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Special Issue: Interest Groups, Lobbying and Lobbyists in Developing Democracies
Guest Editor: Clive S. Thomas

- Understanding interest groups, lobbying and lobbyists in developing democracies
- The development and regulation of lobbying in the new member states of the European Union
- Economic interest groups and the consolidation of democracy in the Czech Republic
- Interests and lobbying in Lithuania: a spectrum of development
- Business lobbies and policymaking in developing countries: the contrasting cases of India and China
- Continuity and change in Argentine interest group activity and lobbying practices
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Understanding interest groups, lobbying and lobbyists in developing democracies

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- This introductory article sets the scene for understanding the seven articles that follow in this Special Issue of the Journal. It lays the groundwork in five areas. First, it explains key terms and concepts important for understanding interests, interest groups and lobbying in developing democracies and goes into some detail about the concept of democracy. Second, it offers insights into the characteristics of interest group systems in developing democracies. Third, it briefly reviews the form and extent of the existing work written on interest groups in these political systems. Fourth, it argues that viewing developing democracies through the role of interest groups is a valuable analytical tool but must be adapted from the study of interest groups in developed and well-established democracies to be of use in understanding these developing systems. And fifth, it points out how the seven articles that follow help illustrate the definitions and explanations presented in the previous four sections and the promise and challenges faced by interests and interest groups in these political systems.

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Introduction

Compared to the so-called pluralist, corporatist and mixed pluralist-corporatist systems in developed democracies, there is little work published on interest groups, lobbying and lobbyists in the developing democracies of Eastern Europe, Africa, South America and Asia. The lack of research is not because interest groups do not exist in those countries—of course these systems have interest groups! All societies have such organizations, always had and likely always will, whether the type of system is democratic, authoritarian or even totalitarian.

Interest groups have not been studied extensively in developing democracies per se and when they have, they have usually not been analysed the way they are in developed democracies. This is for a variety of reasons that we explain below. However, a persuasive argument can be made that much can be gained in understanding developing democracies, including the likely success of consolidating democracy in these political systems, by studying their interest and interest group...
systems per se. This requires using existing interest group theory but adapting it to the circumstances of these developing democracies. Accordingly, the articles in this special issue of the Journal take a relatively new approach by focusing particularly on interests and interest groups in their respective countries.

There is a threefold purpose underlying this new approach: (1) To understand the nature and extent of the interest group systems in these countries; (2) to illustrate what the changing types of interests and groups and their operating techniques can tell us about the political development of these emerging democracies and (3) to assess the extent to which these developments are likely to advance, have little affect, or impede the transition to and consolidation of democracy in the particular countries examined.

A wide range of developing democracies were available to choose from for analysing interests and interest groups in this special issue of the Journal. The specific articles we present here are: one on the developing democracies of the European Union, one on the Czech Republic and another on Lithuania; two articles on Africa, one on Tanzania and one on South Africa; one article comparing India with the People's Republic of China (PRC); and one from Latin America on Argentina. In choosing these particular interest group systems we focused on four criteria: (1) to examine the interest and interest group systems of a wide range of developing democracies; (2) that the group of countries we chose represent the various regions of the world; (3) to embrace differing levels of democratisation and (4) to include countries returning to democracy after an interval of authoritarianism.

A recent article on the so-called 'new democracies' divides the world into five regional groupings: Eastern Europe, Latin America, Asia, Africa and the former Soviet Union (Birnir, 2007). If we count Lithuania as both Eastern European and former Soviet Union, we present essays representing each of these regions. While none of the countries included have reached the level of liberal democracy as in Western Europe and tend to be what is often termed 'qualified democracies' with various remaining elements of authoritarianism, the range includes the Czech Republic which is quite advanced in its move toward democracy, to India that lies in the middle to Tanzania which still exhibits many traits of authoritarianism but is nominally democratic. The inclusion of Argentina fulfills the goal of countries returning to democracy after a hiatus.

This leaves the question: Why the PRC, when it is not a developing democracy? The reason is that it illustrates a system exhibiting the traits of a polity moving towards a more participatory system but which is still authoritarian in many of its characteristics including those regarding interest group activities. So it provides one end of a spectrum stretching from 'liberalizing' authoritarian regimes to those close to liberal democracy. In this regard, the PRC illustrates many points about emerging, more formalized and expanding interest group systems that are characteristic of developing democracies.

In terms of what this introductory article covers, it provides background for understanding the terminology of developing interest group systems, the characteristics of these systems in terms of interest and interest group activity, a brief review of the literature across the regions of the world and in some individual countries, a review of the elements of transitional and consolidated democracy, and the value of examining these systems through the lens of interest groups. Finally, we highlight how the following seven articles advance an understanding of the points, about developing interest group systems, made in this introduction.

The terminology of developing interest group systems

As we indicated above, aspects of interest group theory of pluralist political system can be applied to analyse group activity in
developing democracies; but these theories need to be synthesized with some major general characteristics of these developing systems. One area in which there are some differences between developed and developing systems is in the use of terms and concepts regarding interest group activity. While the terms are similar to those used in studying developed systems, the differences and nuances in their use and meaning are enough to cause misunderstanding and even confusion for those not familiar with the particulars of developing interest group systems.

**Table 1** provides a succinct explanation of how terms are used in these developing democracies. The table also includes a short explanation of how other terms are used in this introductory article and the articles that follow. These other terms are: civil society, corporatism, neo-corporatism, neo-liberalism and the various ways in which the term democracy is used. Before reviewing that table the following points and caveats will be useful.

First, one particularly important characteristic of interest and interest group organization in developing democracies is a legacy of their authoritarian past. This means that the unofficial and usually very loosely organized groups, better described as cliques or power groups (see Table 1), tend to dominate interest group activity. This contrasts with the more official, institutionalized and formalized group activity of developed democracies (though, of course, these systems also include numerous unofficial groups). As democracy advances, group activity becomes more institutionalized in the developing systems.

Second, and a related point, because of the prominence of these unofficial characteristics of interest group activity, we need to identify various levels of interest and group organization to be able to fully understand the role of these groupings in advancing and consolidating democracy. Thus, the table provides a spectrum of definitions of interest and interest group to aid our explanation and analysis.

Third, the terms civil society, corporatism, neo-liberalism and democracy and the stages of democracy can be defined in various ways and volumes have been written on each term to explain various interpretations and nuances of these concepts. Not having the luxury to go into depth on their meaning, for our purposes we use succinct and more or less standard definitions—a definition of each term that is commonly used for empirical analysis in the social sciences. Democracy here is used to denote liberal or pluralist democracy of the western world and not the monolithic democracy of the old Eastern bloc countries. In regard to the term developing democracy, we use it generically to embrace systems that are both in a process of transition and consolidation to democracy (see Table 1 for definitions), but make the distinction between these two stages where appropriate in regard to particular countries. In several of the seven articles that follow, more in-depth explanations of these terms are given as they relate to a particular country or countries. We now turn to a more extensive analysis of the point when democracy becomes deep-rooted and how this relates to the role of interests and interest groups.

**The role of interests and interest groups in establishing and consolidating democracy**

One theme that threads throughout much of the literature on democratic consolidation is the idea that this process is more than simply holding elections. Given this, a range of conditions and explanations have been presented over the last several years as to at what point democracy becomes deep-rooted or consolidates (Przeworski, 1991; O'Donnell, 1992; Linz and Stepan, 1996). The most widely accepted view, however, are the primary parameters presented in the argument by Linz and Stepan on the characteristics of a consolidated democracy. They suggest that consolidation occurs in a democracy when a complex system of institutions, rules and

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1See Acknowledgements.
Table 1. The Use of Key Terms and Concepts in the Study of Interest Groups in Developing Democracies

Interest, Interest Group, Lobbyist and Related Terms

**Interest and lobby:** Used as nouns these can denote anything from a loose knit and informal group of people, such as the senior officers in a national army, to a broad grouping or sector of society, such as the environmental interest or lobby or the business interest or lobby

**Informal Interest and Power Group:** Used to identify a grouping of individuals, an organization — public or private, including entities like foreign governments — and sometimes a cliques (often close to a monarch or dictator), which is a political force in a society but not formally or officially recognized as such in law. The term power group is a more graphic way of describing what such groups are in practice and what constitutes their major goal

**Institutionalized Interest Group:** This refers to an interest group that is formally recognized as such by law and often has the status of a corporation. Liberal democracies have thousands of such interest groups identified through their legal status and often through rules for registration of interest groups and lobbyists (though these democracies also have numerous informal/power groups). Institutional interests also exist in developing democracies but are generally much less extensive in number.

**Interest Group and Organized Interest:** Usually applied to a formally organized, institutional interest which can be defined as follows: An association of individuals or organizations or a public or private institution, which on the basis of one or more shared concerns, attempts to influence public policy in its favour. The term interest group is usually used to designate such groups as opposed to organized interest. Such interest groups are of three major types:

The first category, made up of individuals such as doctors, gun owners, farmers, students and so on, is often known as individual membership organizations

The second, usually called organizational interests, are literally organizations of organizations. These can be public or private representing for profit or non-profit entities. Many are narrowly-based trade associations representing businesses such as car manufacturers, oil companies or railroads. Some are more broadly-based such as the Confederation of British Industry (CBI) that includes all types of industries; or general trade union organizations composed of individual unions, for example the Australian Council of Trade Unions (ACTU).

