plan and Countryside Development Programme) are the official recognition to the farmers who - trying to achieve an antagonistic aim to be able to survive commercially and at the same time care for nature – need help.

On March 17, 2004, the Government of the Czech Republic passed the document “Action Plan for Ecological Agriculture in the Czech Republic to 2010”. In 2006 the Ministry of Agriculture passed the document “Supporting Programme for Ecological Agriculture in the Czech Republic to 2010” that criticized the inefficiency of the above-mentioned Action Plan. Supporting Programme, among others, stipulated that the aim to achieve 10% share of ecological land or land transforming to ecological should be judged according to the following indicators of sustainable development of bio-groceries market:

- To increase public awareness of ecological agriculture so as in 2010 at least 80% of consumers would know “BIO” brand and know what it means and be able to define principles of ecological agriculture.
- To support the development of Czech bio-groceries market and to increase the share of bio-groceries on this market so as:
 - a) in total groceries consumption of the Czech Republic, 1% share of bio-groceries would be ensured till the end of 2010,
 - b) at least 25 % of Czech citizens would buy these bio-groceries regularly (min. once a week),
 - c) at least 60% of all bio-groceries would be grown in the Czech Republic till the end of 2010.

In what follows, we are trying to find the answers for these questions:

What is the state of ecological agriculture in the Czech Republic?

How do the accepted measures influence the development of ecological agriculture?

How do we make use of means for ecological agriculture?

1. How the subsidies per area influenced the development of Czech agriculture

Since 1992 there have been two main trends in the development of agriculture – actual decrease in agricultural production arising from the transformation process and the political pressure of EU to reduce the volume of Czech production (mainly with some commodities).

Subsidies for grass-covering and the development of agricultural resort (especially the instability of business environment and economic unprofitability of dairycows breeding) led many companies in foothill and mountain areas to massive or in other words total grass-covering of their land and to transfer their cattle breeding to KBTPM breeding (in the first years the grass subsidies were not conditioned by animal breeding). Another important impulse for transformation to grazing was the accession to the EU and the introduction of AEO HRDP (subsidies were conditioned by minimal animal load).

Such extensive “ranch” method enabled to rationalize the production of many companies (costs, esp. work costs, were sharply decreased). The number of dairycows decreased to one third of the original state in 1989.

The development of main indicators in the Czech agricultural sector

Indicator	Year			
	1989/1990	2004	2005	2006
Agricultural land (thousand ha)	4296	4265	4260	
Arable land (t ha)	3232	3055	3047	
Permanent herbage (t ha)	775	858	852	
Land not cultivated	-	55	45	
Average state of dairycows (t)	1228	437	438	423
Average state of cows BTPM (t)		136	141	140
Average annual milk yield (litre/dairycow)	3982	6006	6254	6370
Milk production (mil litres)	4892	2602	2739	2694
Population (mil)	10.36	10.21	10.23	10.27
Milk production per person (litre/year)	472	255	265	262

Source: *Zemědělství 2006, The Ministry of Agriculture 2007, Praha*

Situational and perspective report, Livestock-beef, the Ministry of Agriculture 2006, Praha

Statistical yearbook 2005, Czech Statistical Office 2006

This method of support for agricultural land in less favoured areas led to speculative conduct in some cases. Well-informed people hired or bought land in large (restitution shares, state land) with the purpose to obtain financial means through subsidies. They create minimum of job opportunities in communities where they have their land, they have no relation with the community (they don't live there), investments into agricultural business are for reproduction only and the remaining financial means are drained from the countryside ([for more information see Chapter of Mgr. Dittrichová](#))

Ecological agriculture started to be subsidized systematically in 1998 and since then Czech “bioboom” is dated.

The development of agricultural land area in ecological agriculture (EA) in the Czech Republic

Year	Number of monitored ecofarms in total	Agricultural land area in EA in hectares	Share in agricultural land resources in percentage
1990	3	480	-
1991	132	17 507	0.41
1992	135	15 371	0.36
1993	141	15 667	0.37
1994	187	15 818	0.37
1995	181	14 982	0.35
1996	182	17 022	0.40
1997	211	20 239	0.47
1998	348	71 621	1.67
1999	473	110 756	2.58
2000	563	165 699	3.86
2001	654	218 114	5.09
2002	721	235 136	5.50
2003	810	254 995	5.97
2004	836	263 299	6.16
2005	829	254 982	5.98
2006	963	281 535	6.61
2007	1318	312 890	7.35

Subsidies were uniform regardless the culture. But since 2004 significant differentiation has been applied.

