

State-captured Europeanisation. A Rational Choice Alternative

Radu-Vladimir Răuță¹

Abstract: *What is missing in our understanding of the stagnation and/or regression in the Europeanisation of the Western Balkan candidate countries? The current paper aims to present a conceptual novelty, coined as ‘state-captured Europeanisation’, which is based on rational choice institutionalism (RCI). The proposed alternative concept traces its origins to the literature on state capture and the episodes observed in the Western Balkan (WB) countries through state capture assessment diagnostics (SCAD). Designed as an article, this paper offers an in-depth literature review of the main concepts surrounding Europeanisation and state capture. It examines corruption from the perspective of the literature on rational choice institutionalism. In this theoretically inclined research paper, the references to the Western Balkans reveal a resistance to Europeanisation. In fact, Europeanisation in the WB countries can be, and has been, hijacked or manipulated by vested interests within the state apparatuses, resulting in what we have termed as ‘state-captured Europeanisation’. State capture can be described as an evolutionary institutionalisation of corruption relations. Adapting the conceptualisation that explains how Europeanisation is seized by an illegitimate monopoly on the governance and economy of the countries on track to EU accession, the paper builds on the literature that explored the rationale behind the institutionalisation of corruption to advance an additional view about the effects of state capture on Europeanisation. The methodological framework used is that of rational choice institutionalism, focused on unveiling the causes of stabilitocracy, stagnation, and regression in Europeanisation. To contrive arguments and identify the episodes of state-captured Europeanisation, the article uses SCAD, bringing into the spotlight several instances in which political elites, bureaucratic agencies, and interest groups have acted as driving forces for mimicking Europeanisation (with examples from Serbia between 2007 and 2018).*

Keywords: *Europeanisation, Western Balkans, state capture, rational choice institutionalism, SCAD.*

Introduction

‘State capture’ is an important concept for understanding the hurdles of the process of Europeanisation, especially because of its specific way of affecting governance, policy-making, and institutional reforms within EU Member States and candidate countries. State capture refers to the situation where private interests significantly influence a state’s decision-making processes to their own advantage, often at the expense of the public good. This phenomenon has critical implications for Europeanisation, which involves aligning domestic policies and institutions with EU

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norms and standards.

State capture is highly relevant for European studies because it intersects with key themes, such as governance, corruption, democratisation, EU integration, and the implementation of EU policies. The concept of 'state capture' provides a critical lens through which scholars and policymakers can analyse the complexities and challenges faced by European and candidate states in their political and economic development.

State capture relies on corruption, which in turn reduces economic growth by diverting resources and lowering investment rates (Mauro, 1995; Mauro, 1996; Tanzi and Davoodi, 1997; Tanzi, 1998). It degrades the welfare of a state's poorest citizens because it generates increasing income inequalities and is responsible for the underfunding of education and healthcare (Mauro, 1997). Thus, it becomes a threat to the very security of many states (Leiken, 1996). The hypothesis of this paper builds on the specialised literature on European studies and points to a macro phenomenon, namely the slowdown of Europeanisation and/or its regression. However, there is a tendency to dismiss granular details of events that weigh heavily.

Willing to bring a meaningful contribution to what the literature on the subject might be missing, and to offer a preliminary basis for developing an alternative concept, our article covers, in its first section, the contextual setting, and the theoretical framework used to present and assess the factors involved in this process. Moreover, it provides an overview of the concept of 'Europeanisation' from a historically evolving perspective and it tackles two concepts related to it: 'stabilitocracy' and 'de-Europeanisation'. These three concepts are intertwined and interdependent and have made the object of an extended body of literature for the past ten years.

The second section focuses on the theoretical framework in which the above-mentioned concepts are to be understood. Opting for rational choice institutionalism as a framework to analyse the complex relations that constitute Europeanisation, we have presented the theoretical elements one should use when constructing an alternative theory to comprehend the episodes of regression.

The third section connects Europeanisation (as a conditionality for EU accession) with rational choice institutionalism. It sets forth the theoretical conceptualisation of the role of state capture in the Europeanisation process. In the final section of the article, a new theoretical perspective is developed (based on the findings/arguments of the previous section), offering an alternative approach to 'Europeanisation', 'stabilitocracy', and 'de-Europeanisation', which are thus observed in practice and tested. Adapting the conceptualisation made by Stoyanov *et al.* (2019) regarding the way Europeanisation is seized by an illegitimate monopoly on the governance and economy of the countries on track to European accession, this article builds an empirical theory of state capture manifesting itself in key moments.

