COULD COMMERCIAL FISHERMEN INFLUENCE STATE DECISION IN THE REPUBLIC OF SERBIA?

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MOGU LI KOMERCIJALNI RIBARI DA UTIČU NA DONOSIOCE ODLUKA U REPUBLICI SRBIJI?

Abstrakt

Formiranje cena primarnih proizvoda po pravilu nije potpuno slobodno već država u većoj ili manjoj meri vrši uticaj, što je praksa u većini zemalja u svetu. Svako mešanje države u slobodno formiranje cena po pravilu donosi gubitak blagostanja. Postavlja se pitanje razloga za ovakvo delovanje države. Navedenim pristupom država u povoljniji odnosno nepovoljniji položaj stavlja pojedince i određene grupe. Očigledno je da se države svesno odriču dela blagostanja da bi postigle neke druge ciljeve. Posebno je važan način na koji se određuje koja će grupa biti privilegovana a koja oštećena.

Osnovno pitanje koje se pri tome postavlja se odnosi na način donošenja odluka. U objašnjenju načina donošenja odluka koriste se dva pristupa, i to: normativni pristup i pristup Nove političke ekonomije.

Normativni pristup polazi od pretpostavke da se svaka odluka orijentiše prema datoj ciljnoj funkciji i ciljnim ograničenjima. Normativna analiza se bavi temom formiranja cena proizvoda primarnog sektora u uslovima postojanja opšteg cilja društva, kao i efektima pojedinih državnih mera na ukupnu privredu. Prema ovom pristupu političar niti mora da se pridržava svojih obećanja od juče, niti mora da vodi računa o vremenskoj konzistentnosti svojih odluka. Umesto toga, političar u skladu sa normativnim pristupom pokušava da u svakom momentu maksimira društveno blagostanje.

Osnovna hipoteza od koje se polazi glasi da svi koji utiču na donošenje političkih odluka pokušavaju da realizuju lične ciljeve u okviru svojih mogućnosti. Donošenje političkih odluka se može uporediti sa igrom. Tok i rezultat igre zavise sa jedne strane od igrača, a sa druge strane od pravila igre. Igrači su politički akteri koji mogu biti nosioci politike prema tradicionalnoj definiciji, ali takođe mogu biti i organizacije i osobe koje utiču na tok i rezultat politike. Pravila igre su jednim delom utvrđena zakonima, a delimično proizilaze i iz nepisanih pravila ponašanja aktera.

Za političare se pretpostavlja da se oni moraju podvrgavati ponovnom izboru u redovnim vremenskim razmacima. Time se objašnjava proces donošenja odluka u

demokratskom sistemu. Pretpostavlja se da je cilj političara da maksimiraju dohodak, lični ugled i moć i da oni ove ciljeve najbolje mogu da dostignu obavljanjem neke političke funkcije. Da li bi političari nekim alternativnim zaposlenjem mogli da ostvare veći dohodak, zavisi od uređenja političkog sistema. Ako se, međutim, pođe od nealtruističkog načina ponašanja, političari su preuzimanjem funkcije obelodanili svoje preferencije. Zbog toga se može pretpostaviti da se dohodak, moć, lični ugled i druge varijable koje mogu da ulaze u njihove ciljne funkcije bolje mogu realizovati obavljanjem političke funkcije nego neke alternativne delatnosti.

Moć neke grupe određena je između ostalog i njenom veličinom i organizovanošću. Po pravilu veličina grupe i njena organizovanost su negativno korelirane. Primarni proizvođači u Srbiji zbog svoje brojnosti potencijalno predstavljaju značajnu interesnu grupu koju bi političari trebalo da uvažavaju. Ribari u Republici Srbiji su mala grupa koja bi mogla uticati na donošenje odluka koje su vezane za sektor ribarstva. Ovaj rad ima za cilj da objasni odnose političara prema pojedinim interesnim grupama, načine na koje grupe mogu ostvariti uticaj na političare i donosioce odluka u pogledu formiranja cena, kao i položaj ribara kao male grupe birača.