Subsidies into ecological agriculture (crowns/ha)

Period	Arable land	Permanent herbage	Vegetables/herbs	Orchards/vineyards
1998	2376	2376	2376	2376
1999¹	2290	1109	2290	3435
2000¹	1670	835	1670	2505
2001 – 2003	2000	1000	3500	3500
2004 – 2006	3520	1100	11050	12235

(Horizontal Rural Development Plan)				
2007 – (Countryside Development Programme)	4266	1954	15524	23368

¹In these years points system was in force (the above-mentioned values are averages)

A relatively easy transformation from extensive “rancher” method of KBTPM breeding to ecological breeding (it practically meant to conform to the system of checks, to get rid of some types of fodder – esp. feeding supplements, not to use synchronization of mating, and to introduce the records about feeding and treatment of animals) was the main reason for the development of Czech ecological agriculture from 1998 till now.

Calculation of subsidies per average ecofarm with KBTPM breeding

Year	SAPS	TOP-UP	LFA	Meadows/ pastures	EA	Sum CZK/ha	Thousand CZK / worker	CZK/ calf	CZK/kg of alive fatstock
2006	2110	702	4014	2405	1100	10331	1549	65601	103
2007	2517	702	4014	2777	1954	11964	1794	75962	119

The calculation is made for company without arable land where 150 ha of permanent herbage and about 50 cattle units (0.35 of burden, 0.175 of cow) are calculated per one worker; farming in LFA, half of permanent herbage areas are meadows, half are pastures; they apply basic management of herbage; it is not in the 1st zone of protected landscape area, national park or NATURA area (an estimated average ecofarm with rancher type of KBTPM breeding).

The number of calves is calculated as the number of cows multiplied by 0.9; production of meat calculated with 10% of excluded cattle, the weight of alive calf - 300 kg, the weight of alive excluded cow - 700 kg, the weight of alive slaughter heifer – 500 kg (estimated production of beef from alive fatstock about 100kg/ha/year).

The significant distinction of subsidies rates of 2004 didn't bring an expected effect either and permanent herbage still occupied 90% of all agricultural land in ecological agriculture (the decrease in permanent herbage share is only illusive - because of LPIS, some areas were transferred into “Other areas”, in fact they were permanent herbage areas).

The development of land fund structure in ecological agriculture of the Czech Republic (%)

Areas	2001	2002	2003	2004	2005	2006	2007
Arable land	8.78	8.31	7.70	7.50	8.04	8.34	9.43
Permanent herbage	89.69	90.13	90.90	89.40	82.34	83.40	82.42
Permanent crops	0.45	0.38	0.36	0.40	0.32	0.42	0.52

Other areas	1.08	1.18	1.04	2.70	9.19	8.76	7.54
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Land fund structure in ecological agriculture of the Czech Republic (ha)

Area	Arable land	Permanent herbage	Orchards, vineyards	Others	Total
2005	20508	209956	820	23440	254982
2006	23479	232190	1196	24671	281535
2007	29505	257899	1625	23616	312890

In 1st and 2nd year of the transformation to ecological agriculture, permanent herbage share in total agricultural land area was 86.3% in 2005, 89.2% in 2006, and 84.9% in 2007. Arable land share in total agricultural land area was 12.4% in 2005, 9.2% in 2006, and 14.1% in 2007.

A slight increase in arable land share is not caused by subsidies but by the market pressure – demand.

On the other hand, a marked rise in permanent herbage areas is definitely caused by subsidies and their easy accessibility.

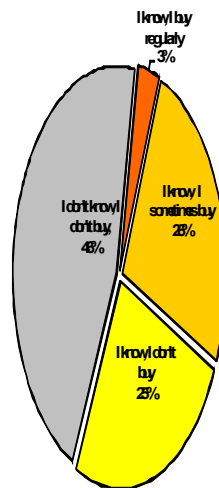
According to LPIS definition, it is enough to place at least 50 viable trees and/or bushes of fruit type per hectare equally to have an extensive orchard culture.