Contextual and conceptual setting: Europeanisation, de-Europeanisation and stabilitocracy

Before developing an alternative concept to cover what might be missing in understanding the effects of state capture on Europeanisation, a theoretical contextualisation is necessary for highlighting the key concepts under discussion. In the early 2000s, Radaelli (2000) started a long-lasting debate about the analytical devices [i.e., methods] used for studying the European Union. This came as a follow-up to the ontological phase that tried to define Europeanisation in the late 1990s. Radaelli underlined that the concepts of ‘Europeanisation’ and ‘European integration’ should not act as vehicles for new concepts with old meanings. Europeanisation was first defined in 1994 as “an incremental process re-orienting the direction and shape of politics to the degree that EC political and economic dynamics become part of the organisational logic of national politics and policymaking” (Ladrech, 1994, pg. 69). In other words, countries seeking to join the European Union internalise EU’s policy dynamics. For more clarity, Ladrech defined ‘organisational logic’ as the “adaptive processes of organisations to a changed or changing environment” (Ladrech, 1994, pg. 71).

Several years later, based on attempts to study Europeanisation systematically and comparatively, another definition cropped up in this field of research. From this novel perspective, the Europeanisation process was defined as the “emergence and development at the European level of distinct structures of governance, that is, of political, legal, and social institutions associated with political problem solving that formalize interactions among the actors, and of policy networks specializing in the creation of authoritative European rules” (Risse *et al.*, 2001, pg. 3). This definition is similar to Haas’s definition that focused on the ‘loyalty shift’ towards the EU (Haas, 1968).

In the second half of the 2000s, the research on Europeanisation departed from these conceptual debates, with some researchers exploring the domestic impact of Europeanisation projected by the European Union or on the European Union (Flockhart, 2010). Thus, Europeanisation and European integration started to intertwine, with the former being perceived as a new step in European integration theory (Caporaso, 2008). However, at the same time, a ‘postfunctionalist theory’ of European integration does not even mention Europeanisation as an element of its theoretical advancement (Hooghe and Marks, 2009). Moreover, some experts do not perceive Europeanisation as a theory but as a phenomenon that should be explained (Bulmer, 2008).

As a result of using theoretical frameworks to understand Europeanisation, various interpretations and theories about its mechanisms, outcomes (Exadaktylos and Radaelli, 2012; Moumoutzis and Zartaloudis, 2016) and indicators (Nanou *et al.*, 2017) have been developed. Since Europeanisation draws its origins from the study of the implementation of EU’s directives and regulations in EU candidate countries (Toshkov, 2010; Steunenbergh and Toshkov, 2009; Mbaye, 2001; Fjelstul and Carrubba, 2018), the early literature on this topic focused on a neo-institutionalist debate. That debate revolved around the approaches specific to rational choice institutionalism, and the constructivist approaches to Europeanisation that explain its conditions and

mechanisms (Börzel and Risse, 2000; Jacoby, 2004; Kelley, 2004; Schimmelfennig and Sedelmeier, 2005a).

The neo-institutionalist approach is an updated version of the institutional theory applied to the study of the role of institutions — such as organisations, stakeholders, or actors — in Europeanisation (Peters, 2019). Unlike institutionalism, which deals with the rigidity of institutional structures, neo-institutionalism emphasises the interaction between institutions and their broader contexts, acknowledging that the latter induces organisational changes in institutions despite inherent rigidity (Peters, 2019). Neo-institutionalism comprises three strands: rational choice institutionalism, historical institutionalism, and sociological institutionalism (Peters, 2019). Rational choice neo-institutionalism is highlighted by Graziano and Vink, who consider that its essence lies in the abundant political opportunities offered by European integration “when domestic political actors ‘rationally’ use European resources to support predefined preferences” (2017, pg. 40).

In the Western Balkans, the mechanisms and tools used to foster Europeanisation and promote EU enlargement, especially those related to the rule of law and democratisation, have served as a ‘democratic façade’ (Kmezić, 2020). In light of this stratagem, the unfolding events, and the implementation of policies and laws merely mimic the compliance with the conditions negotiated and monitored through the EU’s Stabilisation and Association Process. Since there is no European standard or official blueprint for institution building or monitoring activities in the Western Balkans, the European Union relies on a contractual relation and institutional ties (based on political dialogue and monitoring), coupled with financial assistance and technical aid.

