

WHY IS THE AGRICULTURAL LOBBY IN THE EUROPEAN UNION MEMBER STATES SO EFFECTIVE?

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Introduction

Over the last few decades the basic structure of the programmes focussing on agriculture has changed in the majority of the European Union (EU) countries. The original stimuli for these programmes included the need to support incomes in rural areas during the depression of the 1930's and the desire to increase agricultural production after World War II. In the 21st century, the needs of agriculture are fundamentally different and agricultural policy requires reviewing (e.g. [5]).

Agriculture has always been the EU's largest policy area in budgetary terms. Although the Common Agricultural Policy (CAP) has been the subject of incremental reforms since the mid-1980s [16], a radical examination of this policy is still a relatively irregular matter and the EU Member States are still wavering with respect to undertaking fundamental reforms in their agricultural policy. For a long time, European politicians have assumed contradictory positions concerning the restructuring of agriculture.

Ever since the establishment of the CAP, two opposing opinions have become apparent [23]. The first opinion enforces measures aimed at accelerating the structural changes in agriculture that will lead to an increase in productivity and prepare the way for a gradual removal of subsidies for farmers, thereby creating savings. The second opinion, with mercantile tendencies, supports the continuation of state subsidies in order to ensure the survival of a large number of farmers in the sector.

Lowe et al. [16] note two alternative conceptions that have competed for influence in determining the evolution of the CAP since

the 1980s. Market liberalism stresses reductions in commodity prices and the removal of export support to open up the European agricultural market to world trade. Protectionism protests that such moves would disadvantage farm communities across the EU and thereby resists further CAP reforms. Between these two visions, a European model of agriculture has emerged, that highlights an important feature of agriculture, that being its multi-functionality. The concept of multi-functionality creates a different emphasis from that of just the production function of agriculture which is in decline [8]. This includes maintaining rural landscapes and the environment and the social role of maintaining support for inhabitants in peripheral areas.

An important element in the process of reforming agricultural policy is the agricultural lobby. Its firm standing in the EU has had a not inconsiderable influence on efforts to bring about a liberal form of the CAP. As an international political project, the liberalisation of agriculture is greatly encumbered, by resistance to liberalisation being primarily based on fears stemming from the threats of the multi-functionality of agriculture and its abilities to bring about environmental and social welfare [8].

On the basis of the above – mentioned facts, the objective of the paper is to identify what role the agricultural lobby plays in the process of reforming agricultural policy and why it has such a strong position despite the fact that the importance of agriculture in the EU is in decline and EU agricultural policy is primarily criticised for its high costs and low efficiency. Based on the comparative analysis of the key papers in the area of agricultural policy and agricultural lobby and the case study

illustrating mediating interests in the Czech Republic we will demonstrate why reforms of agricultural policy are so difficult and where the power of agricultural lobby as the interest group resides.

1. The Agricultural Lobby as an Example of an Interest Group

The literature surrounding the public choice theory points out that a competitive market needs a government to establish and control property rights, to see that contractual conditions are upheld, to put criminals outside the law and to regulate the currency (e.g. [2]). Government is also used to correct inequities created by the market and thus it becomes endogenous within the political/economic system [10]. With an endogenous government used to remove failures in market mechanisms, intervention policies are traditionally aimed at producers that would otherwise fall behind in a competitive market.

Whilst the scope of government subsidies for producers rather than consumers depends on the degree of democracy, there are three basic conditions that determine the strength of the pressure to support intervention [10]. Firstly, the more the sector (for instance agriculture) is subject to an unavoidable relative decline in importance as a result of economic development, the greater the pressure for support and protection. Political support for political redistribution measures depends on the income per inhabitant and the extent of the redistributed incomes. These attributes are precisely shown by subsidies aimed at the agricultural sector. Secondly, the more the production sector is connected with the sympathies of the voter base and the more important the sector's products are for survival and prosperity, the more likely it is that government support for such a sector will follow. The third condition states that the smaller the sector, the greater the profits producers can gain from the political persuasion associated with manipulating a competitive market. Owing to the fact that production essentially involves specialisation, producers will be more likely to concentrate their efforts than consumers. This leads to the fact that the producers' profits from market protection exceed consumers' and tax payers' losses that arise as a result of the protection. Thus, producers devote greater efforts when

persuading the political system about their merits than consumers and tax payers invest in resistance to such protection. It is clear that this condition emerges from the reinterpretation of the logic of collective action by Olson [22].