An intensive production pomes orchard with 500 trees/ha and drop irrigation producing about 25 tons of fruits and an old extensive orchard with 50 trees/ha, minimal maintenance and minimal fruit production will get the same subsidy.

2. Growth of bio-groceries demand

The Czech Ministry of Agriculture placed an order for a study “BIO-groceries potential in the Czech market”, Marketing study, Synergy Marketing and GfK Prague, The Ministry of Agriculture CR, Prague 2006. Some of its parts are presented below:

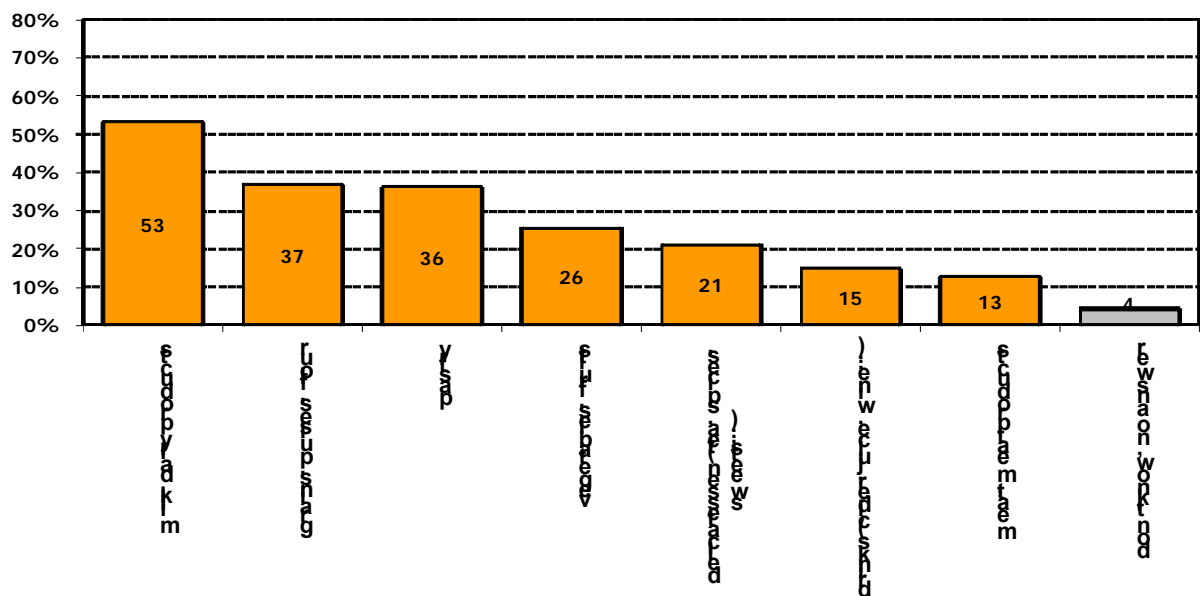
Question 1 – Do you know or buy products labeled as BIO-food?



No of respondents = 1000, in %, July 2006

This shows that even though (with the exception of OLMA television spots in 2000) no professional advertising campaign for BIO-food was run, there is a potential of 29% consumers who know and buy (regularly or irregularly) bio-food.

Q 5 – What BIO products do you buy in bigger amounts?



No of respondents (know and buy BIO-products = 292, in %, July 2006

Consumers prefer milk and dairy products, also cereals, vegetables and fruits. The increase in bio-food turnover that has been accelerating in recent years is mostly covered by import (62% of 2007 turnover was covered by imported bio-food).

Bio-food turnover trend in mil CZK:

Year	2002	2003	2004	2005	2006	2007	2011
Turnover	150	180	270	350	790	1300	3000 ¹

¹ Estimated

Source: Václavík, T. Greenmarketing

This is a weak point of the Czech ecological agriculture. Besides vegetables, small area of arable land limits not only grain production on which bread, pastries, pasta and other bio-food of vegetable origin are dependent, but also white meat (missing in the market), eggs and pork production. And beef meat products are dependent on pork production (there is only one bigger pig breeder). The funny thing is that there is not much fatstock in the Czech Republic as part of animals from rancher ecofarms is sold as a guarantee to conventional fattening stations or exported (the result of favourable price for guaranteed animals and effort to get rid of young animals before winter season).