In his study on the Europeanisation of the Western Balkans through the application of the rule of law, Kmezić (2020) addresses a broad range of issues. They refer to the requirements for EU accession and the way these are or should be fulfilled, the institutional or organisational reforms that have been implemented, the actors who manifested resistance and those who supported the reforms, what were the effects of conditionality, and how certain criteria (such as independence, accountability, efficiency, and effectiveness) have changed over the years.

Some studies show that the European Union’s incentives cannot work properly in an increasingly contested field due to corruption, clientelism, and politicisation. In the last years, in the Western Balkans, the EU’s economic and political conditionalities have produced ‘stabilitocracy’ (Bieber *et al.*, 2017). In other words, the EU’s quest for stability in the region has sacrificed the consolidation of democracy and has perpetuated state capture by legitimising the corrupted elites (Richter and Wunsch, 2019).

The concept of ‘stabilitocracy’ (sometimes referred to as ‘stabilocracy’ in the research of various think tanks such as the Center for Strategic & International Studies) was first used by Primatarova and Deimel in 2012 for describing a country that “provides stability externally but domestically oscillates between democracy and autocratic tendencies” (2012, pg. 7). Subsequently, in 2017, Bieber and the BiEPAG experts further refined the conceptualisation of stabilitocracy (Bieber *et al.*, 2017). In their view, stabilitocracy manifests itself when governments claim and/or pretend to

secure stability (by adopting EU's values, and seeking EU integration), while continuing to rely on informal structures based on clientelism, control of the media and generation of superficial political crises. This undermines the rule of law, parliamentary procedures, and the country's overall constitutional legal order (*Ibid.*).

Nowadays, stabilitocracy is present in the Western Balkans. The autocratic model of governance in this region has been continuously reinvented since the 1990s. Over the years, the European Union has restrained itself from reacting to the rise of autocratic governance in the Western Balkan countries. In the specialised literature, we can find an explanation for this impassivity, namely a trade-off between democratisation and stability, the latter being ensured by leaders who have gradually eroded the rule of law in their countries (Mirel, 2018). In other words, EU's quest for stability has sacrificed the consolidation of democracy and has enabled state capture by legitimising the corrupted elites (Richter and Wunsch, 2019). Though WB countries do not respond to democratisation effectively, mainly due to the challenges of upgraded Europeanisation, they have managed to decouple the formal compliance (to EU norms and values) from the democratic transformation at the national level. To sum up, the Western Balkans have backslid on democracy.

Besides Europeanisation and stabilitocracy, the literature on European studies has explored different types of de-Europeanisation. If Europeanisation implies processes characterised by socialisation, learning, and integration, de-Europeanisation triggers the return to the intergovernmental processes of logrolling and hard bargaining (Thomas, 2021). The research on de-Europeanisation comes as a reaction to the literature based on the assumption that Europeanisation facilitates the adoption of European models. Since the late 2000s, a series of studies have explored how EU inputs faced resistance and contestation on the ground (Börzel and Risse, 2008). These developments have subsequently led to the emergence of de-Europeanisation, perceived as a sociologically sensitive approach to classical Europeanisation (Aydın-Düzgit and Kaliber, 2016). This new approach gained momentum (Haughton, 2007; Jacquot and Woll, 2003; Ketola, 2013) due to the need to distinguish between 'EU-isation' and 'Europeanisation', i.e., between the formal and technical process of aligning with EU institutions, policies, and legal structures, on the one hand and, on the other hand, a socio-political and normative context (Kaliber, 2012, 2013, 2014).

Aydın-Düzgit and Kaliber consider that de-Europeanisation indicates the "loss or weakening of the EU/Europe as a normative/political context and as a reference point in domestic settings and national public debates" (2016, pg. 5). Furthermore, this theory of de-Europeanisation does not dismiss the existence of Europeanisation but highlights the distancing of the domestic context from the European system of norms, values and policy expectations. The 'reverse gear' theory of Radaelli and Salter (2019) emphasises the Europeanisation progress can be reversible, at the level of the European Union, through policy dismantling from below (through the actions of challenger governments), and as a manifestation of non-compliance.