The amount of support also depends on the willingness of payers to bear the costs. The faster the economic growth, the greater are the differences between agriculture and the rest of the economy and thus the willingness of the rest of the economy to support agriculture is greater. Moreover, the transition of an economy from agricultural to industrial leads to strong pressure to support agriculture and market intervention.

Thus, the liberalisation of agriculture depends on a successful decline in the importance and voter strength of the agricultural sector and its sympathisers and a balancing out of its natural political advantages. Strong elements supporting the liberalisation of agriculture are also sustainable economic development, distancing itself from its agricultural roots, and the sustainable development and modernisation of the agricultural sector. More about neoliberalisation and the state can be found in [13].

The greater the level of subsidies and the longer their history, the more dependent farmers are on the level of subsidies and the greater is their resistance to their removal [17]. According to Olson [22] group theory shows that the more coherent and organised a group is and the more significant the threat to its welfare, the more resistant it is to political reforms.

Mueller [19] divides legislation into public goods with characteristics that appeal to a given group of voters or to income transfers from one section of the population to another. The transfers can represent a tax relief favouring a certain group, together with an increase in the average tax rate, which serves to replace the tax revenues lost by virtue of the tax relief. Income can be transferred from one group to another by other, more subtle means. For instance, the government may wish to help form, improve or protect the monopolistic position of the groups. This increases the monopolistic rent of the favoured groups at the expense of those that buy goods or services from these favoured groups. A government can help during the provision of monopolistic rents, meaning they have a certain value and the aspiration to such rents has been named „rent seeking“.

The term „rent seeking“ was first used to describe these activities by Anne Krueger [15]. According to this authoress, government restrictions exist with respect to the economic activities of an inseparable part of life in many market orientated economies. These restrictions enable rents to arise in various forms and people often compete in obtaining them with the result that sometimes such competition is outright illegal. In other cases rent seeking takes on other forms, for instance bribery, corruption, smuggling or the black market. Three types of expenses for rent seeking can be identified which can be socially wasteful: the efforts and expenditures of potential beneficiaries of a monopoly; the efforts of government officials to obtain or influence the expenditures of potential beneficiaries; and the deformation of a third party caused by the monopoly itself or the government as a result of rent seeking.

According to Olson [22], groups of individuals with common interests usually endeavour to support those common interests. From groups of individuals with common interests we can expect such behaviour stemming from this common interest, whereas in the case of individuals, they are acting for the benefit of their own interests. Group theory is based on the idea that, if need be, a group acts in such a way that it supports their common or group aims. The opinion that groups act predominantly in their interest is based on the assumption that individuals in the group don't necessarily act in their own interest. If individuals in a group altruistically ignore their own welfare, it is highly unlikely that collectively they will seek some selfish common or group interest. Such altruism is, however, considered to be exceptional and behaviour focussing on one's interest is usually thought to be the rule, at least in economic matters. No one is surprised when an entrepreneur seeks to maximize his profits, an employee seeks higher wages or a consumer seeks a lower price. The idea that groups incline towards supporting group interests is considered to be a logical result of the broadly accepted premise of rational, personal interest.

Individuals with common interests, e.g. farmers in general or those with an interest in a specific commodity, get together to form interest groups. These interest groups incur costs as a result of engaging in lobbying activities or rent

seeking. Lobbying activities are aimed at encouraging the government to redistribute revenues to their group or, in contrast, not to remove existing transfers or allocate them to another group. A typical example of the rent seeking mechanism is the Common Agricultural Policy.

In spite of the reforms carried out, EU agricultural policy is primarily criticised for its high costs and low efficiency. Based on Hausner [11] the greatest beneficiaries of the European agricultural policy are France (9.4 billion euro), Spain (6.3 billion euro), Germany (6.1 billion euro) and Italy (5 billion euro). Owing to the fixed prices policy, a large portion of the overall expenditures must be invested in the associated purchases, administration, storage, export support or the destruction of the produced goods. It is estimated that farmers only receive about 20 % of the overall expenditure resulting from agricultural policy. Global market prices for agricultural products are increased to the level of EU internal price levels by means of administrative fixed prices.