3. Ecological agriculture and breeding of cattle with milk market production

Bio-milk processors constantly struggle with shortage of raw materials and they have to reduce the supplies to their customers.

The demand overhang makes ideal conditions for the development of dairy-cows breeding, milk production and dairy products sales (according to the statements of sellers, a current demand is satisfied in 20-30%). Despite this fact, we can't expect eco-farms with KBTPM breeding to renew or switch to dairy-cows breeding in the next few years.

This fact results from a survey carried out on 85 eco-farms with at least one dairy-cow breeding, that were checked under NR 2092/1991 and Act No. 242/2000 Coll., and one eco-farm that started conversion in September 2006 (results of grant 1G58063 National Agency for Agricultural Research CR).

Results of survey:

2 eco-farms didn't cooperate (small farms with a few dairy-cows breeding) and 83 eco-farms provided data that are concluded in the following table:

Stopped dairy-cows breeding /switched to KBTPM breeding	Suppliers to dairies		Farm processors	Own consumption	Number of farms in survey
	Conventional	Bio			
27	17	12	3	24	83

Between 2005-2006 a number of eco-farms with dairy-cows breeding dropped by 33% and three prominent bio-milk suppliers announced their intention to

finish dairy-cows breeding and switch to KBTPM breeding. Moreover, 40% of bio-milk production was sold as conventional (to conventional dairies). The cause is scattered production, i.e. eco-farms are too far from collection routes of bio-dairies (high costs for milk collection).

Basic production indicators of eco-farm groups according to different types of milk sales

Group Indicator	Suppliers - conventional dairies	Suppliers - bio-dairies	Farm processing ¹	Own consumption ¹
Number of eco-farms	17	12	3	23 (24)
Agricultural land area (ha)	11370	11510	134	1523
Arable land area (ha)	1164	2107	31	303
Permanent herbage area (ha)	10206	9403	103	1220
Number of dairy-cows	1310	1902	42	130
Milk yield (l/piece/day)	14.56	14.02	15.47	13.96
Yearly milk yield (l/piece)	5179	5176	5656	5083
Milk fat (%)	4.03	4.04	4.05	4.10
Proteins (%)	3.33	3.35	3.35	3.49
Number of calves	6.44	5.15	6.29	6.74
Yearly production (thousand l)	7,093	9,846	258	626
Average real price (CZK/l)	7.93	8.50	11.33	11.33

¹ Almost all eco-farms in the group with own consumption (most of their milk production is raw milk sold right on the farm) don't label their milk as bio.

Reasons for decrease in dairy-cows breeders and milk production

Besides the above-mentioned reasons and reasons from analyses of Mgr. Dittrichová and JUDr. Heřmanská, we will find the main reason why current eco-farms will not start dairy-cows breeding when we calculate subsidies per one worker.

Subsidies for ecological agriculture AEO in thousand CZK (examples)

Type of farm	Area Ha	No. of workers	Subsidies 2006 (HRDP)		Subsidies 2007 (CDP)	
			Total	Per worker	Total	Per worker
KBTPM breeding	1000	7	1100	157	1954	279
Greengrocer¹	5	5	55	11	78	16

Dairycows breeding²	70	5	162	32	218	44
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¹ Vegetable is stored, adjusted for market and partly sold in the local market

² Farm processing of milk, mainly their own market; 35 ha of arable land, 35 ha of permanent herbage

Total subsidies per area in thousand CZK (examples)

Type of farm	Area ha	No. of workers	Subsidies 2006 (HRDP)		Subsidies 2007 (CDP)	
			Total	Per worker	Total	Per worker
KBTPM breeding	1000	7	10894	1634	12242	1748
Greengrocer¹	5	5	79	16	99	20
Dairycows breeding²	70	5	707	142	769	154

Note: KBTPM breeding: The calculation is made for company without arable land where 150 ha of permanent herbage and about 50 cattle units (0.35 of burden, 0.175 of cow) are calculated per one worker; farming in LFA, half of permanent herbage areas are meadows, half are pastures; they apply basic management of herbage; it is not in the 1st zone of protected landscape area, national park or NATURA area (an estimated average ecofarm with rancher type of KBTPM breeding).