With the Europeanisation's evolution over the years, various theoretical frameworks have been used to better understand the intricacies of this process and its effects. The following section presents the main elements of *rational choice*

institutionalism, explaining the reasons that determined us to employ this particular framework.

Rational choice institutionalism as an analytical framework applied to corruption

Understanding how the concept of Europeanisation was developed in the field of European studies, and how de-Europeanisation and stabilitocracy rose to prominence, the current section advocates for the use of rational choice institutionalism (RCI) as an adequate theoretical framework for building an alternative theory that would explain the underlying elements of de-Europeanisation.

As mentioned in the previous section, the concept of Europeanisation has been generated by the relations (in various forms and at different moments) between the European Union and its candidate countries. Therefore, it is necessary to delve more deeply into RCI because this theoretical framework enables us to pinpoint the relevant actors and their decisions in an institutional setting. Traditionally, the authors of the literature on RCI plead for **the supremacy of the logic of consequences** (Noutcheva, 2009, 2012; Kelley, 2004; Schimmelfennig and Sedelmeier, 2005a and b; Vachudova, 2005) **over the logic of appropriateness**, which is a perspective advocated by constructivist authors (Checkel, 1999 and 2001; Manners, 2002; Sjursen, 2006). RCI offers a theoretical framework to understand how political actors react to cost-benefit calculations (Featherstone and Radaelli, 2003), and/or to coercion and material incentives (Schimmelfennig and Sedelmeier, 2004 and 2005a). Moreover, it helps us test if conditionality is successful based on its tangible effects (Schimmelfennig, 2001; Schimmelfennig and Sedelmeier, 2004, 2005b; Grabbe, 2002; Vachudova, 2005). Schimmelfennig and Sedelmeier (2005a) evaluated the mechanisms and conditions that prompted Europeanisation during the 2004 Eastern enlargement. To this end, they compared three models: the rationalist institutionalist ‘external incentives model’ (EIM), the ‘social learning model’ (specific to sociological institutionalism), and the ‘lesson-drawing model’. They found that the EIM, based on *acquis* conditionality, was the predominant method for Europeanisation applied in non-member and accession countries. In their 2007 work, the same authors posited that post-accession compliance pathways vary depending on the policy area and the dominant pre-accession rule transfer mechanism, based on conditional incentives or social learning.

Starting from the premise that state capture is an institutionalisation of corruption, we have chosen the RCI framework because, for the past decade, its principal-agent analyses have provided a model for the research on corruption (Rothstein, 2011). A 2011 meta-analysis, conducted by Ugur and Dasgupta to assess the impact of corruption on economic growth, found that every study under analysis adhered to an explicitly stated principal-agent approach to corruption or was “closely related to that approach” (Ugur and Dasgupta, 2011, pg. 43).

Upon finding the best modalities to capture and depict the functioning of an institutional setting, the role of institutions in their wider environment should also be understood. Early theorists perceived formal organisations as bounded and self-contained entities, while institutional theory considers them embedded in their

environment rather than simply interacting with it (Meyer and Rowan, 1977; Tolbert and Zucker, 1996). Institutional work, as a more recent strand of institutional theory, explores the functioning of the process wherein the intentional activities of actors impact the institutions under which they operate (Lawrence and Suddaby, 2006; Lawrence *et al.*, 2009).

Considering the definition of institutional work as “the purposive action of individuals and organisations aimed at creating, maintaining and disrupting institutions” (Lawrence and Suddaby, 2006, pg. 215), RCI devotes enhanced attention to understanding how actors, in their regular work activities, affect the functioning of institutions and their objectives to achieve desired outcomes. Thus, comprehending the role of such individuals means understanding the role of agency in organisational changes.

This narrative is part of the institutional theory’s concept of ‘institutional logics’, proposed by Thornton and Ocasio (2008), and Thornton *et al.* (2012). The latter is defined as “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meaning to their social reality” (Thornton and Ocasio, 2008, pg. 101). Acknowledging the role of human agency, the *institutional logic* explains how social actors construct and reconstruct their institutional existence and provides them with a set of logics they can mobilise to advance their interests, effect organisational change and enact a new institutional environment.