In addition it is necessary to emphasize the impacts that agricultural policy has on farmers' incomes, production, or trade and, above all, on the distribution of political rent. An important OECD study concluded that only 20 % of all the market and price support measures in the OECD countries led to forming an agricultural holding's net profit, the rest is dispersed elsewhere including to the owners of production factors [20]. Moreover, over 60 % of support for producers is provided by means of measures that lead to increasing the prices of producers. This makes it more difficult to bear for households with low incomes, for whom food is a large part of their budget [21]. The fact that the amount of support is linked to the size of the agricultural land area leads to capitalisation of the land or the rent, increasing the demand for land and thus its price. The smallest agricultural holdings suffer the most because as a result of the increase in the price of land, they cannot attain the necessary support [6]. Thus, the large agricultural holdings get the majority of payments.

Therefore, the CAP burdens both the European tax payer, due to its high costs, and the consumer due to the overly high prices it creates. From the economic point of view, direct income support for farmers should be

preferred over the current system, which deforms market prices. The European agricultural lobby, above all in France and Germany, has so far passed very efficient measures for the effective protection of farmers from degrading the just beneficiaries of state subsidies.

Further decisions concerning state subsidies and payments of state subsidies can be highlighted. These decisions should not be made at the EU level, but by the pertinent Member States in accordance with their political priorities and they should be in agreement with the principle that requires the identity of those making the decision, whether they are consumers or payers, to be revealed with regard to minimising the overall cost. In the case of private goods the individual is responsible for all three functions, whilst in the case of public goods there is a large number of those who decide, consumers and payers, who are not necessarily identical. If payers predominate in the decision-making process, the budget has a tendency to be low. If consumers predominate, the budget will be too high, because, by virtue of not being forced to finance these measures themselves, consumers will choose an exorbitant offer of public goods.

In essence there is nothing inherently bad about the fact that France and Germany allot to agriculture a high priority. The French and German political paradigm has a far greater tendency to emphasise the notion that farmers lag behind the other economic sectors [7]. Nonetheless, these national preferences cannot be funded from EU resources.

Keeler [14] has also expressed criticism of the fact that the CAP overly burdens the consumers and tax payers and destroys global markets by virtue of price distortion and export support.

2. CAP Reforms and the Strength of the Agricultural Lobby

The CAP fulfils three roles: a political one in that it unifies the EU Member States in their activities; an economic one in stabilising internal agricultural markets and supporting sectoral revenues in agriculture; and a redistributive one by means of the interstate budgetary flows, that are a consequence of the manner of revenue payments from agriculture and the nature of sharing the EU budgetary costs. Attempts to reform the CAP must reconcile the

various pressures that arise from these three roles and the result is that reforms are extremely slow, spasmodic and unsuccessful. In addition to these three roles, there is another, that of preserving the landscape and the people in it.

The pressure for reform comes primarily from the EU budget deficit, as well as a very small amount of pressure at present but increasing in intensity, from international trading partners and currently also from environmental interests.

So how is it possible that in spite of the costly and ineffective agricultural policy in the EU and the swelling criticism of this policy that there are still states that obtain and invest into agriculture significant financial resources from the EU budget? And why is it still so difficult to reform agriculture?

In order to answer these questions it is necessary to look into the history of the CAP. Since the beginning of the 20th century, technological changes have been a major factor in shaping agriculture [12]. The first political notions of a CAP were initiated by the somewhat naive notion that agriculture needed saving so that it could sustain sufficiently large production units that would be able to compete on the global market [7]. The general concept that existed at the end of the 1960's and others that still represent the basic element for politicians in the Member States with strong mercantile tendencies, such as France, was of a backward sector that had to be supported to keep up with the industrial sector. Falling world prices in agricultural products during the 1970's together with a decrease in job opportunities outside agriculture and a subsequent rise in the social rating of family farms has enabled the gradual opening up of the path to state aid to become a dominant principle of the CAP [23].