Dairycows breeding – calculation is made for the same conditions as at KBTPM

Vegetable producer – calculation is made for a farm without animal breeding except LFA

This disproportion and much more difficult dairycows breeding in comparison with KBTPM breeding (in breeding technology, costs, labour, supervision of State Veterinary Authority) is the reason why we cannot expect eco-farms to renew or switch to dairycows breeding. Such a step needs massive investments into stabling, milking and dairies and it mainly means problems with employees (animal treatment and milking) and increase in labour costs (wages and compulsory insurance), more intensive veterinary supervision, problems with disposal of dairy waste-water, etc.

In 2008 the Ministry of Agriculture succumbed to the pressure of the group of “rancher” companies lobby and increased the subsidy for permanent herbage in EA to 89Euro/ha for companies that haven’t got concourse with conventional production (under expected development of CZK rate it is about 2,250 CZK/ha).

4. Farm processing of milk

There is a lack of cream cheese in the market that (among others) is a suitable product for milk processing on eco-farms. In 2006 there were only two eco-farms processing cow milk in this way, one of them finished dairy-cows breeding and milk processing in 2007.

Over the past six years, there have been only 2 eco-farms starting cow-milk processing (both of them in 2007). It was because subsidies were difficult or almost impossible to reach (points criteria give small farms a disadvantage) and their administration complicated.

Strict veterinary and sanitary requirements (with their orthodox interpretation by responsible authorities) were another reason that discouraged eco-farms from farm processing of milk.

The heart of the matter isn't in differences of EU legislative requirements or in Czech legal regulations of food production (they are the same) but in the way Czech authorities (clerks) demand fulfilling of veterinary and sanitary requirements for farm processing (in comparison to Austria or Germany they are substantially stricter). This discourages small farms from farm processing and damages the growth of food production and business in the countryside.

From our own experience gained by visiting many eco-farms in Switzerland, Germany, Austria, Netherlands, Scotland and Sweden, we have to confirm the above-mentioned facts. The difference is not in the benevolence of the local authorities about fulfilling of the legal sanitary requirements but in the demands for technical provision (the same effect can be reached by various technical means and for various costs) and in the attitude to farmers.

The reasons given by State Veterinary Authority about ensuring food safety by their procedures cannot stand as an Austrian or German farmer can introduce their products in the Czech market without any obstacles thanks to free movement of goods. The procedures of State Veterinary Authority paradoxically do not protect a consumer but create a gap for foreign products in the market by making it impossible for Czech farms to produce or discouraging them (high fixed costs) so that a protected consumer cannot find Czech bio-food in the market.

Other reasons for farm processing stagnation can be found in analyses of Mgr. Dittrichová a JUDr. Heřmanská.

Conclusion

EA subsidies per area will not probably cause a significant change in the structure of agricultural land managed by ecological agriculture, not even after a major differentiation in CDP (Countryside Development Programme).

The Ministry of Agriculture programme of the sustainable consumption and production "Ecological agriculture and bio-food" wants to reach a 60% share of Czech bio-food in the market by 2011. But if the area of arable land in ecological agriculture is not increased, this target is not realistic.

Recommendation

1. The amount of subsidies should not be derived from economic damage as it has been until now but from the production of bio-food which is considered healthy and is of the main interest of tax payers.
2. For this purpose, measures should be taken to stimulate the production of missing bio-products and bio-food so as the majority of bio-food in the market could be of Czech origin (over the past years the increase in retail sales of biofood was mainly covered by import). In this regard, the most effective means are those invested into the support of demand creation.
3. The amount of economic damage necessary for subsidies calculation must be determined according to undisputed surveys (mustn't be subject to lobbyism).

4. Responsible authorities must be made flexible in technical attitude to sanitary and veterinary requirements for farm processing in micro-farms and small farms as they are in other member country of the EU

5. Analysis of subsidies in terms of support of EA development

In the following chapter efficiency and availability of particular measures are analysed.

National subsidies distributed according to “Principles” in 2005, 2006 and 2007.

(Principles determining the conditions for granting of subsidies for 2005 are subject to Section 2 and Section 2d of Act No. 252/1997 Coll. on agriculture, as amended. Principles determining the conditions for granting of subsidies for 2006 are subject to Section 2 and Section 2d of Act No. 252/1997 Coll. on agriculture, as amended)

Subsidy title 1.R. Support of orchard restructure.

One of the conditions for granting the support was (and still is), among others, submitting of SISPO certificate (Union of Integrated Production of Fruits at Fruit Research Institute in Holovousy) about suitability of the variety and registration in this union.