Examples of non-profit organizational interests are national associations of public universities and public hospitals. Public interest and social issue groups, such as consumer groups, also often join together in national organizations

The third category is institutional interests that are not really groups at all. Many organizations that lobby are, in fact, institutions both public and private, such as individual business corporations, think tanks, and the multitude of government agencies and levels of government including departments of national governments, cities and towns, public universities, public corporations (like nationally owned airlines), and, in some countries, special districts for services like education and water supply. Moreover, in many countries the armed forces are important in lobbying for their budget and shaping public policy. Overall, probably the most important lobbying force in any society is the various elements of government

**Interest Group, Pressure Group and Special Interest:** Some scholars make a distinction between non-political and political groups by designating the former as interest groups and the latter as pressure groups. This distinction is used mainly by scholars in Britain, British Commonwealth countries and in Continental Europe. Some scholars also use the term special interest group to designate groups operating in the political arena. In general, however, interest group is the generic term used today to designate groups whether or not they are politically active but which have the potential to engage in politics

**Lobbying:** the interaction of a group or interest with policy makers, either directly or indirectly, with a view to influencing current policy or creating a relationship conducive to shaping future policy to the benefit of that group or interest

Lobbying takes many forms from direct contact of group representatives with policy makers ('insider' lobbying tactics) to the connection of a group with officials of the political party in power, to indirect interaction through demonstrations and protests ('outsider' lobbying tactics)

**Lobbyist:** A person designated by an interest or interest group to facilitate influencing public policy in that group's favour by performing one or more of the following for the group: (1) directly contacting public officials; (2) monitoring political and governmental activity; (3) advising on political strategies and tactics and (4) developing and orchestrating the group's lobbying effort

The decisions most often targeted by lobbyists are those concerning public policies; but they also include decisions about who gets elected and appointed to make those policies. As can be deducted from what has been said above, lobbyists include not only those required to register by law but also those representing non-registered groups and organizations, particularly government as well as informal groups

Continues
Interest, Interest Group, Lobbyist and Related Terms

**Peak Association:** Usually a formalized and institutionalized interest group representing all or a substantial number of the groups in a broad area of economic or social activity such as business, labour, agriculture, local government, education, the handicapped and so on.

Civil Society, Corporatism, Neo-liberalism and Democracy

**Civil society:** The array of voluntary groups and organizations in society, situated between the family and government. Some scholars and observers confine the term to those organizations engaging in politics while others include all voluntary organizations. Generally, civil society is considered stronger the more independent it is from government as in the U.S. and Western Europe. The more civil society is integrated with or co-opted by government, as in Latin America, the weaker it is perceived to be. The stronger is civil society, the more possibility there is of establishing and consolidating liberal democracy.

**Corporatism and Neo-corporatism:** Corporatism is a national policy process whereby the government works in partnership with major interests—mainly business and labour—to develop and implement economic policies. In state corporatism this relationship is usually imposed by government (as in Austria and Germany in the 1930s); but in neo-corporatism (often known as societal corporatism), common in contemporary Scandinavia and other continental countries in Western Europe since the 1940s, these government-private corporate relationships are voluntary.

**Neo-liberalism:** A series of economic reforms instituted around the world but particularly in developing countries from the mid-1980s onward, partly under pressure from international lending institutions to move their economies toward free enterprise and away from state capitalism. The prefix 'neo' refers to the fact that this is a new form of the laissez faire liberalism of the late eighteenth to the early twentieth centuries. These measures included: stabilization of the currency; reorienting the economy to international trade and opening it up to foreign competition by liberalization of trade and capital flows through reducing or eliminating trade barriers, tariffs and favourable treatment of domestic capital; downsizing of the role of the state through deregulation of private activity, eliminating subsidies and control of prices, reducing the size and scale of state market intervention, and privatization of public enterprises; and fiscal austerity—a policy of fiscal discipline and balanced budgets.

**Democracy:** One of the most widely used and abused words in everyday speech. Political scientists also differ over its meaning and it can take several forms. In essence, pluralist democracy and its various forms involve: legitimation of government based on elections held at regular intervals; the rule of law to which all are subject, including the government; the existence and official recognition of political opposition, most often in the form of political parties; the right of free association (the forming of interest groups); free speech (especially the right to represent views, particularly opposing views, to government) plus the existence of a free press; and the protection of human rights.

**Democratic transition:** The period of the initial transfer from authoritarianism to democracy through a process of decompression which involves the removing of constraints, restrictions and bans on various aspects of political life, such as freedom of assembly and association, the legalization/re-legalization of political parties, etc.

**Democratic consolidation:** The stage after democratic transition and the process through which a government becomes solidly democratic. It involves adopting various aspects of democracy and maintaining these for a continuous period, say up to thirty years or through several election cycles.

*Source:* Developed by the authors mainly from Thomas 2004, Chapters 1 and 12.

Patterned incentives and disincentives has become the only game in town (Linz and Stepan, 1996: p. 15). The key phrase, of course, is the 'only game in town'. They argue that three factors may be explained when that objective is reached. First, a behavioural change must occur in which no significant political group seriously attempts to overthrow the democratic regime. Second, people's attitudes must also change so that even in the face of severe political and economic conditions, the public will seek political change from within the democratic process. Third, a constitutional change must occur as demonstrated when all political players act to resolve political conflict only through established constitutional norms.

O'Donnell responded to Linz and Stepan by arguing that their view of the only game in town is 'too minimalist'. His more expansive definition suggests that the 'main criterion for democratic consolidation or institutionalisation is more or less explicitly a reasonable fit.
between formal rules and actual behaviour' (O'Donnell, 1996: p. 41). His emphasis is much less on elections, but rather on a high degree of institutionalisation in areas of parties, legislature and other democratic organizations. In essence, this institutionalisation occurs when there is an increasingly independent civil society and an increasing range of interests and interest groups and a political culture that views group activity and lobbying as not only legitimate but also essential to the democratic process and its long-term health.

More importantly, we should consider consolidation as a continuum, not as an either/or phenomenon. Gunther et al. (1996) argue that consolidation should be considered as phases of consolidation that do not require a complete transformation of the society. Diamond goes even further by breaking consolidation into three levels. He argues that consolidation takes place at the levels of elites, parties, movements and the mass public (Diamond, 1999: p. 66). Full consolidation, or as Diamond refers to this process as the deepening of consolidation, occurs when 'all significant political players at both the elite and mass levels, believe that the democratic regime is correct and appropriate for their society, better than any other realistic alternative they can imagine' (Diamond, 1999: p. 65).

**Major characteristics of interest group systems in developing democracies**

Among developing democracies there are common patterns or characteristics of interest and interest group activity that are hangovers from their authoritarian days. These patterns tend to influence the development of the emerging interest group system in several ways. Depending on how their influence plays out in a particular country, these patterns can advance or hinder the development of an independent civil society and the establishment of an extensive and effective interest group system both of which, in turn, determine the success (or lack of success) of the transition to and consolidation of democracy. Five important characteristics can be identified in this regard: (1) the restricted autonomy of interest groups from the past; (2) special interests are often viewed as illegitimate even in a new democracy; (3) informal groups are the norm as opposed to associational interests; (4) there are less formalized strategies and tactics; and (5) interests and interest groups are less significant vehicles of representation (Thomas, 2004: pp. 324-326). All five are interrelated.

First, the restricted autonomy of interest groups from the past, where in some countries they were banned as in communist systems or suppressed as in the military regimes of Latin America in the 1970s, may influence their independence under a developing democracy. The right of freedom of association, the existence of private voluntary interest groups, and particularly their role in lobbying government, may be legally restricted or curtailed even by the new democracy. State corporatism (Schmitter, 1974) is a form of co-opted interest group activity where the state determines the role of groups and operates under various disguises in new democracies as in South Africa and India to name but two countries. Second, special interests were often viewed with great suspicion and generally seen as illegitimate in authoritarian regimes and not just by the rulers but also by the people too, who were often socialized to believe that interest groups worked against the national interest and for parochial benefit. This attitude of illegitimacy towards groups often spills over to the newly developing democracy. For example, this is the case in South Asia as related in the literature review in the next section; and in the Czech Republic while they are not seen as illegitimate, interest groups and interests are viewed with suspicion far beyond that in well-established democracies (Evanson and Magstadt, 2001).

One consequence of these first two characteristics is that often the continued fear and reluctance of people to join interest groups retards their development. Another result is that the government can exploit these
attitudes by condemning group actions even when such actions are in the normal realm of group activity in a democracy. An important element in helping to build a strong and independent civil society is to overcome these two hangovers from the past.

Third, as indicated in explaining the terminology of developing interest group systems, informal groups (power groups) were the norm under the old, authoritarian regimes and remain a dominant force (at least in transitional democracies) as opposed to associational and institutionalised interests. Thus, a very narrow range of groups likely exists when the system begins to transition to democracy (though this is less the case in countries returning to democracy after a period of authoritarian rule). Elites have likely been very successful in using these informal groups and so have little incentive to develop formalized and institutional interests that might dilute and even seriously undermine or destroy their power. Plus, this factor also means that there is little, if any interest group and lobbying community in a country to provide the foundation for the development of a broad-based and professional advocacy industry. In 2005 in Lithuania, for example, there were only seven individuals who could be considered contract lobbyists.