‘Formal regulative structures’ meant to combat corruption produce limited results, whereas institutional logics, social actors, and the available resources determine the effectiveness of remedies for corruption (Misangyi *et al.*, 2008, pg. 750). Furthermore, culture, structure, and compliance systems are instrumental to the success of anticorruption initiatives (Luo, 2005). Therefore, the current research proposes a RCI theory to prove that state capture is an acute dimension of corruption generated by the social context of institutions, which shape the actions of social/political actors (Pillay and Klivers, 2014).

The internal context of an organisation is essential for its functioning and can be “influenced by the deliberate actions of key members of the organisation, and includes an organisation’s culture and climate, education and training, peer pressure and relationships, leadership and management” (Mannion *et al.*, 2018, pg. 26). That is why the self-interest of key members of the organisation, as rational choice theory assumes, is dictated by their understanding and forming of opinions in support of or against policies based on a self-serving bias (Rhodes *et al.*, 2017; Shwom *et al.*, 2010).

Under the RCI paradigm, an institution is the result of agents willing to address existential issues, forge alliances, and pursue rational interests. While some writers use the term of “actor-centred institutionalism” (Mayntz and Scharpf, 1995), Coleman considers institutions and norms as coordinated and mutually reinforcing patterns of individual behaviour (Coleman, 1990). Rational choice explanations depend on three key elements: “(...) individual preferences, beliefs, and constraints” (Witteck, 2013, pg. 688). In other words, actions are deemed rational if they are linked

to the aforementioned elements. Anchored in economics and organisational theory, RCI postulates that an action is rational as long as it represents the best course of action taken by an agent according to his preferences and beliefs. It can be deemed rational based on the evidence available. This process and the quality of the evidence determine the accuracy of a cost-benefit analysis.

Nevertheless, corrupt behaviour cannot be explained in terms of rationality. We cannot demonstrate that it is logical to be corrupt following the norms of a societal context (Winch, 1964). Rationality cannot provide convincing arguments for justifying corruption because this phenomenon is highly variable and pervasive in the social strata (Rothstein and Teorell, 2008; Uslaner, 2008). Corrupt behaviour emerges “not from a conflict between being good... and being selfish, but instead a tension between conflicting moral norms” (Dungan *et al.*, 2014).

In political and economic sciences, the predominant theory regarding corruption hinges on the principal-agent model. Hence, corruption is labelled as a criminal behaviour of some agents entrusted to act on behalf of some principal (Rose-Ackerman, 1978; Klitgaard, 1988). In some cases, rules are ‘the principal’ and bureaucracy ‘the agent’ (Becker and Stigler, 1974), sometimes rules are ‘agents’ and the citizens are ‘the principals’ (Persson and Tabellini, 2000; Adserà *et al.*, 2003; Besley, 2006).

According to some theories, corruption in itself is ‘an institution.’ North’s definition of institutions as “the rules of the game in a society” is congruent with those theories because it offers a general meaning applicable to both formal and informal institutions (North, 1990). If formal institutions can be considered the legal contracts of a country’s constitution, informal ones can be perceived as tacit agreements, social norms, or codes of conduct (Knight, 1992). At the same time, corruption, as an institution, can be highly formalised (McMillan and Zoido, 2004).

Karklins developed a typology of corrupt activities, ranging from ‘petty corruption’ to the highest level of corruption able to influence political institutions. The first one is a type of medium-level corruption taking the form of exchanges within the bureaucratic hierarchy with the purpose of embezzlement and procurement kickbacks, and the second one aims to undermine electoral processes and results, corrupt the judicial process or the media outlets, leading thus to disinformation or misinformation (Karklins, 2005).

Rose-Ackerman offers two types of models (1999) for the manifestation of corruption within hierarchical bureaucracies. On the one hand, a top-down approach (also presented as a ‘selectorate theory’) wherein corruption works as a policy established by the top political leadership to reward with private goods the support coalitions they benefit from (Bueno de Mesquita *et al.*, 2003). This theoretical approach explains that political leaders secure the compliance/support of their subordinates by informal contracts, allowing them occasionally to get involved in cases of graft and embezzlement, which in return serve as a tool for systematic blackmail and the threat of enforcing the law (Darden, 2008). By contrast, the bottom-up approach implies the concealment of lower-level corruption by high-ranking officials in exchange for a share of the profits of corruption (Cadot, 1987), or cases in which law enforcement officials

might be corrupted while relying on their corrupted superiors in the bureaucratic hierarchy (Basu *et al.*, 1992).