Ključne reči: ribarstvo, formiranje cena, interesne grupe, donošenje odluka

INTRODUCTION

In principle price setting of primary products in Serbia is free, but there are state regulations that influence price level, too. The similar situation exists in most countries in the world. Economists point out that this practice of price setting has negative welfare effects. Even though the fact that there are negative effects of state measures on price setting of primary products, society and politicians accept such measures.

If we assume that society and politicians do not consider welfare differently from economists, then it can be assumed that the politicians by decision making are not oriented towards the general economic effects on welfare.

The main issue refers to the question on decisions making. In explaining this phenomenon two approaches are used, namely: a normative approach and new political economy approach.

The normative approach assumes that every decision is oriented towards a given goal and that there are limitations of target function. Normative analysis is focused on price setting of products assuming there is a general goal of society, as well as on the effects of certain government measures on the overall economy. According to this approach, nor a politician has to comply with its promises, or has to care about the time consistency of their decisions. Instead, the politician in accordance with the normative approach every moment is trying to maximize the social welfare.

From the new political economy method it could be concluded that there are no general rules applicable to price setting for all products of primary sector, including fishery. Both, stakeholders and institutions are specific for every country and for the given time. Therefore, stakeholders and the rules for each particular country have to be defined. In addition, one should keep in mind that decisions depend on the time. Decisions in the past have had created a situation that have consequences for decision making in the present. This approach of the new political economy differs from the traditional normative policy analysis.

The new political economy approach use tools of economic theory in analysis of political decisions. This method is used to explain the principle of price setting in the primary sectors in the Republic of Serbia. The primary sector in this paper includes agriculture, hunting, forestry, water management and fishery.

MATERIAL AND METHODS

The basic hypothesis is that all those who influence decision making are trying to achieve their personal goals in given situation and with given personal abilities. Political decisions can be compared to the game. The course and outcome of a game depends on one hand of the player, and on the other hand of the rules of the game.

According to the traditional definition players are politicians. However, players could be organizations and individuals who influence the course and result of the policy making.

Game rules are in part determined by the laws, and partially resulting from the unwritten participants' behaviour rules. Each rule, written or unwritten, limits the freedom of the participants' behaviour.

According to the new political economy method individual participant behaviour is entirely comparable to the entrepreneur who maximizes its profits with existing restrictions or to the household that maximizes its benefits in terms of the given goal and limits. This comparison of individual and entrepreneur or households appears completely rational. It is important to emphasize that there are entrepreneurs who renounce profit in order to achieve social goals. However, this research used the basic hypothesis that the politicians want to maximize their own personal benefit.

RESULTS AND DISCUSSION

According to Tyers and Anderson (Tyers & Anderson, 1992) in the price setting of primary products, key players are these three groups, politicians, interested parties and consumers. The main hypothesis of those authors is that all groups behave rationally and try to maximize their goal functions. However, in achieving the goals there are several restrictions, of which the main are asymmetric information of the groups in the game.

For politicians it is assumed that they have to be re-elected at regular time periods. This explains the decision making process within a democratic system. It is assumed that the aim of politicians is to maximize profit, personal reputation and power. These goals they can achieve through certain political function. Whether politicians with certain alternative employment are able to achieve higher profit depends of the political system. If, however, we start from the not altruistic behaviour, politicians through taking over their functions make public their preferences. Therefore, it is assumed that profit, power, personal prestige and other variables that may go into their objective functions can be better realized by performing political functions rather than some alternative activity. In the Republic of Serbia many examples for this could be found. For example a politician due to his position has specific information and shares it with some companies for any kind of compensation.

From the target function and limitations it can be concluded that politicians will try to maximize the number of votes at the next election. If all voters would be perfectly informed and if they would behave rationally each election would shows their preferences. In this situation the politician that increases welfare of the most voters would be

elected. However, politicians as candidates on elections know that voters do not have perfect information. Therefore, politicians by favouring particular groups could turn the election result to their favour.

According to Downs it could be noticed that a democratically elected government takes stronger into account the interests of consumers rather than producers, because producers are better informed about the benefit done by politicians than consumers of negative effects.