Fourth, and very much related to the last point, there are less formalized strategies and tactics in developing democracies. Strategies are very informal and the core tactic is the insider contact of power groups of elites with public officials. In many societies corruption and payoffs also form a major form of influence. Furthermore, while protest groups may emerge and demonstrations and protests may be used, often the link between these actions, in terms of follow-through to affect public policy is lacking. It is not that the range of strategies and tactics, as used in the developed democracies, are not known in these developing societies; rather it is that they have little experience or observation of them being used.

Fifth, one of the major roles that interest groups perform in established democracies, that of being a major vehicle of representation in terms of the aggregation and articulation of interests of all sorts from various segments of society, is much less the case in developing democracies because of the first four factors identified above. Furthermore, in advanced democracies, because a large percentage of the population belong to interest groups, these may be even more important than political parties in performing a mass representational function (Thomas, 2001, Chapters 1 and 15). If we accept the fact that interest groups (together with political parties) are one of the two major vehicles of political participation in a democracy and that a democracy cannot be consolidated without groups increasing their role in this regard; this presents a major challenge for many developing democracies.

In sum, because of the five factors explained here, the knowledge of the role and importance of interest groups and their acceptance as a political vehicle is generally very low in developing democracies. Citizens have not been socialized to understand the political value of interest groups, as have citizens of developed democracies. So, if we accept the indispensability of a broad-based, independent civil society as the foundation for the establishment of an extensive and effective interest group system, many developing democracies face a major challenge. This challenge is to nurture a political culture that includes widespread acceptance of interest groups and a belief in their political efficacy to the extent that citizens will join and use them as a major means of achieving their political goals.

**Existing research on interest groups in developing democracies**

In this brief review of the literature we will see several of the characteristics that we explored in the last section. Understanding the nature of this literature will be enhanced if we first explain the reasons for the lack of focus on interest groups in developing democratic systems. This is mainly a product of four interrelated circumstances.
First, those studying authoritarian and developing countries have been much more concerned with pressing issues such as human rights, economic development, social class, religion, poverty, the aftermath of colonialism, among other topics, than with interest groups. Second, many scholars of non-democratic and developing democracies are Marxist, neo-Marxist or social democrats in orientation and believe that interest group theory is ethnocentric, imperialistic and prescriptive in terms of being the tool of the establishment. Third, the lack of public exposure and the very informal, non-institutionalised nature of politics and policy making in authoritarian and transitional regimes gives both an impression of very few interests and interest groups and also makes them very difficult to study. And fourth is a ‘first things, first’ attitude held by many social scientists and funding organization—particularly research foundations—that sponsor studies on democratisation: ‘First, we build a party system and hold democratic elections and later we will think about the other parts of a democratic political system such as a responsible and independent media, interest group politics and civil society’.

As a consequence of these factors, until very recently, one could not find chapters or parts of chapters on ‘interests’ or ‘interest groups/pressure groups’ in books on individual developing countries or regions; and often these terms could not be found in the index of such books. Even two recent books, one on Latin American politics (O’Toole, 2007) and one on African politics (Schraeder, 2000), have no mention of interest groups as such.

There is, however, a large literature on political organizations, interests, the behaviour and the efficacy (or lack thereof) of groups variously organized and defined in authoritarian systems and developing democracies. In the past, anyone wishing to study interest groups had to use these studies to glean information about them. Then, beginning in the late 1980s, as a wave of democracy began to sweep the world, scholars began to study interests and interest groups in these developing democracies by using the tools used to study them in developed democracies, though some literature dates back even farther than that. Let us briefly review some of the main works by world regions, first by looking at studies of authoritarian regimes that are of value and to some extent were pathfinders in the use of interest group studies in these countries; and then move to the literature on developing democracies. Much of this overview draws on Chapter 12, ‘Interest Groups in Selected Nonpluralist Regimes, Transitional Democracies and Developing Societies’ in Thomas (2004: pp. 323–339).

Authoritarian regimes

As to scholars who used an interest group approach to understand aspects of authoritarian regimes that can be used to analyse developing democracies and the role of interest groups in them past and present, Skilling (1966 and 1983) and Skilling and Griffiths (1971) applied this to communist systems, particularly the Soviet Union, and Bianchi (1986b) has done so regarding the third world.

As regards individual countries, the experience in the PRC and Egypt and Turkey (a democracy with authoritarian overtones) are instructive. Thornton (2004) has noted that research on the PRC’s interest groups has gone through several phases. Initially it emphasized the all-powerful state and how it limited the development of traditional interest group politics. After the Cultural Revolution, with the introduction of economic freedoms and some political liberalization, the growth of associational politics has been a theme of many of the recent studies. Oksenberg (1968) studied mass and elite groups and Burns (1979) and Whyte (1974) examined group formation. Later work looks at the decline of Chinese central state power and the negotiations with various new groups (Lieberthal and Lampton, 1992). Recent work on Chinese interest groups has focused on group formation (Goodman, 1984). Most of the studies conclude that a real civil society has not yet
developed in China, but the economic reforms have resulted in growing pluralism (Whyte, 1992; Ogden, 2000). The article on the PRC in this issue confirms this.

Turning to the Eastern Mediterranean and the Middle East, once again there has been very little work done except for studies on two countries, Egypt and Turkey (Bianchi, 1984, 1985, 1989). Since most Middle East countries are one party dictatorships or authoritarian states, the interest in and ability to study interest group politics is very limited. The forces that restrict interest groups in the Middle East include an emphasis on culture, religion, family and other personal relationships (Thomas, 2004: pp. 331-332). The corporatist model has been rejected by Bianchi who concludes that in Egypt, at least, the style of politics seems to be somewhere on the continuum between pluralism and corporatism (Bianchi, 1986a, 1990). Despite the history of authoritarian rule in the region, there has been a very gradual rise in various democratic institutions that support an interest group style of politics.

**Developing democracies**

Here work on interest groups (or lack thereof) in Asia, Sub-Saharan Africa, Eastern Europe and Post Communist Russia and Latin America is instructive.

**South Asia**

Although India, Pakistan, Bangladesh and Sri Lanka have been influenced by the British pluralist tradition, the study of interest groups in the region has received little attention. In part, the reasons for this provide specific examples for the lack of interest group studies in developing democracies identified above. Interest groups tend to be seen by South Asian elites as illegitimate and scholars in the region have been obsessed with social class as the most powerful explanation of political outcomes. Not only social class, but family, caste, religion, tribal identities and language have been considered to be more important than interest groups. The strong role of political parties compared to groups as well as the power of the region’s governments are also reasons for a minimal focus on interest groups.

Given its size and importance, the study of interest groups in India has received the most attention of the region’s countries. Weiner (1962) concluded that government operated to reduce the impact of interest groups in politics. Rudolph and Rudolph (1987) also argue that the all-powerful state effectively limits interest group activity. Fadia (1980) provided case studies of the impact of business on Indian politics. Other important interests are so-called demand groups based on movements and issue groups such as students, workers and farmers. Labour unions have been relatively minor actors because of the powerful role of political parties (Ramaswamy, 1995).

Stanley Kochanek has published the most and conducted the most recent research on interest groups in South Asia. His early work on India includes that on the role of oligarchy and its effects on representation in business groups as well as work on the Federation of Indian Chambers of Commerce (Kochanek, 1970, 1971, 1974). More recently he has examined the impact of economic liberalization on business (Kochanek, 1996b; 1996c).

Kochanek has also written most of what little work has been produced on Pakistan, Bangladesh and Sri Lanka (Kochanek, 1983, 1993, 1995, 1996a). Much earlier Kearney (1971) did work on the role of trade union in Ceylon (Sri Lanka). These works emphasize the powerful pattern of personalized politics and the significance of family ties over organizational identities. They demonstrated the limits of business, labour and other organized interests in highly personalized political systems.

**Sub-Saharan Africa**

With few exceptions, there has been little significant interest group research per se conducted on Sub-Saharan African states. As with other regions, a major reason for this has
been the paucity of liberal or even elitist democracies in this region of Africa (though this is changing somewhat as the article on South Africa in this Special Issue argues). Studies that have been done looked at the colonial era (such as Wallerstein, 1966), nationalist movements (Markovitz, 1977) and the post-colonial era (Villalon and Huxtable, 1998). Various sectors such as the military, business and women have been studied across nations (Conteh-Morgan, 1994; Luckham, 1994; Mikell, 1997). Lehman (Thomas, 2004: pp. 332-333) notes the research projects (Lodge, 1983; Borer, 1998) that have focused on the pre- and post-apartheid South African interest group patterns. The pre-apartheid studies examine the new groups that emerged in the past two decades, such as that conducted by Deegan (1999).

Eastern Europe and Post Communist Russia

Interest groups have been studied in this region but not to the same extent as political parties and elections. A succinct overview of the research of the region is provided by Olson on Eastern Europe (Thomas, 2004: pp. 335–337) and by Peregodov and Semeneko on Russia (Thomas, 2004: pp. 337–338). Early research by Skilling (1983) noted that Communist East Europe, especially Poland had developed many interest groups. Several studies have been conducted on the Baltic states (Choe and Ahlqvist, 2003). Steen (1997) published a study of Baltic elites, but downplays the significance of groups in the three nations. Higley, Pakulski and Weslowski have also studied the post-communist elites in Eastern Europe (1998). The political party-interest group connection in the Czech Republic has been studied by Evanson and Magstadt (2001) and in Poland by Ost (2001).