There has never been any relevant reason why an eco-farmer should be a member of SISPO and pay fees to this union. The state (Ministry of Agriculture) forces the ecological farmers to support a private subject which doesn't give them anything and whose members, fruit producers from integrated production, act as competitors to bio-fruit producers in the market.

As members of this union, these eco-farms are subject to inspections of compliance with regulations of SISPO, which brings them more and absolutely useless complications and costs.

Subsidy title 13. Support of agricultural products processing

The support was granted to the amount of 40% of acceptable costs, the particular amount was determined after the evaluation of submitted applications and according to the amount of allocated means for the subsidy title, i.e. the amount of support could have been significantly lower than the above-mentioned 40%. Provided the conditions were met, the support could have been claimed, ecological agriculture was not given any advantages.

Operational programme RVMZ 2004-2006

To support investments into processing of own agricultural commodities to groceries and the subsequent sale, the following sub-measures have been taken:

1.1.2. Increase in diversification of agricultural activities

Investment project:

a) Production, processing and direct sale of agricultural products

b) Production and processing of non-food agricultural products and their placing on the market

c) Production and processing of biomass coming from actual agricultural activity and their placing on the market.

The disadvantage of this measure was the limit of acceptable costs of max. 100,000 Euro and also a small amount of means provided for this measure, which could have led to skepticism of some potential applicants that can be proved by the fact that the required amount exceeded allocated means only slightly. In points criteria system, ecological farmers were awarded 8 or more precisely 5 points.

The sub-measure which enabled a farmer to get the support for investments into increase in added value of own agricultural production is as follows:

2.1.5. – Diversification of agricultural activities and activities close to agriculture

Investment project: b) diversification of agricultural activities and activities close to agriculture to ensure more activities or alternative income,

Within this measure, investments that could be connected with actual agricultural production were supported. Points criteria system led to significant preference of agrotourism projects. Ecological farmers were awarded 8 or more precisely 5 points in the points criteria system.

The last provision especially aimed at support of investments into food-processing of chosen agricultural commodities is as follows:

1.2. – Improvement of agricultural products processing and their marketing

Investment plan:

- a) improvement of meat processing (incl. white meat) and edible offals,
- b) improvement of milk and dairy products processing,
- c) improvement of edible fruits (incl. nuts) and vegetables,
- d) improvement of mill industry products processing,
- e) improvement of starch processing.

This measure was aimed at greengrocers, even though the applicants could have theoretically been agricultural subjects (e.g. in investment plans b) and c). The success rate of such applications due to points criteria and bigger amount of applications than allocated financial means was very problematic. Points criteria were aimed at food-companies companies. And that is why bigger well-known food-processing companies were more successful in the competition; advantages given to companies producing bio-food were minimal.

In general, family-size farms have great problems with subsidies payments that come only after realization of investment when it is difficult to get loans and considering the turnover and profitability of farm processing the loan periods are unrealistic (more in analysis of Mgr.Dittrichová).

Conclusions

1. Out of the 83 ecofarms included in the analysis of production of biomilk and other ecofarms investigated in analysis of Mgr.Dittrichová and JUDr. Heřmanská, only 2 of them have used subsidies for implementation of farm processing since 2004.
2. Structuring of subsidies provisions supporting agricultural products was completely unsatisfactory from the point of view of farm processing of micro- and small

companies.

3. Making payments of subsidies only after finished investment, difficulties of getting loans and unrealistic loan periods considering the turnover and profitability object the farm processing development.

Analysis of provisions of Countryside Development Programme (CDP)

In most provisions of axis I., the ecological agriculture is favored by points.

In provision **I.3.1. Adding value to grocery and agricultural products** it is stated that the applicant must have a valid certificate on source of biofood or biofodder. But this provision only enables to submit the application for subsidy only to existing producers of biogroceries and it virtually makes impossible to support new facilities which is in direct contradiction with the declared aims of CDP.

Besides this, the requirement is objectively nonsense - e.g. when a farmer plants an apple orchard, he will have the first fruits in three or four years, farmer-breeder of dairycows that starts will get his first certificate after two years.

In other words this requirement says: first build your facility, then bring us a certificate for biofood and then you may ask for subsidies (no backwards payments of cost possible).