As Potter and Tilzey [24] wrote, the CAP became an agricultural welfare state in which the state gave a long-term guarantee for the incomes of millions of farmers and their families. Above all the high prices for agricultural products were institutionally guaranteed and farmers were protected from competitive imports by import taxes and non-tariff barriers. According to the original creators of the CAP, the resulting system of price support and boundary protection was to have been self-financing because the costs for price support

were compensated by a reimbursement stemming from import taxes. However, these creators did not reckon with the technological revolution that took place in agriculture in the 60's and 70's, which enabled the more efficient farmers to react to a guarantee of higher prices by increasing production. As soon as domestic production exceeded self-sufficiency for certain commodities, such as grain and dairy products, politicians discovered that the excess had to be either stored or exported to the global markets with the help of export subsidies. The outcome was that the CAP was both expensive for the domestic states (in 1985 it absorbed 70 % of the EU budget) and increasingly controversial abroad, by virtue of the deforming effect the increased use of EU export subsidies had on global market prices.

In spite of the growing costliness and inefficiency of the agricultural policy in the EU, the well-organised and institutionally entrenched agricultural lobby was successful in rejecting essential reforms to the CAP for a long time. Despite significant political pressure, there were surprisingly moderate changes in the general level of agricultural supports in the 1980's and 1990's, thus even in 1995 the European Union earmarked 55 % of its budget to support agriculture. In response to the growing criticism of the CAP, as well as its poor reputation at the WTO and among their business partners, politicians started to step back from price support with the McSharry reforms in 1992. However, whilst every successful reform package brought lower institutional prices, they compensated farmers with progressively increasing direct payments.

In spite of state aid and the associated system of support for production, the transfer of incomes and protected borders continued and were substantially defended by farmers and those that represented them – above all the agricultural lobby. The ever more influential proponents of non-production agriculture and the growing agribusiness started to call for a continuation of the agricultural welfare state and access to the international market. The liberalisation of agricultural trade not only opened up global markets to these interests, it also guaranteed global supply and made the internationalisation of production by means of joint enterprises, direct investments in foreign branches of factories and the emergence of

export platforms a lot easier. It is, however, clear that the agricultural lobby still represented an overly strong group endeavouring to suppress liberal reforms to the agricultural policy.

Based on Dibden et al. [8] the role of the state cannot be omitted. The basic assumption is that in the absence of state aid, large groups of family-run agricultural holdings are not very resistant to economic pressures. The marginalisation of agriculture and the important social and environmental impact of losing state aid led groups of agricultural lobbyists to promote the continuation of agricultural supports.

According to Brooks [3], recognising the importance of the agricultural lobby offers several ways that might make reforms in agricultural policy more sustainable. Firstly, compensation for price reductions can ease the path to reform. If it would help people create a more effective payment method in agriculture, or outside it, the result would definitely be better than increasing demand for protected agriculture. Furthermore, it is important to simplify policy. Support for market prices sounds simple, but experience shows that a number of tools are necessary to maintain them, for instance by means of tariffs, tariff quotas, export subsidies and production controls. Transparent payments for providing identifiable public goods such as caring for the environment or an income safety net can have high administrative demands but if recipients are all provided for to the same degree, costs associated with lobbying for special support – rent seeking – should decrease.

It is true that in the case of the EU agricultural policy, the agricultural lobby was able to avoid excessive financial outlays by virtue of their unilateral interests and exceptional organisation. In professional articles dealing with the CAP, the paradox that such a „decreasing minority“ is able to develop enough clout to receive subsidies from the CAP at the expense of the far greater number of tax payers and consumers is often mentioned. In order to comprehend this mystery, we have to look at the size of the European agricultural lobby from a suitable perspective. This explains why European consumers and tax payers are less inclined to oppose agricultural subsidies than is often assumed by economists, to realise the asymmetry of interests between the agricultural lobby and consumers and tax

payers when reducing agricultural subsidies and to acknowledge the fundamental difference in the organisational strength between farmers and the potential compensatory forces [14]. Keeler [14] amplifies the mentioned aspects as follows. Despite a longstanding depopulation of rural areas, the size of the active agricultural population in the EU remains, under certain conditions, sizable. In order to realize the true weight of the agricultural lobby, it is necessary to take into account the non-farmers and companies with interests in agriculture. Residents of rural areas where agriculture is the main activity have a strong common interest in the development of agriculture. Absentee land owners have a vested interest in agricultural policy, because a significant reduction in price support would adversely affect the price of land. Merchants, store owners and food processors who produce agrobusiness are also very interested in the fate of farmers.