Latin America

Rosenberg (Thomas, 2004: pp. 238–239) notes that although there is a considerable literature on groups in Latin America, these are not usually studied in an interest group framework because of the region’s long history of anti-democratic politics and non-pluralist political systems. In addition, scholars of the region’s politics have long favoured political economy approaches such as structural and dependency theory and this tends to play down the role of organized interests and to a certain extent informal interests. Of the interests that have been studied, the literature on militaries is quite extensive as coups and military rules were so common in many Latin American states until just recently (Nun, 1968). Organized labour has been studied as a source of support for populism, revolution and democracy (Collier and Collier, 1991). The Church, religious movements and peasants (Sharpe, 1977) have been analysed as sources of both conservatism and grassroots activism. Although now outdated, labour was analysed by Collier and Collier (1979).

By the early 1970s, corporatism began to make inroads into the research approach on interests together with political economy and Marxist theories. Schmitter (1971) argued that Latin American groups are influenced by state institutions at points of potential class conflict. Social movement theory from sociology has been employed in some studies from the 1970s to the present. Economic theory entered research models in a more extensive way than before in the form of rational choice theory and is particularly important in work by Stallings and Kaufman (1989) and Nelson (1994). Johnson (2001) has studied the party-group relationship in Argentina.

The case for studying interest groups as part of the politics of developing democracies and a suggested approach

Here we briefly supplement the argument of the main premise of this special issue that much is to be gained by studying interests and interest groups as political organizations in developing democracies and based on this, we offer the outline of a framework for doing so.
Why study interests and interest groups in developing democracies?

As we noted at the beginning of this article, it can be verified that interests often in the form of power groups exist in all political systems; and interest groups as formal, institutionalized interests develop (though to varying extents) as a democracy develops. Further, we argue here that the related elements of a broad-based and effective interest group sector, as well as as independent a civil society as possible, is essential to consolidating democracy.

Given these two factors, what can an analysis of the interest and interest group system in a developing democracy tell us? In this regard, five insights are particularly important: (1) Where power lies in the political system and the extent to which this does or does not lie in an increasingly independent civil society; (2) the extent of institutionalization tells us about the viability of civil society and the group system and how much political culture is adapting to democratic norms including accepting increased competition between political forces in terms of input into the policy process; (3) the use of lobbying techniques tells us how sophisticated things are becoming in terms of political participation; (4) the effect of certain groups on the policy process; and (5) where it exists, group regulation and its extent can tell us several things, such as how much elites control the process, and how much public and press scrutiny exists.

Elements of an approach to studying interests and interest groups in developing democracies

While studying a developing democracy through the lens of interests and interest groups is useful, as we have noted at several points in this article, this interest and group activity may take on a different form than in the established liberal democracies. That form may be different in different countries and the shape of that form is still uncertain in many developing political systems. The key is the increasing independence of civil society and an increase in access and representation within the political system.

To ensure a thorough analysis of interest group activity in developing countries, as we have argued above, the following tools of analysis are particularly important. First, a broad definition of interest, interest group and to some extent understanding them in the transitional phase as the old power groups of the authoritarian regimes. Second, a broad definition of what constitutes a lobbyist. Third, that many interests will be informal and not institutionalised. And fourth, that while using the analytical tools used to understand interest groups in established liberal democracies, one must be flexible in their use in understanding developing systems which may exhibit a unique combination of pluralism, corporatism interwoven with many of the cultural traits of the society including its authoritarian past. A starting point for a framework for analysing these systems can be found in Thomas (1993: pp. 16–21).

The articles in this issue

The articles in this Special Issue provide a more in-depth understanding of the various elements of interest and interest group activity in non-pluralist, transitional and developing societies in general and on developing democracies in particular.

The seven articles that follow offer the reader a contrasting mix of new data and expert interpretation on the roles and activities of interest groups in a representative collection of states in some of the various transition phases toward modern democratic politics. Three of the articles are focused on the emerging democracies of Eastern Europe. Hrebenar, Mceath and Morgan examine Lithuania, one of the most successful of the new post-communist states that emerged from 50 years of Russian domination in 1991 and eventually joined NATO and the EU by 2005. They note
the problems of a society trying to build a modern democracy on a post-communist foundation. Among the various outcomes of this process is a weak civil society that is deeply suspicious of lobbying and interest group politics. It is also infected with a continuation of the culture of corruption it inherited from the Soviet years. Everson's study of economic interest groups in the Czech Republic seems to support these findings from Lithuania as well as provide extensive information on the relationship between interest groups and political parties in Prague. The third Eastern Europe article by McGrath is a very useful summary of how the former-communist states have developed and regulated interest group politics and lobbying.

India and China, both developing rivals and the two most highly populated nations in the world, are contrasted by Yadev in terms of how their interest group systems are developing in significantly different political environments. Johnson gives us a case study of Argentina's experience of transition from a military state to a form of interest group democracy. Finally, we turn to Africa and Lehman's very useful cross-national survey of African interest group politics and Elliott-Teague's case study of group politics in Tanzania.

One of the several themes that threads through the articles is how difficult it is to develop a modern interest group system—whether patterned on an American pluralist system, a European corporatist system, or perhaps a Confucian Asian state system. Another common theme is the profound sense of how difficult an extensive, deep-rooted democracy is to build and keep. But as we have argued in this article, a strong and diverse interest group system is one major step on this long and difficult road.

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Biographical notes

Clive S. Thomas is professor of political science at the University of Alaska-Juneau and the author of many articles, chapters and books on interest groups in advanced, developing and authoritarian societies. These include: Research Guide to U.S. and International Interest Groups (2004), Political Parties and Interest Groups (2001), and First World Interest Groups (1993). He has received grants and research awards to study interest groups in the European Union, Eastern Europe and Latin America; and he has served as a volunteer lobbyist and teaches seminars on how to lobby to various organizations.

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Economic interest groups and the consolidation of democracy in the Czech Republic

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This paper discusses organized economic interest groups in the Czech Republic placed in the context of the development of interest group activity in the post communist era and how this bodes for the consolidation of Czech democracy. After a brief overview of Czech political and economic developments since the end of communist rule, the origins, evolution and present state of interest groups are outlined. There has been a proliferation of economic interest groups, particularly in the business arena. However, there are some concerns about interest groups activity, which are examined next. The paper then moves to its main focus—the examination of economic interests. It does this by explaining the interaction among business, labour and government in the policymaking arena and explaining apparent contradictions in the perceived influence of business. This is followed by a similar look at Czech agriculture. The paper concludes with some speculation about the likely future development of interest groups and what this might mean for the nature of Czech democracy.

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Introduction: the mixed lessons of the Czech experience

Since the implosion of Communism in 1989–1990 the Czech experience with interest groups and interest group articulation as a means for enhancing democracy has been mixed. On the one hand, there has been a proliferation of groups and an increasing awareness of their indispensability to the consolidation of the democratic process. On the other, there are many hangovers from the old Communist days regarding the suspicion towards political groups and a dichotomy between how public and private groups are viewed. Plus, another aspect of the Communist past, that of corruption, is on the increase and affects interest group activity in a major way, particularly by forcing much ‘lobbying’ activity far from public view. In particular, the extent to which the economic sector, arguably the most significant sector of groups and interests, is helping to consolidate and in other ways is undermining this consolidation, is far from clear.

In fact, this paper addresses the influence of both organized economic groups and less formally organized interests within this sector on national economic policy and on democracy pro and con. Our focus is on occupa-
tion-based, self-interested groups; we give no attention to what are generally called public interest groups that promote their vision of a good society.

**Brief background on the political economy of the Czech Republic**

It is more than 17 years since Czechoslovakia shed Communist Party rule in its November 1989 'Velvet Revolution', and 14 years since the country divided in January 1993 into separate Czech and Slovak republics. During this time the Czechs have embraced political democracy and a market economy and have been rewarded with entry into western multilateral institutions, capped by admission to the European Union in 2004. While the Czech Republic has not been immune to some of the difficulties of transitional societies, it is in most ways a typical 'European' country and easily recognizable as such.

To enlarge on this point, Czech democracy features parliamentary government with a popularly elected bicameral legislature, a prime minister and cabinet, independent courts and an indirectly elected president possessing few constitutional powers. It also includes a system of relatively stable political parties representing a wide range of viewpoints. National elections have produced governments of the centre-right and centre-left, while the unreconstructed Communist Party and the parties of the extreme right have been excluded from a share of power. There are a remarkable number of newspapers for such a small country, but they tend to be extremely partisan and superficial in their coverage of political events. Some Czech officials have not gotten used to media criticism and seem to regard it as unseemly.

There have also been significant economic successes. The standard of living is among the highest of the former communist states. In recent years real gross domestic product (GDP) growth has far exceeded the EU average, inflation in consumer prices has hovered around 2 per cent and while unemployment has sometimes been quite high (peaking at around 9 per cent), it has dropped and remains below the EU norm (Economist Intelligence Unit, 2006: pp. 26, 30). Wages are low by west European standards, but so is private debt: fewer than 2 per cent of Czechs have a mortgage on their homes, contrasted with 30–40 per cent in the EU as a whole (Fuller, 2003). Low wages and average hours per work week comparable to those in the U.S. and western Europe lure foreign investors seeking quality workers at low costs, as do the country's central location, excellent road system and low transportation costs. In fact, the Czech Republic remains a prime target for foreign direct investment (FDI), which has helped to transform its automobile industry into the largest producer of vehicles in central Europe (Economist Intelligence Unit, 2006: p. 28). In 2005 the Czech Republic ranked eighth in FDI among the EU's 25 members (Asiedu, 2006). Sale of deficit-ridden state banks and other companies in the early part of the decade lowered the public sector to 20 per cent of the economy in 2002 (Kandell, 2003). Economic challenges remain, however, in high public debt and budget deficits and an increasingly costly pension system (Fuller, 2003).