As an institution, corruption has a strong self-reinforcing equilibrium (Aidt, 2003), with its profitability and costliness depending on its frequency. For instance, if a civil servant is surrounded by corrupt officials, it is more profitable for him to be corrupt. However, at the same time, the costs for auditing officials increase (Lui, 1986; Andvig and Moene, 1990; Sah, 2007). Some authors argue that it is not in the interest of the individual to be honest, if the group he is part of has gained notoriety for being corrupt. Thus, the choices of the older members of a group or organisation will be passed on to the younger generation long after the former has gone (Tirole, 1986).

The institution of ‘corruption’ cannot be perceived anymore as a systematic pattern of events with negative externalities that spread to other parts of a system. This was previously depicted by the term ‘greasing the wheels’ (Rose-Ackerman, 1999). In the logic of RCI, institutional arrangements are apparently amorphous, but actually consist of a collection of rules and incentives, which set parameters that guide individual behaviour (Peters, 2019). Such rules determine the political/social space in which individuals act rationally (Jones, 2001; Jones, 2003). In turn, individual actors try to influence the behaviour of others to maximise their self-interest and profits and to bend the rules of the institutional arrangements.

Since we have already covered the theoretical elements of RCI and the functioning of the corruption as an institution, the following section presents the interplay between EU conditionality and state capture, showcasing the institutional setting and the determining factors (money, power, glory), as presented by Richter and Wunsch.

The linkage between EU conditionality and state capture

Building on the arguments for rational choice institutionalism (RCI) and the institutional nature of corruption, Richter and Wunsch (2019) inspired us to continue in this direction of research. Their article brought three key contributions to the debate on EU conditionality in transition contexts. Firstly, it provided a theoretical model that explains the various effects of conditionality, including its negative impact on domestic politics. Secondly, it emphasised the importance of informal politics in EU candidate countries, adding to existing academic discussions on the temporal limitations of conditionality and the role of domestic politics in mediating EU pressures. Finally, their article explained an empirical puzzle, by demonstrating how EU conditionality has paradoxically strengthened state capture, while encouraging compliance with formal membership requirements.

In a broader discussion tackling the EU’s transformative power in the Western Balkans and the external promotion of democracy, their article would suggest that the widespread state capture, which poses a significant challenge, is responsible for the disconnect between formal compliance and liberal democracy in the Western Balkans (Keil, 2018). The European Union has acknowledged that state capture is a major obstacle to reforms in the region and is currently seeking to address it through increased monitoring (European Commission, 2018).

However, one could argue that the EU conditionality has inadvertently reinforced the patterns of state capture instead of mitigating them. The existing literature suggests that EU enlargement policy may have unintended negative consequences in third countries, such as the creation of superficial organisational structures that mask underlying informal decision-making practices. The proposed explanation for the adverse effects of EU conditionality focuses on domestic politics. It argues that domestic actors engage, both formally and informally, in a continuous struggle for political power and influence. Compliance with political conditionality is determined not only by adaptation costs or by policy appropriateness, but also by patterns of informal power politics. Understanding the EU's impact at the national level requires a systematic examination of how conditionality affects informal politics, particularly about state capture.

Upon developing their argumentation on the role and particularities of state capture, different authors have offered an overview of this concept that encompasses its key features. First of all, the concept of 'state capture' originated from the research on transition economies in Eastern Europe, especially that conducted by the European Bank for Reconstruction and Development and the World Bank (Rijkers *et al.*, 2014). It describes a form of corruption whereby informal decision-making processes fail to integrate into formal democratic systems (Grzymala-Busse, 2008). This leads to the subordination of the legislative, administrative, and judicial branches to private interests, hindering the state's ability to fight corruption and represent citizens effectively (Pech, 2009). State capture results in selective rule application, resource allocation in line with private interests, and biased decision-making. This creates a stagnating *status quo* resistant to change.