Many people outside the EU agricultural lobbies perceived effects of agricultural subsidies with less hostility than critics assume. Food price inflation corresponding CAP subsidies is much less visible to ordinary consumers than economists dealing with reform. Many consumers in the EU showed a real sympathy with the farmers because of the nature of their work and their demographic decline.

Despite their sympathy for farmers, consumers and taxpayers are very submissive in an acceptance of CAP measures relating to agricultural subsidies. The farmer's interest to gain the support is much higher than the interest of consumers and taxpayers to eliminate them.

The interests of farmers are defended by tens of different European groups, which together conquer the lobbying capacity of potential countervailing interest groups such as consumers or environmentalists (disagreements between farm lobby and environmental lobby are discussed e.g. in [4]). Agricultural associations also receive their organizational success both due to its ability to respond to a wide range of needs and services supplied by farmers in the form of selected stimuli.

In addition, MacLaren [17] identifies another four factors that, to a great extent, could explain the strong influence of the agricultural lobby: the solidarity of the agricultural organisations; the inter-institutional relationship between

agricultural organisations and the ministry of agriculture, the importance government attaches to agriculture and the status of the ministry of agriculture in national government. MacLaren argues that „*the degree to which politicians are captured by the farming lobby, and the extent to which they support transparency in policy-making, determine whether fundamental reforms are feasible*“ [17, p. 424].

3. Agriculture's Position at the National Level – a Case Study of the Czech Republic

An important part of the political heritage of the CAP is the notion that the CAP is of paramount importance for both farmers and the European Community as an institution. It must be presumed that the background in Brussels represents the most important institutional asset for the agricultural lobby. However, the national level of forming the CAP is probably more important and above all, can be influenced far more to the benefit of the farmers. The national level represents both the first and last line of defence for agricultural interests. It is here that the Member States form their political position which is then transferred to Brussels.

However, the agricultural lobby is not the only one to significantly influence the CAP outputs. National governments also act disproportionately in favour of farmers. In the EU Member States, organised agriculture has a uniquely privileged relationship with the officials from its ministries. In addition, in some of the key Member States, the agricultural lobby enjoys increased clout via the specific electoral system or its special contacts with influential political parties.

To understand why the CAP has not undergone fundamental reforms, despite the calls for which that have been made for many years, it is necessary to identify the institutions and interest groups in the political process and understand the roles that each plays. The main supranational institutions incorporated into the CAP are the European Commission, the EU Council and, to a lesser extent, the European Parliament, the Council of Europe and the Court of Justice. There are also interest groups that operate at the national and European level that try to influence political reform. These groups include agricultural organisations, agri-business

groups, consumers, the press, public opinion, academic and political groups [18]. Of these groups, by far the most influential are the national; agricultural organisations (e.g. Comité des Organisations Professionnelles Agricoles – COPA which represents the general and specific interests of EU farmers and as an organisation it speaks for the entire agricultural sector) and certain national political parties.

As mentioned above, the interest groups are entities that attempt to represent collective interests and influence the political process in their sphere of competence. Their role as mediators is crucial for institutionalising both formal and informal standards. The activity of interest groups is related to the specific interest, developing pressure and influencing political leadership so that they can provide services to the members of the interest group. They are not political organisations even though they take part in political events or have direct or indirect relations with political parties. In so far as agriculture is concerned, their relationships with political parties and political connections are key because they guarantee access, representation and participation.

Mediating interests in the EU Member States can be demonstrated in the case of the Czech Republic as the position of the agricultural lobby in the Czech Republic can be scrutinized applying similar analytical tools as in the case of the original EU members. Czech agriculture bears the heritage of an extensively collectivised sector. The case study can demonstrate the efforts of a new Member State to modernise in the realm of professionally mediating interests and at the same time point out the controversial role played by agricultural organisations in the Czech Republic.