**Patterns of interest representation and lobbying in the Czech Republic**

**The communist era**

Before we discuss present-day interest representation in the Czech Republic, which is extensive, we need to recall that during the communist era (1948–1989) independent interest associations were forbidden. Instead, the regime enveloped almost the entire working population in a system of mass organizations designed to exert social control and carry out party and government policies. Business enterprises were owned by the state, and their managers were state employees. The advocacy role of trade unions was constrained by pressures to meet state-established output
goals. Farmers worked on cooperative and state farms where resources were pooled and production quotas set by the state. Individuals in the liberal professions were organized in state-controlled unions like employees in other sectors. In addition, in most work environments the party and secret police were present to enforce political discipline.

Despite the regime's efforts, however, autonomous groups reasserted themselves during the 1960s in a process that culminated in the 1968 'Prague Spring', a brief period of extensive political liberalization ultimately crushed by Soviet and allied tanks. Institutionally based groups, encouraged by splits within the political hierarchy, engaged in open interest advocacy, while party bodies adopted a mediating role between conflicting groups, and the national legislature became a forum for interest articulation. These changes have been attributed to pressures for reform from the Soviet Union during the Nikita Khrushchev era, economic difficulties and tensions between Czech and Slovak factions in the leadership. Similarly, despite the restoration of tight controls that followed the Soviet invasion, pluralistic elements sprang up again in the 1980s in the wake of Mikhail Gorbachev's reforms in the USSR and were prepared to respond when the opportunity for regime change presented itself (Brown, 1966: pp. 458, 465; Skilling, 1966, 1981; Korbonski, 1971; Golan, 1971, 1973; Kusin, 1979; Wolchik 1981: pp. 135-139).

Since the fall of communism

The end of communist rule was followed by a dramatic expansion of civil society—the layer of independent social organizations lying between the individual and the state. During 1990-1992 the number of private, voluntary 'civil society associations' rose in Czechoslovakia from negligible levels to roughly 15,000; in the Czech Republic alone the figure had risen to more than 45,000 by the year 2000 and in excess of 53,000 in 2005. In 1999 an estimated 60 per cent of the adult population belonged to at least one voluntary organization (Nalecz and Bartkowski, 2006: pp. 166, 170; Druker, 2006). One result of this resurgence is that organized interest groups, which are a vital part of civil society, are present in virtually every walk of life.

Types of interests and interest groups

Despite sluggish privatization after an initial spurt in the early and mid-1990s, there is a large and thriving private sector. Trade and professional associations cover the gamut of the business and professional world such as the Czech Insurance Association, the Union of Czech Petroleum Independents and the Association of the Defense Industry of the Czech Republic (Prague Business Journal, 2002: pp. 15-16). In addition, there are one major and several minor labour peak associations, and a growing number of independent unions. There are also numerous not-for-profit organizations and a growing international presence in the business sector.

Some of the organized interest groups in this growing civil society emerged from the old state-controlled structures. Perhaps the most notable example is the Czech–Moravian Chamber of Trade Unions (ČMKOS), which is the largest peak association in the country. The communist trade union federation (ROH) gave way in 1990 to an independent replacement that retained much of the ROH's infrastructure under new leadership. When Czechoslovakia broke apart in 1993, ČMKOS inherited the Czech portion of the previous federation. In contrast, the growth of business associations has depended on the privatization of state-owned companies and the proliferation of native entrepreneurs and foreign investors. Like ČMKOS, some communist-era business chambers became independent under new leadership, while others emerged to represent a new generation of businesses. For example the employers' peak association during the communist period, the Czechoslovak Chamber of Trade and Industry, gave way in 1990 to two separate organizations, one representing the old industrial order and the other small and medium-sized businesses.
Lobbying and lobbyists

Predictably, the ubiquity of organized interests has produced a lively world of lobbying. A growing number of Czech firms regard lobbying as a necessary part of doing business. Survey data strongly support this. A survey of Czech companies in 2001 found that 39 per cent saw little value in lobbying in their home country, and 49 per cent felt the same about lobbying in Brussels. But a similar survey in 2004 found a significant change: by then only 15 per cent regarded lobbying in the Czech Republic as unimportant, and only 24 per cent saw no benefit in lobbying in Brussels (Eurochambres and SBRA, 2001: p. 29; 2004: p. 31). Some companies lobby on their own behalf at home, while others rely partly or entirely on their respective trade associations. There are only four self-described lobbying firms in the Czech Republic, representing almost exclusively companies from finance, telecommunications, energy and pharmaceuticals (Carey, 2002). Most Czech companies that want representation to the EU prefer that it be done through their respective branch association or chamber of commerce. Some, however, use lobbying firms based in Brussels, such as Czech Business Representation, which represents several Czech business associations. Very few consider it necessary or feasible to represent themselves (Eurochambres and SBRA, 2004: p. 31; Martin, 2004).

Czech lobbying takes place in formal and informal settings. The principal formal setting, in which activities could more appropriately be termed negotiation rather than lobbying, is the tripartite Council for Economic and Social Agreement (RHSD). The RHSD consists of representatives of the government and the largest labour and business peak associations involved in face-to-face discussions concerning major economic and social legislation and collective bargaining issues. The Council was created by the government in 1990 to induce cooperation during the transition from socialism to the market. After the national elections of 1992 established the dominance of a conservative (in essence a neo-liberal) coalition led by the Civic Democratic Party (ODS) and Prime Minister (now President) Václav Klaus, the importance of the RHSD sharply declined, but it was restored to policy significance when the Czech Social Democratic Party (ČSSD) formed a government in 1998. Similar tripartite arrangements were created at lower levels of governance (Casale et al., 2001). The function of tripartism is discussed more fully below.

The vast majority of lobbying, however, is done informally. A leading Czech lobbyist in Brussels complained about the prevalence of informal lobbying in an interview in 2004. Martin Duda, deputy director of Czech Business Representation, observed that to many companies, ‘it’s just only to know the right people in parliament or at the ministry, and then it’s not important to follow the whole procedures (sic)’. He contrasted this approach with practices at the EU, where lobbying is regarded as perfectly normal and is quite open rather than secretive and personalistic (Martin, 2004). One reason for this difference is the small size of the Czech Republic, which affords people a much greater opportunity to establish personal relationships. Other factors include the absence of a culture of transparency, the disapproval with which many Czechs view lobbying and in some cases the need for secrecy when carrying out illicit transactions.

Political parties, the government and interest groups

All interest groups have to deal with the fact that the Czech government tends towards elitism in its approach to governance and is dominated by two political parties which have sought to keep power at the top as much as possible rather than viewing interest groups as partners (Evanson and Magstadt, 2001). This is not a new practice—it dates back to the five-party collusion of the democratic First Republic (the ‘peška’) and, of course, the totalitarian one-party approach of the communist era. The Klaus-led ODS of the 1990s was perhaps an extreme example, given his personal hostility to interest groups, and was
buttressed by a strong popular consensus in favour of Klaus’s determination to dismantle the socialist economy as quickly as he could. Except when labour went to the streets, such as in the 1997 railroad strike, Klaus felt little need of interest group support. Nonetheless, ODS in power has not been reluctant to appoint business executives to high government positions as it plays its part in ‘revolving door government’. It is too early yet to tell whether the ODS, now that it is (barely) back in power, will be more forthcoming to business association lobbying with Klaus no longer in the party leadership.

Executive branch versus parliamentary lobbying

As is the case in most parliamentary democracies, the majority of lobbying occurs in the ministries, where most bills are drafted; but individual members of the Chamber of Deputies are not powerless. On rare occasions the lower house has passed resolutions calling upon the government to draft a bill, and deputies have a constitutional right to initiate legislation. When the latter occurs the government may express an opinion on the bill but cannot scuttle or amend it (Reschová and Syllová, 1996: pp. 327–328). Between 1993 and 2002 the percentage of bills introduced by MPs ranged from 37 to 47 per cent (Roberts, 2003: p. 1287). Interest groups sometimes lobby deputies to alter legislation already introduced by the government, and they submit drafts to both government and legislature (Reschová and Syllová, 1996: p. 332). Andrew Roberts observes the degree to which the Chamber of Deputies meets the standard measurements of parliamentary bodies with a meaningful legislative role for opposition parties: 14 standing committees dealing with public policy specializations that correspond to ministries; only one or two committee assignments per deputy; and a tradition of sharing committee chairs with the opposition. Roberts concludes that the Chamber’s committee system has ‘some though not overwhelming power’ (Roberts, 2003: p. 1279).