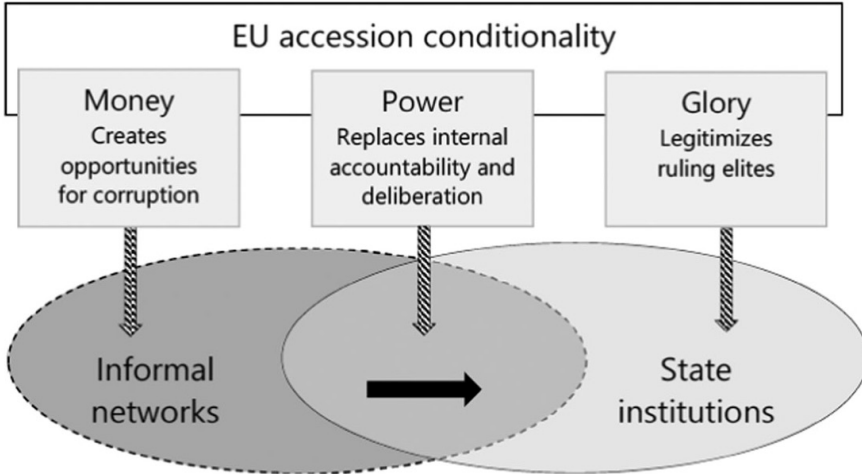
Based on this perspective on state capture, Richter and Wunsch argue that the relationship between conditionality and state capture involves three mechanisms: money, power, and glory, each representing a different dimension within the state capture model. As regards the first mechanism (i.e., money), the authors argue that market liberalisation is central to both the Stabilisation and Association Process (SAP) and the EU accession process. However, while the Western European countries have gradually implemented deregulation, privatisation, and the European single market, the Western Balkan countries have been faced with the difficult "dilemma of simultaneity" (Offe, 1991). They had to implement simultaneously political and market reforms, while undertaking comprehensive state-building processes, and consequently their political systems have become vulnerable to state capture. The lack of robust regulatory frameworks has allowed a narrow elite of economic actors to amass significant private gains, establish clientelist networks, and increase its political influence.

Richter and Wunsch offered a visual representation of how state capture functions in their scenario presented below, in *Figure 1*.

Besides this theoretical conceptualisation of the role of state capture in the Europeanisation process, the authors provide a case study of Serbia. In the absence of a direct indicator for state capture (Fazekas and Tóth, 2016), the following indirect factors were taken into account: the gap between governance effectiveness and political participation, the levels of political participation and accountability, and the degree of corruption control. The next section of this paper presents an alternative perspective

on the underlying elements of state capture responsible for the progress or regression of Europeanisation in developing states.

Figure 1. “EU conditionality and the state capture model”



Source: Richter and Wunsch, 2019.

A theory of state-captured Europeanisation

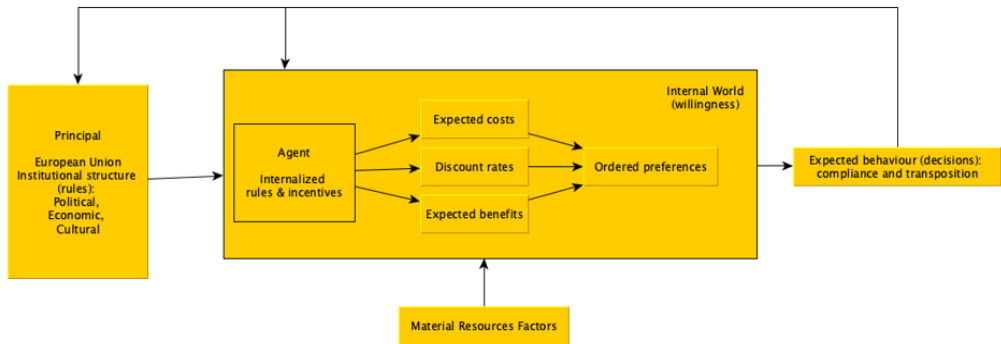
Through its findings, Richter and Wunsch’s paper offered an important theoretical framework that confirmed the importance of the systematic incorporation of informal domestic politics into the research on the impact of the EU’s accession conditionality. Our present approach aims to further advance the observations of the so-called side effects of the EU’s efforts to bolster the rule of law in third countries. Having established the research hypothesis, the premises underpinning Europeanisation, and the rationale behind the use of rational choice theory, we present in *Figure 2* an analytic framework for institutional choice that covers both the internal and external worlds. On the one hand, the internal world is represented by ‘the agency’, the institutional structure that influences the internal decision-making process (of the Western Balkan countries, in this case), according to stimuli from the Principal/external world. The agents of the Principal are the political leaders of the internal world. The political leadership negotiates and receives from the Principal – the European Union in this instance – the prerequisites for accession. The scenario is built on actions unfolding within the limits of a typical Stabilisation and Association Agreement (SAA), which has been ratified. Each SAA signed with the EU is unique. Moreover, the negotiation, ratification, and implementation of SAAs have different characteristics in each country. Without delving into the complexities of the negotiations, monitoring, achievement of the Copenhagen criteria, or of the Stabilisation and Association Process, it is worth noting that each SAA defines mechanisms and official terms for the implementation of reforms aimed to ensure alignment with the EU in all policy areas until standards are met for EU accession. Furthermore, the internal world depicted in *Figure 2* can