The above text reveals in general the strength of the agricultural lobby based on its unity, however it is clear that the interests of these interest groups can differ within the individual states. As a consequence, farmers' interests are not necessarily uniformly represented in the political process by one lobby and there is stiff competition between the individual groups for political influence, which can weaken the position of agriculture on the political scene and slow down the necessary reforms to the agricultural policy. An example of this is the Czech Republic, which, in 1989, formed two strong factions – agricultural enterprises and

family farms – with differing interests. According to Bavorová [1], whether this sector will behave uniformly, as is the case in the majority of the original Member States, plays a large role when promoting the interests of Czech agriculture in EU agricultural policy. The following text shows the situation during which there is a weakening of the position of the agricultural lobby in the Czech Republic in the competitive fight with the other Member States for agricultural subsidies.

During the transformation process in the Czech Republic, new forms of ownership of the original cooperatives and state farms were tried out. Currently agricultural land is divided up primarily among individuals (29 %), commercial companies (47 %), cooperatives (22 %) and state enterprises (0.2 %). There are two main interest groups in Czech agriculture: the Agricultural Association, which represents large scale agricultural enterprises and the Association of Private Agriculture, which represents the interests of small private farms. The third important organisation is the Czech Agrarian Chamber.

The Agricultural Association of the Czech Republic (Zemědělský svaz ČR) was founded in 1968 under the original title of the Association of Agricultural Cooperatives and Companies. It has borne its current title since 2001. The change to the Agricultural Association resulted in the opening up to all the large companies that were employers, regardless of the form of business. The fact that the Association was founded during the socialist period, and thus connected to the old regime, made its activities problematic after the revolution. In order for the Association to become politically acceptable, it had to formally rid itself of its socialist past. In spite of this, the association's heads remained convinced of the virtues of large-scale farming as it was promoted during the socialist period. The members' solidarity strengthened this jointly held conviction.

The Association of Private Agriculture (Asociace soukromého zemědělství), whose members predominantly received land after restitution, was first established in 1999. Considering the fact that the association arose by unifying three associations (the Association of Land Owners and Private Farmers, the Association of Private Farmers and the Association of Enterprises) there are differences

of opinion among the members. The most important unifying element is the common enemy, that being the cooperatives and large-scale agriculture. Apart from this, they share liberal market opinions.

In 1993, Act No. 301/1992 Coll. established the *Agrarian Chamber of the Czech Republic (Agrární komora ČR)* and as opposed to the other lobbies, its didn't come into existence on a voluntary basis. Among its main tasks are the following: to represent the interests of the companies in agriculture, the food industry and forest management, to provide a summary of their various interests and ideas. Despite the Agrarian Chamber's close connection to the state, it has not managed to merge the interests of the two most important groups in agriculture, i.e. the Agricultural Association and the Association of Private Agriculture. Bavorová [1] points out that, as such, the Agrarian Chamber cannot fulfil its primary function of being a mediator of interests. This means that, on the one hand, the chamber is slowly starting to resemble the Agricultural Association, with which it cooperates, and, on the other, it is simultaneously its competitor by virtue of its similar sphere of competence and functions.

The Agricultural Association and the Association of Private Agriculture have formed two alternative institutional approaches for the creation of their identity, the legitimacy of their political activities and organising their participation in the political process. Both groups use differing mechanisms for their activities and representing their interests.

The Agricultural Association, whose members are agricultural, business and sales companies and cooperatives and other entrepreneurs whose activities are associated with agriculture, is likewise an organisation of employers-entrepreneurs in agriculture. It supports competitiveness in agricultural production with a corresponding price compensation. It holds the opinion that the EU must ensure protection for farmers and continue providing the agricultural policy's subsidy instruments. It also places great emphasis on national subsidies and support. From the economic point of view, the Association represents the largest section of Czech agriculture.