There have also been cases of major defections or even open rebellion within the ruling parliamentary parties. In 1999 a Social Democratic bill to raise taxes on gasoline and cigarettes was defeated with massive defections within the ČSSD’s own ranks despite earnest appeals from the Finance Ministry about the need for the revenue (Dow Jones Newswires, 1999). Similarly, in 2005 the ČSSD government, possessing a wafer-thin one-seat majority, faced an open threat to support a no-confidence vote by five of its deputies over the question of the appointment of a new Deputy Minister of Foreign Affairs. The underlying issue concerned relations with the United States (Willoughby, 2005). In 1998 a group of ODS deputies broke away to create a splinter party in rebellion against Prime Minister Klaus’s imperious leadership style.

Typical of parliamentary systems, the distribution of party power can be important in influencing group lobbying strategies. During 1993–1997 the prevailing targets for influencing legislation were the ministries and leading members of the ruling parties, which were reasonably united in the rush to a market economy. In 1993 all the government’s bills passed, as did two-thirds of bills introduced by members of the government parties (Reschová and Syllová, 1996: p. 339, Table 1). However, the influence of lobbies was limited by a general societal consensus that the communist economic system needed to be dismantled as quickly as possible, and by Prime Minister Klaus’s rejection of ‘civil society’ and his stated desire to ‘dissolve dangerous lobbying, rent-seeking, protectionist organizations and pressure groups and so on’ (O’Mahony, 2003: p. 190). Klaus resigned late in 1997 in a party financial scandal in favour of a technocratic caretaker government. The following year the centre-left party, the ČSSD formed a minority government under an ‘opposition agreement’ in which the Civic Democrats agreed not to bring down the government through a vote of no confidence. Since any important legislation had to pass muster with both major parties, lobbyists were constrained by the limited ability of ‘their’ party to act on their goals. In the
elections of 2002 the ČSSD was retained in power but formed a three-party coalition with only limited ideological accord. Then, in 2006 the ODS was returned to power by the narrowest of margins and leads a coalition with only a one-vote majority. As a result, the pattern of fragile, weak governments continues, limiting the degree to which party leaders can 'deliver the goods' to their private benefactors.

**Concerns about the development and status of Czech interest groups**

There are a number of problems in the domain of Czech interest groups some of which may be working to undermine the consolidation of the country as a participatory democracy.

Despite an initial surge in the number and membership of groups in the decade after the fall of communism, in the past 5 years membership in many organizations has declined, agricultural representation is regarded as weak, and some industries, such as distributors of domestic appliances and electronic consumer goods, lack associations to represent their interests (Carey, 2002). Large foreign investors enjoy major advantages over domestic competitors mainly because their presence is desperately sought after and they tend to possess greater resources and lobbying experience than many domestic interests.

Another problem is one of the perceptions of public officials both elected and appointed. In most western countries lawmakers regard lobbyists as important sources of information, a perception that enhances their influence. In the Czech Republic, on the other hand, many officials regard lobbyists as a nuisance, and in a poll of politicians in 2005, a majority responded that they did not regard lobbyists as reliable sources of information (Verlinger, 2005).

**The endemic problem of corruption**

Without question, however, the greatest problem is corruption, which has been especially widespread in privatization and government procurement. Corruption blossomed during the privatization process of the 1990s, in which all Czech citizens received vouchers that could be redeemed for shares of the larger privatized companies or sold at a price the market would bear. Many people lost their money when they placed their vouchers in phony investment schemes, while at the same time some industrial managers and other state officials seized ownership of state enterprises on the cheap. The problem of 'insider privatization' persists today on a smaller scale because many state enterprises have not yet been privatized. One analyst points to the way in which the Czech approach to privatization, which produced soaring indebtedness of enterprises, a staggering number of legal cases in commercial courts, and a lack of enforcement of property rights, created an irresistible move towards private arbitration of disputes and underhanded methods of transferring property through what the Czechs call 'tunneling', the stripping of assets from state-owned businesses (Mlčoch, 1998: p. 955).

The corruption problem began under the ODS-led government coalition. In 1998 the ČSSD ran successfully on an anti-corruption platform, but little changed during its time in power (1998–2006). During the first 4 years of Social Democratic government, an 'opposition agreement' was in place, in which the ČSSD was able to function as a minority government with the forbearance of the ODS, which was awarded powerful posts in parliament and a virtual veto over contentious legislation in return for a pledge not to bring down the government through a vote of no confidence. Jordan (2002: pp. 29–30) argues that corruption actually increased during this period due to a situation of potential mutual blackmail between the two parties, which shared control of the government and knew what the other was doing. He regards both parties as driven less by their differing ideologies than by personal and political opportunism.

Jordan also places some of the blame on the presence in the government of former Communists who had switched to the ČSSD after 1989. He correctly notes that corruption was endemic in communist Czechoslovakia, where
many members of the elite were on the take and many citizens felt justified in stealing from an illegitimate regime. These habits and attitudes have carried over among present-day elites, some of whom were in privileged positions during the previous era. Perhaps the most shocking cases that he blames in part on the influence of former Communists are the illicit sales of Soviet-era weapons to rogue Third World regimes with government complicity and involvement by Russian organized crime (Jordan, 2002: pp. 19, 25–26). However, neither Jordan nor other observers argue that the appetite for illegal takings is confined to former officials of the old regime.

Bribery has become endemic in the Czech Republic, a fact noted by the World Bank in August 2006, when it wrote that about a quarter of Czech businesses offered bribes for state orders during 2002–2005, putting it in third place in central and eastern Europe behind Albania and Lithuania (Bouc, 2006). Also in 2006 the leading international corruption watchdog, Transparency International (TI), placed the Czech Republic in the second highest of four categories in a ranking of ‘countries most affected by bribery’. While the country was near the bottom of the states in that category, it ranked far above its central European neighbours and the countries of western Europe and even higher than Russia regarding its level of bribery (Transparency International, 2006: p. 7, Table 1). In the same survey, TI found that 40 per cent of Czech citizens regarded their government’s fight against corruption as ‘not effective’, another 21 per cent thought that the government ‘doesn’t fight at all’ and yet another 21 per cent said that the government ‘actually encourages’ corruption (Transparency International, 2006: p. 21, Table 6). Another survey finds that Czech politicians and managers share these perceptions (Donath-Burson-Marsteller, 2007). Former President Václav Havel referred to Czech business as ‘mafia capitalism’ (Jordan, 2002: p. 44).

Public perceptions have been shaped in good part by what at times has seemed like a constant stream of publicized scandals. The worst year in this regard was 2005, which may be one reason for the dire verdict of the citizenry recorded by TI the following year. The Minister of Agriculture came under a cloud of suspicion due to the sales of land at artificially low prices to persons with political connections to the government. Corruption among Czech and Polish officials was alleged in planning the privatization of the chemical giant Unipetrol. The Social Democratic Prime Minister, Stanislav Gross, resigned after his inability to explain what appear to have been improprieties in his purchase of a flat. The year was capped off by accusations in November against high state officials for stealing $9.5 million from an EU fund, and the arrest in December of an ODS parliamentary deputy for mediating a bribe (Druker, 2006). Similar publicized bribery cases involving MPs have occurred previously. Perhaps most painful to many Czechs was a game-fixing scandal in the Czech soccer league, which broke into the open in 2004 and ultimately led to the conviction of more than two dozen top club officials and referees (Bouc, 2005; News from Russia, 2006).

In February 2007 it was revealed that British and Swedish investigators are looking into allegations that Britain’s BAE Systems bribed Czech officials in 2001 to win a contract for the purchase (and subsequent leasing) of 24 British/Swedish Gripen jet fighters. Admissions by several Czech politicians, including former foreign minister Jan Kavan, that bribes were offered have led Czech police to open their own inquiry (Leigh and Evans, 2007; Bouc, 2007a). The prolonged international competition for the contract was the most highly publicized instance of Czech weapons modernization.

Tomáš Svoboda, owner of one of the two largest Czech lobbying firms, Knight and Svoboda Public Affairs, sums up Czech corruption in the following way:

There are two kinds of corruption here. The first has been dubbed the ‘Mr. Professor’ corruption. The premise is that you have a professor at a university, who agrees to take a bribe from parents who want their son or daughter to be accepted by his
department, but says he will take payment only if successful because he cannot promise anything. Then this professor does nothing to influence the process and if the child is accepted to his department, he takes the money. If the child doesn't make it, he tells the parents he tried his hardest, but failed. It has happened very often that you have, say, a ministry official, a politician or someone close to a political party who tells a company that for a price they can arrange for a favorable outcome in a tender. They sit back and if that company is successful, they collect their success fee, without risking their reputation or future. That is very common here. (The other kind) is real corruption, where someone takes money and directly influences a deal. It is interesting to note that in my experience, politicians here are less corrupt than ministry or state administration officials. They are more willing to take bribes and they have a lot of power. A prime example is the National Property Fund. During the 1990s, this was the marketplace for buying all the factories and property. You could buy almost anything in this country if you had contacts there (Carey, 2002).

Svoboda also asserts that the ministries of defence and finance are the most corrupt because of the importance of their decisions. However, he tries to be balanced about his country by pointing out that corruption is a global problem and asking what the real difference is between the Czech and American patterns: 'In the Czech Republic, the deal is often that you help someone now, you'll get a million crowns tomorrow. In the United States you help out, the deal is unspoken and some years down the line you get a well-paid post. It's legal and more elegant that way' (Carey, 2002).