Provisions of axis II. CDP

Methodology for administration of Government regulation No. 79/2007 Col. on conditions of agroenvironmental provisions

In section 3.1.5 Conditions of subsidies for ecological agriculture and sanctions for their breaching it is defined that also conventional animals are included in the calculation of farming animals intensity (at least 0.2 VDJ/ha TTP and at most 1.5 VDJ/ha) as counted on July 31 of a calendar year.

In reality it means that farms that have no animals in eco-farming (their breeding is conventional) are eligible for the subsidies in case they have permanent herbage in eco-agriculture but they have no bioproducts, only fodder.

Recommendation

1. At the next revision of rules for administration of provision I.1.3. CDP set the obligation to document the source of biofood/biofodder after realization of the project (similar as in provision I.3.2. that defines no obligation to document source of biofood/biofodder for investment into modification, processing and sales of own agricultural production).
2. Condition on receiving subsidies for permanent herbage in ecological agriculture with ecological breeding of animals.

Used literature in Czech language:

- 1) Národní strategický plán ČR
- 2) Program rozvoje venkova ČR pro období 2007 – 2013
- 3) Operační program Zemědělství
- 4) Potenciál BIO potravin na českém trhu, Marketingová studie, Synergy Marketing a
GfK Praha, MZe ČR, Praha 2006
- 5) Zemědělství 2006, MZe 2006, Praha

- 6) Situační a výhledová zpráva, Skot-hovězí maso, MZe 2006, Praha
- 7) Statistická ročenka 2006
- 8) Ekologické zemědělství v České republice, Ročenka 2006, Bioinstitut Olomouc
- 9) Zvýšení kvality a efektivnosti systémů produkce mléka a mléčných výrobků v podmínkách ekologického zemědělství od zajištění výživy přes technologii mléčné produkce až po její zpracování jako konkurenceschopné alternativy konvenčním systémům, zpráva o řešení projektu NAZV 1G 58063, 2006
- 10) **Metodika k provádění Nařízení vlády č.79/2007 Sb. o podmínkách provádění agroenvironmentálních opatření**

This part of the study was created using results of grant NAZV 1G58063.

Acquis Communautaire –

Common legal regulations of EU

Action Plan –

Action Plan of CR for ecological agriculture development by 2010 (the document was adopted by the Government on 17th March 2004 by Act No.236/2004)

Vision of Ecological Agriculture Development –

The Ministry of Agriculture (MA) Programme of sustainable consumption and production “Ecological agriculture and bio-groceries” (the programme develops task of Action Plan into more specific steps)

ČZU –

Czech University of Agriculture (www.czu.cz)

Cattle unit (VDJ) -

500 kg of alive animal weight

EAFRD (European Agricultural Fund for Rural Development) –

(Countryside Development Programme (CDP) draws on it)

EPOS -

Association of CR Ecological Agriculture Consultants (www.eposcr.cz)

EA - Ecological Agriculture -

Ecological agriculture is a method of farming, production and marketing that produces quality food by sustainable way of farming. Its procedures are based on minimum chemical and non-natural inputs (usage of pesticides, fertilizers, growth stimulators, transfer of embryos or GMO). EA improves the health and living conditions of animals through meeting their ethological needs, less intense breeding, free stabling, outside breeding and pasturing, which reduces stress, diseases and supports good function of animals immune system. Ecological agriculture also provides many other benefits, including to the environment. EA produces groceries and fodders of higher nutrition value and quality in comparison to conventional systems of farming. EA employs people in the countryside, adding the value through local processing and marketing activities.

HACCP (Hazard Analysis and Critical Control Points) –

Hazard analysis and critical control points during production of groceries

HRDP (Horizontal Rural Development Plan) –

(agricultural support programme, from the Czech Republic’s accession to the EU to the end of 2006)

Inspection of ecological agriculture (KEZ) –

Ecological agriculture regulations are based on regulatory and inspection systems of EU policy for consumer’s protection. According to the law, any food product sold in EU as ecological must be certified under Council regulation 2092/91 ES (and in the CR also under Act No. 242/2000 Coll. on ecological agriculture). Thanks to inspection and certification procedures in ecological agriculture, consumers trust ecological products. EA inspection and certification is carried out by three legal entities certified by MA under Act No.242/2000 Coll. on ecological agriculture: Abcert GmbH (www.abcert.cz); Biokont CZ, s.r.o. (www.biokont.cz); KEZ o.p.s. (www.kez.cz)

