

ABSTRACT FOR THE GENERAL PUBLIC

One of the basic policies implemented in the European Union (EU) is the Common Agricultural Policy (CAP), which provides the framework for the institutional environment of agriculture. The justification for active and multifaceted state interference, including through EU policies in the agricultural sector, is a market failure. This concerns particularly the inability to meet the conditions of a perfectly competitive market, the inability of the market to supply the necessary quantity of certain public goods, or the existence of externalities, i.e., the side effects of economic activity that are not adequately reflected in the cost or revenue accounts. The CAP is thus necessary to eliminate or at least correct market failures. However, these actions are accompanied by the state failure (understood as the failure of the EU policy) which limits the effectiveness of state aid programs, and one of its consequences is the phenomenon of rent-seeking.

The rent-seeking refers to the pursuit of the transfer of public resources from one entity to another within the functioning mechanisms of political power. In the agricultural sector, the phenomenon of rent-seeking results from the EU's extensive, complex and costly agricultural policy. In the case of the rent obtained through political mechanisms, on one hand, it is said that the supply of rent is produced by political institutions that can "sell" regulations, among other things, in exchange for the support of the electorate. On the other hand, there is the demand for desired regulations (demand for the political rent) by interest groups in the form of associations of producers or consumers, for whom a given regulation will bring tangible benefits, such as protection of the internal market, price maintenance or increased income. **The proposed project will address the phenomenon of political rent-seeking, and, more specifically, the benefits achieved by farms as a result of the existence of this phenomenon.** Transfers indeed have the effect of loosening the historical link between agricultural production and farm income. Consequently, agricultural policy provides farmers with the opportunity to augment their farm income, not only by (or even without) improving their production techniques, but also by benefiting from the actions of the institutional environment (policy mechanisms).

The phenomenon of rent-seeking indicates the existence of a risk of wasting resources in the support directed to agriculture and the occurrence of exclusive benefits for a narrow group of farms at the expense of other groups. The lack of sufficient research on the consequences of the political rent-seeking, especially at the final stage, that is at the level of the beneficiaries of the support, shows the importance of basic research in political economy. **The results obtained in the proposed project may contribute to the development of this scientific discipline due to the assessment of the scale of correction of market failures by public policies, especially the CAP, as well as the assessment of the efficiency of public spending and determining the size of different forms of the political rent earned by farms.** The need to undertake this research problem results from the scope of interventionism in the agricultural sector, which is reflected in the amount of the EU budget allocated to agricultural policy, as well as from the state failure in the context of the functioning of the agricultural policy and realization of the assumed objectives, also in Poland.