In contrast, the Association of Private Agriculture is an organisation of private farmers whose activities stem from rural traditions and

a who hold a conviction about the importance of family farms as the basis of modern European farming as well as recognizes the necessity of the preservation of the countryside. It monitors the economic independence of the countryside and its development on the basis of multifunctional agriculture. Due to its „non-marketable“ effect the Association doesn't represent the majority of independent individual farmers and family farms.

The Agricultural Association and the Association of Private Agriculture portray the farmer as a businessman and modern entrepreneur who fits into the global idea of the role competitive agriculture should play in the liberal economy of the Czech Republic.

As the largest domestic, non-government agricultural organisation, the Agrarian Chamber focuses on organising and unifying the entire agricultural profession. It is engaged in the administration, registration and collection of statistics, and the training and regulation of agricultural activities. It represents the interests of its 103,000 members, who are primarily made up of enterprises that came into existence after the transformation of the cooperatives or after the privatisation of the state farms. The chamber should represent the entire agrarian sector at the EU level in a unified platform. However, the situation changed in 1999 when the Agrarian Chamber split. According to the private farmers the Agrarian Chamber did not sufficiently defend their interests, so first the Association of Private Agriculture split off, soon to be followed by the Federation of the Food and Drink Industries of the Czech Republic, for the same reasons. Thus the Chamber could not assume the role of the only representative of farmers' interests in the Czech Republic. In spite of this however, its position as a mediator between farmers and the state is still exclusive.

Whilst the Agricultural Association is the most influential member of the Agrarian Chamber and the ideas and positions of both organisations are essentially identical, the Association of Private Agriculture decided to part from the company on agricultural policy, to adopt a marginally conservative strategy and to alter its opinions in favour of a rural development policy. Currently it has accepted the new European model of agriculture.

The principle difference between the members of the Agricultural Association and the Agrarian Chamber from the political aspect

is that the Agrarian Chamber tends towards the left and the Association is closer to the values of entrepreneurial freedom and exhibits a more conservative outlook on life, i.e. more towards the right [25].

Agricultural organisations in the Czech Republic are very closely linked to political parties and can thus carry out their lobbying successfully. From the standpoint of European farmers and foreign experts, however, Czech agriculture is characterised by absolute disunity of opinion in its external presentations. Not even the majority of the inhabitants of the Czech Republic know that the country's agriculture has two utterly different faces with different concepts of business, ownership and the approach to the environment. The problems of the agricultural sector and the entrepreneurs within it are usually connected to the opinions of the Agrarian Chamber, owing to the media, which unequivocally prefers the Agrarian Chamber itself, which in turn tries to act as the spokesperson for a fully homogenous community of entrepreneurs in agriculture, forestry and the food industry.

However, there are two competing organisations here, these being the Agrarian Chamber, or the Agricultural Association, and the Association of Private Agriculture. Thus, it is becoming evident that it depends on domestic conditions, which are often more important in forming the structure and activities of the interest groups rather than the effect of international or union networks, because the domestic context is able to convert external ideas into domestic convictions, identity and interests.

The consequences of fragmented agricultural lobby in the Czech Republic feel especially family farms which due to their small organization have less ability to enforce. In contrast, organization of large agricultural companies is larger due to their small number, which is also associated with an earlier period of their establishment. Given the interconnectedness of the Agricultural Association with the Agrarian Chamber, interests of the Czech agriculture are dominated by strong agricultural lobby of large agricultural cooperatives in the long term. They have been mainly trying to balance financial resources coming from the EU to the old and new EU member states as the old EU member states receive more money for the present. Thus, they support especially an increasing of

direct payments to agriculture at the expense of subsidies to the diversification of agricultural activities that are important just for family farms.

Conclusion

The political nature of agricultural support is repeatedly confirmed (e.g. [9]) and in this context political intervention is considered a form of failure despite the failure being explicable as the result of selfish motivation on the part of political groups and bureaucracy. An opposing view to this problem is offered by Harvey [10], who proposes that agricultural support be considered as the evolutionary answer to the changing socioeconomic environment and the political climate as the most suitable adaptation to these conditions.