Attempts to deal with corruption

Pervasive doubt about the integrity of the Czech government must be damaging to the legitimacy of both the political system and the private sector. Despite calls over a number of years, there has been little support for legislation in parliament for legislation that would greatly enhance lobbying transparency and increase penalties for corruption. However, the government announced in April 2007 that it was proposing to parliament an amendment to the penal code that would increase the maximum sentence for taking a bribe from 8 to 12 years and for bribing from 1 to 2 years. The amendment would also ban officials convicted of corruption from public office. Another measure would ban persons convicted of bribery from future connection with public orders, tenders and auctions. The government is also calling for special courts and anti-corruption investigators (Prague Daily Monitor, 2007). These measures would constitute a step forward but may not be sufficient. If someone is willing to risk 8 years in prison for taking a bribe, why not 12? Svoboda also notes that few police are trained in investigating economic crimes and suggests that the country will take years to build a culture of trust that would alleviate the urge to demand immediate compensation for negotiating a deal (Carey, 2002).

The preceding discussion of corruption is not intended to suggest that doing business in the Czech Republic is dangerous or foolhardy. Reports of shady deals have not inhibited FDI, which is soaring, and EU officials are pressing the government to enact further legislation to enhance transparency, which the government's current package of proposals only addresses after the fact. It must also be realized that although there may be more per capita bribery in the Czech Republic than in Russia, foreign investors do not have to pay organized criminals for protection or fear bombings or assassination as risks of doing business. The Czech Republic remains one of the preferred places to do business in central and eastern Europe.

On the other hand, bribery and corruption and, in effect, an inability to deal with it, stymie the development of an open and transparent interest group system that pro-
vides a chance for groups and interests of all types to compete more or less equally for access even within a situation where some groups have—and will likely always have—more resources. In effect, the continuation of extensive bribery and corruption produces an elitist democracy that becomes stymied in embracing a wide range of interests and giving them a more or less equal chance at influencing public officials.

**Business, labour and the state**

**Business and the apparent contradictions of business influence**

In 1997 Orenstein and Desai wrote that 'Business associations in the Czech Republic are emerging not as powerful players in the distributional struggles of transition, but as fledgling institutions with weak representative functions in a system of industrial relations still dominated by the state' (Orenstein and Desai, 1997: p. 44). The authors found evidence of business influence in the tripartite forum in arenas where the government had not yet determined its policy, such as energy, taxes and social insurance, but business played almost no role in shaping the economic reform process (Orenstein and Desai, 1997: p. 49; Appel and Gould, 2000: pp. 113, 116).

On the other hand, we have seen that there is a pervasive impression that Czech business lobbies are powerful and often corrupt. How do we resolve this seeming paradox? First of all, corruption can be a compensation for weakness, as it was in 1997, when Klaus’s hostility to lobbying led business interests to pour large sums of illicit funds into the ODS in a gambit to buy influence, eventually creating the scandal that brought down the government (Horowitz and Petras, 2003: p. 256). As for the paradox of weakness and power, to state it simply, business interests have been rather weak collectively, that is at the associational level (peak association and sector levels), but many individual businesses have been increasingly able to wield influence on their own behalf through direct lobbying. The result of this pattern is that business has not had as much of a role in determining the broad contours of Czech economic policy as many of its members doubtless would like, but a large number of businesses are doing very well for themselves.

There are exceptions, of course, to most sweeping statements. The large banks as a group, which were still partly state owned, exercised enormous influence over the privatization process (Rao and Hirsch, 2002). Also, Orenstein and Desai identified the Iron and Steel Federation and the Automotive Industry Association as exceptions to their generalization about weak business associations (Orenstein and Desai, 1997: p. 50). Tomáš Svoboda cites the Czech Insurance Association as a contemporary example of an influential business association. It is the individual companies in certain sectors that most impress him, however: telecommunications, tobacco and energy. They openly give money to political parties, officially sponsor pressure groups and exercise 'immense power' (Carey, 2002). Andrew Schwartz detected 'the mounting influence of industrial lobbies' during the era of Social Democratic government (Schwartz, 2006: p. 170). Orenstein and Desai say that the early business associations were preoccupied with 'institutional survival' (Orenstein and Desai, 1997: p. 50), whereas Schwartz can observe nearly a decade later that it has taken years for a stable ownership class to emerge as a prerequisite for effective interest group activity, abetted by the influx of foreign owners (Schwartz, 2006: pp. 171-172).

What are the factors that have limited, at least until very recently, collective business influence on economic policy? In the early years of privatization, business interests were dominated by the industrial bureaucratic elite and, therefore, were suspect because of their former connections to the old regime (Schwartz, 2006: p. 116). It has also been noted that in the 1990s the reshaping of business interest representation began as a mostly state-driven process, as was obvious
from the government’s reformulation of business peak associations and creation of the tripartite forum of consultation. The new business elites were effectively co-opted by Klaus’s government and did little beyond participate in the RHSD. As a result the larger companies with sufficient resources began to bypass their business associations in favour of direct contact with the ministries (Orenstein and Desai, 1997: p. 1). Many business associations continue to suffer from their top–down nature and have not worked to establish the grass-roots, bottom-up linkages that might well enhance their effectiveness as interest advocates.

In addition, there are deep divisions in the business community that make it difficult for them to act in concert and especially complicate the task of peak associations at the highest level. Today, the two largest peak associations representing employers are the Confederation of Industry of the Czech Republic (SP), and the Confederation of Employers’ and the Entrepreneurs’ Associations of the Czech Republic (KZPS). Both sit in the RHSD. SP’s membership includes 30 business associations and 106 individual businesses and encompasses large, medium and small enterprises. In all SP represents more than 1500 companies and organizations. The smaller KZPS includes associations representing parts of the textile and clothing industry, producer cooperatives, trades people, the building industry, small- and medium-sized businesses and agriculture. KZPS also cooperates with the Economic Chamber of the Czech Republic (HK), which is comprised of more than 60 district and regional chambers and 70 professional associations, and the largest agricultural peak association, the Agrarian Chamber (AK) of the Czech Republic (Hala and Kroupa, 2005). Most sectors of the business community have their own associations and collectively bargain with the unions at the associational or individual enterprise level.

It is very difficult to find much common ground among such disparate organizations. Companies vary in size and field of production; some are in the public sector and others in the private sector; some lean towards chamber functions and others towards interest representation (Agh, 1998: pp. 59–60). Large companies can do their own lobbying, which many smaller businesses cannot. And perceived disagreements between large and small enterprises over various issues, such as relations with unions, have led to defections from the highest level peak associations (Myant, 2000: pp. 15–16). In addition, some businesses see peak associations as too expensive to join, remote from their interests and prone to create new conflicts among enterprises already competing for the same markets (Agh, 1998: p. 82).

The labour lobby and its challenges

The challenge facing the trade unions is quite different. Labour is less divided than business, and ČMKOS has remained the most comprehensive labour peak association in eastern and central Europe. Labour’s major political problem is one that is familiar to all the countries in the industrialized world—the constant shrinkage of the unionized workforce, which declined from over four million in 1990 to 900 000 in 2001 (Kuchar, 2002b). Reasons for this decline often given include privatization, since union membership is much lower in private sector firms; the decline of large industrial firms; and the reluctance of management of new businesses to allow unionization even though it is a legal right. Foreign-owned companies have been the most difficult in that regard, although the incidence of raw coercion is fairly low.

While the trade union movement has remained formally nonpartisan in the post-communist period, it has increased its reliance on cooperation with the ČSSD. Yet, Czech unions are quite moderate in their approach to both government and management, resorting to strikes less often than unions in many other European countries. The chairman of ČMKOS, Milan Štěch, said in April 2002: ‘Demonstrations in squares and strikes aren’t our style. We prefer to propose changes in laws and negotiate with the government’ (Kuchar,
Economic interest groups

2002b). There is, however, a militant wing of the labour movement, particularly in transport, where the railway union is particularly contentious, and ČMKOS has used the threat of strikes on occasion to gain concessions. Of major concern to unions are wage and benefits issues and salvaging jobs during restructuring. In 2007 unions were driving a hard bargain with high performance companies, notably Škoda Auto, and are pressuring the steel companies as restructuring and the near-certainty of foreign buyouts of major steel firms come to pass (Kuchar, 2002a).

The ups and downs of tripartitism

The Social Democrats reportedly learned from the mistake of the previous government, which virtually scuttled tripartite negotiations until an economic crisis in 1997 forced it to return to the bargaining table (Avdagic, 2005: p. 45). The ČSSD-led coalition resuscitated it in 1998 and extended the tripartite mode both vertically and horizontally to encompass additional economic interests and issues.

How important is Czech tripartism? The preceding comments show that it depends in good part on the attitude of the party or parties in power and the political and economic circumstances of the moment. During the early years of post-communism, it contributed to social peace, which was the concern that led the government to create it. While the rules allow discussion of major social and economic issues, it became clear that the ODS regarded the RHSD as a forum for discussion but not policy making. The trade unions saw tripartism as a means of defending against the loss of jobs during economic restructuring, and the government regarded the cooperation of the unions as essential to a smooth transition. However, as indicated above, what measurable gains the unions achieved appear to have followed direct action (strike threats, demonstrations) rather than tripartite discussions (Ost, 2000: p. 511). Business groups often felt superfluous (Myant, 2000: p. 2).