MAS –

Local action groups (civil groups drawing from regulations of OSA IV Leader CDP)

MA –

The Ministry of Agriculture (www.mze.cz)

LFA (Less Favoured Areas) –

(areas with differentiated subsidies)

LPIS (Land Parcel Information System) –

Register of land blocks (database of agricultural land for subsidies administration)

NUTS (Nomenclature des unités territoriales statistique) –

Territorial statistical units

OP –

Operational programme (e.g. Operational programme Agriculture)

PGRLF –

Supporting Guarantee Agricultural and Forest Fund (fund for agricultural and forest support)

PRO-BIO –

Association of ecological farmers (www.pro-bio.cz)

CDP –

Countryside Development Programme (basic document for development of CR agriculture, for years 2007 – 2013)

OSA I – IV –

Basic division of CDP:

Osa I – Improvement of agriculture and forestry competitiveness

Osa II - Improvement of environment and landscape

Osa III – Quality of life in the countryside areas and diversification of countryside farming

Osa IV – Leader

(for further divisions see the appendix)

Ranchers –

Farmers with extensive way of farming

SAPARD –

Pre-accession programs of support

SAPS (Single Area Payment Scheme) –

Uniform area payment

Common European Agriculture Policy - CAP –

Common agriculture policy is one of the three common policies of European Union in economic field. These three common policies are: transport, commercial and agricultural. The first aims of common agriculture policy were formulated in articles 32-38 of Roman Agreement in 1958: the increase in agricultural labour productivity, the increase in standard of living of agricultural producers, esp. the increase in individual incomes of people working in agriculture (so called income parity, the aim is an agricultural producer has similar income to people working in other sectors of national economy), stabilization of agricultural markets, ensuring of continuous supplies, ensuring of food supplies for consumers at reasonable prices and agricultural materials for processors. Basic theses of development and support of agriculture in European countries are formulated in Common Agricultural Policy. The original aim of agricultural support was to create such conditions for farmers (through system of subsidies) that their life in the countryside could be comparable to the life of people in cities and depopulation of villages would be stopped. On April 10th, 2008, Minister Gandalovič presented four pillars of Czech Government agricultural policy reform: 1) Improvement of quality of life in the countryside, care of landscape and quality groceries, 2) Support of competitiveness and reduction of bureaucracy in business enterprise, 3) Settlement of land and agricultural property ownership relations, 4) Liberal, but fair conception of EU agricultural policy.

SVA –

State Veterinary Administration (www.svscr.cz)

SZIF –

State Agricultural Intervention Fund (payment agency of agricultural and forestry resort, www.szif.cz)

TOP-UP –

National top-up of area payments (agreed gradual top-up of subsidies in agricultural to the level of EU countries)

TTP -

Permanent herbage (meadows and pastures)

ÚZPI -

Institute of Agriculture Economics and Information (www.uzpi.cz)

VÚZE -

Research Institute of Agricultural Economics (www.vuze.cz)

ZA-PÚ –

Agricultural agency/land fund (regional workplace of the MA)

Law on ecological agriculture –

Act No.242/2000 Coll. (together with Council Regulation (EHS) 2092/1991 stipulate basic legal form of EA business)

Countryside Development Programme (EAFRD)

Osa I.	Osa II.	Osa III.	Osa IV.
Improvement of agriculture and forestry competitiveness	Improvement of environment and landscape	Quality of life in the countryside and diversification of countryside farming	Leader
Modernization of agricultural businesses	Disadvantaged areas LFA	Diversification of activities of non-agricultural character	Competitiveness
Investments into forests	Payments within Natura 2000	Support of businesses establishment and their development	Environment
Adding the value to agr. and food products	Agroenvi provisions	Support of tourism	Quality of life
Land adjustments	Forestation of agr. land	Renovation and development of villages	Cooperation
Grouping of producers	Payments within Natura 2000 in forests	Protection and development of countryside heritage	Local action groups
Vocational training and information activity	Forestry-environmental payments	Education and information	
Initiation of young farmers activity	Renewal of forestry potential	Skills obtaining, animation and implementation	
Early termination of activity			
Making use of consultancy services			