In developing countries there is a trend of evident taxation of primary producers to benefit of consumers. Therefore, only the basic Downs statement can be taken that protection or taxation of primary producers depends on power of key players on the **political market**. This revised view is fully applicable for the Republic of Serbia.

As a rule politicians do offer protection to some stakeholders. They, however, have to take into account that with the realization of certain level of protection will have to accept certain losses. For example, consumers could punish politicians by nonparticipation in voting or choosing another party. The relative index of protection is defined as the effective coefficient of protection for primary relative to a given effective coefficient of protection of industrial sector. Index higher than one, indicates that government measures are effectively subsidizing primary in relation to the industrial.

Potential beneficiaries of protection of primary sector in industrialized countries are producers, while potential beneficiaries of taxation of primary sectors in developing countries are consumers. How we could explain this situation?

In developing countries primary producers are neither well informed nor well-organized. Therefore it seems obvious that in these countries self-interested politicians are less occupied with granting privileges to this group. More important is group of consumers, who are better informed and better organized. Therefore, the politicians according to this hypothesis tend to taxing producers for the benefit of consumers. The protection is negative, i.e. the ratio of protection is less than one.

In most industrial countries primary producers are relatively homogeneous group of voters. Political parties are therefore often attempting to address this group of voters. However, surprisingly the parties, which usually receive a few votes from this group, take into account this group of voters during designing their politics or their programs. This is because of fact that parties which primary producers do not vote hope that this group could change opinion or the group could boycott election what would be crucial for election results. History of the European Union shows that primary producers, especially in election years enjoy special privileges. On the contrary, in developing countries primary producers have less importance as a voting group. Although in these countries, more people work in primary sector and most of them are poor and inadequately organized. Therefore, voters in these countries could impose less in politics than in industrial countries.

According to Olson's voter importance depend on two factors: the size of the group and its organizational strength and there is a negative correlation between these two factors. The bigger the group is, more difficult is to organize. The organizational strength of a group depends on the benefits that individual member could expect from membership and perhaps depends on active participation. If individual group member benefits from group activities even when he is not a member, his affinity to act as a "**free rider**" is high. Although the activities of the group are appreciated, there is no willingness to pay for it. Membership in a group can be more attractive if the members receive **selective stimulants** or if there is direct connection between membership and benefit.

Selective stimulants could exist for example by providing important information only to members of the group or with special extension services.

In our case a union of fisherman for example can be strengthened by non-transparent, protectionist state policy. The great need for information of individual member cannot be satisfied in any other way than through membership in union.

The principle of "free rider" is evident for Serbian larger group of primary producers, as the right to receive state subsidies has each member regardless of membership in associations.

From Olson statements it cannot be concluded that the political significance of a particular group increases with decreasing size of the group. Group size and organizational strength play a major role. In the Republic of Serbia this rule applies and hypothesis that primary producers are not organized as a voting group is realistic (Koester & Zaric, 2009).

Typically primary producers accomplish their own interests rather through co-operation with interest groups outside primary sectors than with other primary producers. In elections primary producers in Serbia usually vote for politicians who do not necessarily take into account the primary producers welfare.

Anderson and Hayami have analysed the correlation between group size and its political importance for several countries. They came to the conclusion that the political ability of group to impose their interests is falling when their share in total employment in economy falls below 5 %. However, these authors pointed out, that this rule is not applicable for every country and every time. The power of the group depends of the existing state policy. In the case the policy is not in favour of the group it could lead, to an increase of group members. Type of organization is important as well, while one central association will, for example, have more influence than the series of different associations. From this finding we could conclude that Serbian fishermen have a chance to influence government decisions.

CONCLUSION

In the Republic of Serbia the state regulations influence price level of primary products. The basic quotations are welfare effects. In the analysis of effects basically two methods are applicable, normative and new political economy approach. According to the new political economy approach political decisions can be compared to the game. The outcome of a game depends of the player on one hand and of the rules of the game on the other.

Fishermen in Serbia are small group which could be well organised and in which each member would have a benefit. However, in the past as voters primary producers did not take decisions which would lead to the positive welfare effects for them. Therefore by creating regulation that are related to the fishery fishermen' opinion was usually not taken into account.

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