The Social Democrats restored the regularity of meetings of the RHSD and spoke as if it would give it a more significant role in shaping policy than it had had in the past. The government still tends to control the agenda, but important issues are discussed, such as a new bill on health insurance, reorganization of the hospital system and raising the minimum wage. However, in an unprecedented walkout in September 2005, labour and business representatives accused the government of bringing in legislation on which it had already decided with no real interest in input from the negotiating partners, a throwback to the practice of the Klaus era (ČTK, 2005). Sometimes government ministers would not show up for scheduled meetings. In October 2006 the new government of Prime Minister Mirek Topolánek (ODS) moved the RHSD from the Government Office to the Ministry of Labor and Social Affairs and denied ČMKOS’s charge that the action was a signal that the forum was being demoted (ČTK, 2006). Regardless of which parties are leading the government, Czech tripartism is not a form of neocorporatism, in which binding agreements are reached through unrestrained bargaining similar to that which has sometimes been observed in Austria and several other west European countries.

Agriculture and the state

Unlike business and labour, agriculture is wielding less and less political influence in the Czech Republic. Some background will help explain why.

The agricultural sector has declined since 1989 while the rest of the Czech economy has moved upward. As has been the case throughout much of Europe, agriculture’s share of the work force has fallen steadily, reaching only 4.2 per cent in 2003, the same year that its share of GDP fell below 3 per cent (Hala and Kroupa, 2005). Agricultural output has declined over 40 per cent since 1990 (Swanson, 2006), causing continuing decline in farm income worsened by the challenge of increas-
ing penetration of lower priced products from subsidized farmers elsewhere in the EU. In figures adjusted for inflation, in 2005 the agriculture sector was valued at approximately 62 per cent of its worth in 1989 (Swanson, 2006).

Agriculture’s problems began during privatization in the early 1990s, when the new government set out to dismantle the system of cooperative farms (JZDs) that employed most of the farm population. The JZDs were quite productive, certainly a far cry from the Soviet collective farms that were their model. Czechoslovakia was fully able to feed itself, but after 1992 it became a net food importer (Swanson, 2006).

There is every indication that few cooperative farmers wanted to switch to privatized individual farming. However, the national government was determined to end any vestiges of socialist agriculture and in 1990-1992 enacted legislation for the break-up of the co-ops. Economic incentives were offered to encourage private farming, and previous owners of collectivized land or their heirs were extended the right to take back their lost property or demand restitution from the farms. Most of them had not remained in farming and had no interest in becoming involved. This situation imposed high financial costs on the cooperatives and sometimes created conflict between different ownership groups. Finally, restructuring and the redistribution of assets were mandated and most of the power to determine the future of collective farms fell to the former private owners. Many farms broke up into several smaller units.

The most common result, however, was that most farmers and even many absentee owners (who had to wait until 1999 to withdraw their land and its assets from the farm but could rent it in the meanwhile) opted to create ‘owner cooperatives’ rather than to end co-operative farming (Myant, 1993: pp. 208–215; Stryjan, 1997: pp. 44–56; Bezemer, 2002: p. 8). One student of this process concludes that the result of the constant changes in farming structures was to lower farm efficiency and ultimately would fail to benefit any of the involved parties (Stryjan, 1997: p. 56). The percentage of the agricultural workforce engaged in cooperative farming gradually declined from over 90 per cent in 1989 to 28 per cent in 2003. In more recent years the ironic trend has been towards bigger farms, and the majority of agricultural land today rests with corporate farms (Hala and Kroupa, 2003).

Since the period of privatization, the government has provided Czech farmers with subsidies, supplemented by the EU since Czech entry in 2004, but in 2006 their combined support comprised a percentage of total farm income that was only half that of the 15 original EU member states. A much higher level of support would be necessary to level the playing field for competition with more heavily subsidized and mechanized western farms or even neighbouring Poland, where subsidies are much higher. Instead, Czech government subsidies actually are declining (Swanson, 2006; Veleba, 2007). A recent example is the rapid decline of the domestic pork industry, where bankruptcies and cheaper foreign pork are reducing the Czech share of domestic and EU markets (Bouc, 2007b).

Largely as a result of these developments, one striking consistency from 1990 to the present has been the agricultural sector’s lack of political influence, which can be contrasted with the disproportionate clout exercised by the agrarian lobbies in several west European countries. During the years of intense privatization, cooperative farms laboured under a cloud of collectivism and were associated in people’s minds with the old regime. This placed them on the defensive and left them with little sympathy from almost any political quarter other than the discredited Communist Party. An additional barrier to influence was Václav Klaus’s open contempt towards lobbyists in general and agricultural lobbyists in particular (Myant, 2000: p. 8). Today agricultural interest groups remain somewhat marginalized. Part of the problem is that neither of the major parties—the ODS and the CSSD—has a particular affinity for the rural sector: the ODS is closely tied to urban corporate and entrepreneurial interests and is suspicious of
government intervention to rescue troubled industries; and the ČSSD is an urban party closely connected to the trade unions.

The closest to a 'friendly' party is the Christian Democratic-People’s Party (KDU-ČSL), which is popular among rural voters and tends to receive the agricultural portfolio in coalition governments of both the right and left. However, all the main parties, again excepting the large but isolated Communists, were obsessed about entering the European Union and tended to view the agricultural sector as the weak link in this quest. They were aware that western agricultural interests feared competition from cheap east European products (a false fear in the Czech case), and that the potential costs of expansion to the Common Agricultural Policy (CAP) gave pause to some EU members. The result was that the Czech government steered away from high subsidies and bent over backwards to impress the EU. In a 1994 document that also reflected the ODS’s belief in unfettered market competition, the government even welcomed foreign competition, calling it 'the sole guarantee that quality and economy will become features of our agriculture'. The following year the Minister of Agriculture (a Christian Democrat) lamented the rush to open economic borders and called for increased state intervention to little avail (Bezemer, 2002: p. 11).

However, the agrarian lobby’s ineffectiveness may not be entirely due to party ideologies or the Europeanization of the Czech economy. The principal agricultural peak association is the AK, which consists of three smaller associations representing, respectively, cooperative and corporate farmers, former state farmers (veterans of a highly socialized form of agriculture under the communists) and individual private farmers. The three member associations reportedly do not regard the AK as an effective advocate for their interests in the tripartite forum and prefer to pursue their concerns individually outside the forum. Thus, the AK’s is a classic example of how divisions within a lobby can undermine its political effectiveness in this case through the incompatibility of interests among the three disparate associations (Bezemer, 2002: p. 16).

The inability of agrarian interests to influence policymakers has forced them to pursue a public route through media appeals and direct action. The president of the AK, Jan Veleba, has been agriculture’s leading public spokesman, calling for increased government subsidies, protection from foreign competition, and help in diversifying agricultural products, such as support of ethanol production, which the Czech government ended in 2004 to the consternation of agrarian interests (Swanson, 2006; Veleba, 2007). These are some of the same issues which Veleba pushes in RHSD forums. Calls for protectionism, however, run into the problem of ‘Europe’. This was clear in April 2007 when the Minister of Agriculture stated that ‘I’m not excited about the increasing meat imports and that retail chains tend to prefer meat from abroad to Czech meat, but there’s not much that can be done about it’ in a single European market (Bouc, 2007b). Periodically Czech farmers under AK leadership take to the streets. Such direct action extracted concessions on price supports at various times during the 1990s, when the government was alarmed by farmers blocking roads and demonstrating in central Prague (Myant, 2000: pp. 5, 9). The AK has threatened further protests over the issue of pork imports and has been conducting educational seminars in towns around the country (Czech Business Weekly, 2007; Veleba, 2007). A major test of agricultural influence is growing in 2007 over the government’s announced intention of liberalizing rules on foreign purchases of land, which could lead to the loss of large amounts of farmland priced at levels beyond he reach of cash-strapped Czech farmers (O’Connor, 2007).

Conclusions: mixed prospects for the future

The preceding analysis enables us to identify several variables that have influenced interest group activity thus far in the post-communist
Czech Republic. These include: a political culture of elitism; the communist legacy, particularly a weak civil society that has grown rapidly in numbers of autonomous groups but perhaps not in quality; the ideologies of ruling parties, notably the ODS and ČSSD; the personality of Václav Klaus, who was the most important figure in influencing the direction and pace of economic reform and for some years also the degree of access of organized groups to policy-making circles at the national level; and perhaps most important, Europeanization, which in combination with a revulsion towards communism has driven Czech political leaders of all the power-sharing parties and the attentive public in the direction of western capitalism. Under these circumstances no major interest coalitions have been inclined or able to resist the march of economic reform. This trend can only increase as the Czech Republic becomes further integrated into the single European market.

Thus, there is a mixed bag regarding the contribution of interest groups towards the advancement of Czech democracy. On the one hand, independent interest representation has become pervasive in the Czech Republic, a sign of movement towards mature democracy. Plus, the advancement of interest groups is likely reducing the dominance of political party elites in the policy process. At the same time, political elites appear to be getting more comfortable with lobbyists, and increasing numbers of groups are gaining experience in interest advocacy. On the other hand, there are weak and shallow business associations, declining union membership, and weak representation in agriculture. Worst of all is the appearance, however exaggerated, of pervasive corruption, particularly in lobbying, where bribery is rife and most media attention to interest group activities tends to focus on scandal. This can only undermine the advancement of a more inclusive, open and transparent democracy buttressed by a more inclusive interest groups system. And looking ahead, increasing integration of the Czech economy into the European single market will present a major challenge to a relatively immature interest group community.

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