From the mid 1980's onwards, it has become clear that there must be changes made to agricultural policy, above all by a weakening of the clout of the policy within the overall political system. The agricultural strength in the EU has, however, remained sufficiently high to determine the tempo and extent of reforms to the CAP. As a result they do not attain the full level of efforts necessary to bring about liberal reforms. An example of this is the relationship of the agricultural lobby to multifunctional agriculture and the European model of agriculture. In the European Union there have been many debates on multifunctional agriculture, which concerned the relationship between neoliberalism, restructuring and a sustainable environment in the European countryside. Despite the frequent rejection of the European model of agriculture, primarily by the international trading partners, Potter and Tilzey [24] argue that this model expresses a true form of resistance to neoliberalism that attempts to put forward the concept of the countryside as a „working countryside“ conditional upon the combining of the joint production of farmers, biodiversity and rural municipalities. This broad interpretation of multifunctionality is difficult to understand for the persistently strong agricultural lobby, which is able to use this idea to justify the introduction of politically ambiguous and internationally controversial measures – such as the single payments scheme within the recent CAP reforms.

For these reasons it is important to realise the basis of the strength of interest groups in

agriculture. The strong position of the lobby, and agricultural lobbies, is primarily based on the unity and the unilateral nature of their interests, their excellent organisation when promoting these interests, the existence of relatively small and homogenous groups, their ability to gain the sympathy of politicians, consumers and tax payers and, last but not least, their ability to emphasize the fact that agriculture plays an indispensable role in the society as well as at the national and supranational economy.

The political and institutional bases of agriculture's strong position in Europe are, from the collective standpoint, truly imposing. Currently significant, if limited, liberal reforms to the European agricultural policy are under way and efforts to reduce farmers' power in the EU are being pursued so that the CAP reforms can attain a more liberal form. The traditional asymmetry of the CAP's influence has changed to the detriment of the agricultural lobbies. The internal and external changes of the political environment in which the CAP is formed are generating compensatory forces, which, in contrast to the consumers and tax payers, are motivated to spur on farmers in the expectation of a more considerable profit that can be gained from the agricultural reforms.

So what can we expect from the agricultural lobbies in the future? Although their position seems unshakeable and despite the fact that empirical research would be necessary, there are several factors that inevitably weaken their power. This concerns the continual fall in the number of farmers and agricultural workers. Also the institutional changes at the level of the union can play a role in undermining farmers' powers. Whilst the EU expansion has strengthened defenders of the CAP in the short-run, thanks to the high subsidies that the farmers in the new Member States are receiving, the future incorporation of other countries can strengthen the change in the traditional concept of the policy. In exceptional cases (see that of the Czech Republic) the disunity of the agricultural lobbyists' interests in the given state can weaken the position of farmers on the political scene.

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Abstract

WHY IS THE AGRICULTURAL LOBBY IN THE EUROPEAN UNION MEMBER STATES SO EFFECTIVE?**Zuzana Bednaříková, Jiřina Jílková**

This paper tries to answer the question ‘what is the power of the agricultural lobby, as the interest group which causes that EU member states continue to invest in a costly and ineffective agricultural policy. Mediating interests in the EU Member States, as demonstrated in the case of the Czech Republic, are discussed. Czech agriculture bears the heritage of an extensively collectivised sector. The case study demonstrates the efforts of a new Member State to modernise in the area of professionally mediated interests while at the same time the controversial role of agricultural organisations in the competitive fight for agricultural subsidies. The strong position of the lobby, and agricultural lobbies, is primarily based on the unity and the unilateral nature of their interests, the excellent organisation when promoting these interests, the ability to gain the sympathy of politicians, consumers and tax payers, the existence of relatively small and homogenous groups and, last but not least, their abilities at pointing out the fact that agriculture has an irreplaceable role in society and the national and international economy. The liberalisation of agriculture depends on a successful fall in the importance and voter strength of the agricultural sector and its sympathisers and a balancing of its natural political advantages. Strong elements supporting the liberalisation of agriculture are also sustainable development and modernisation of the agricultural sector and the sustainable economic development, distancing itself from agricultural roots. Generally, it is evident that because of the liberal, even if limited, reforms of the European agricultural policy, the weakening of the agricultural lobby power can be expected.

Key Words: agricultural lobby, interest group, rent seeking, Agrarian Chamber of the Czech Republic.

JEL Classification: D72, Q18.