be associated with a typical ‘national programme for the implementation of the SAA’ that candidate countries adopt as a roadmap for meeting the requirements. For a more detailed analysis of rational choice institutionalism applied to the process of European integration, see the research conducted by Schneider and Ershova (2018).

On the other hand, the Principal (the external world) constitutes the institutional structure that influences the agent’s decision-making process at national level (i.e., the internal world). As already mentioned, here the Principal is the European Union, which provides material resources/factors that shape the agent’s expectations regarding the benefits and costs of joining the EU. The material resources offered are conditions, guidelines, and support for successfully adopting changes that align the candidate country with the internal rules of the European Union.

The feedback loop, shown in *Figure 2*, offers a minimalist representation of the internal, top-down process, specific to a strategy for fulfilling the requirements of the SAA. This feedback loop symbolises the process of internal transformation and is the key element of the theoretical framework presented by the current research.

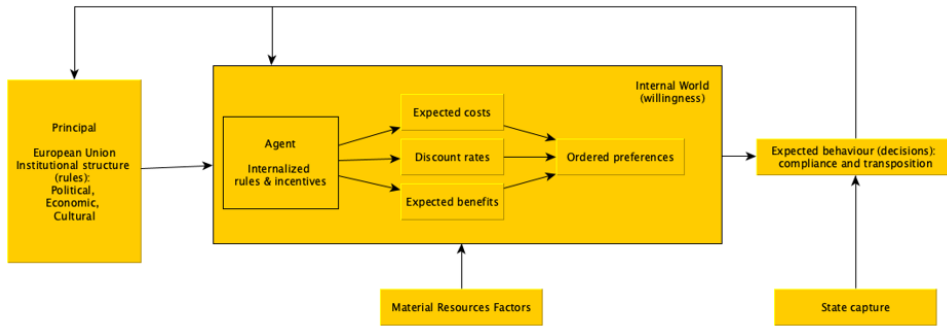
Figure 2. Feedback loop for fulfilling the SAA requirements



Source: Author’s conceptualisation.

The conceptualisation of the alternative theoretical framework, depicted in *Figure 3*, traces its origins back to the State Capture Assessment Diagnostics (SCAD) elaborated by Stoyanov, Gerganov, and Yalamov (2019). SCAD is a methodology developed with the purpose of verifying the existence of state capture practices in given economic sectors and regulatory institutions. Subsequently, SCAD enables the adoption of policy adjustments that leave no window of opportunity for special interests to use the institution of public governance for private ends. In a roadmap study published by the Centre for the Study of Democracy, state capture is defined as “a deviant form of relations between the state, the business sector and the political class” (2019, pg. 27). Previously, it has been defined as a specific and extreme form of corruption (Brooks *et al.*, 2013) found in both transition and developed states. Considered to be an evolutionary institutionalisation of corruption (Magyar, 2016), state capture comprises various forms of corruption, such as favouritism, cronyism, conflict of interest, and abuse of discretionary power and property.

Figure 3. The hypothetical role of state capture in a feedback loop for fulfilling the SAA requirements



Source: Author's conceptualisation.

SCAD includes two major components for measuring state capture effects. First, the Business State Capture Pressure (BSCP), a model focused on *the monopolisation pressure* at national, sectoral, or institutional levels. Second, a model developed around State Capture Enablers (SCE) that encompasses institutional and environmental factors at the national level. Furthermore, SCAD differentiates between three main components of state capture:

- Institutional enablers (for instance, the inefficiency of anticorruption norms, the lack of a culture of integrity).
- Environmental enablers (e.g., corruption in the public administration and the judiciary system).
- Dimensions (initiators) of state capture (e.g., political capture, business capture, etc.). Dimensions are built on the characteristics of the captors of state functions (government officials, parties, businesses, etc.). These actors exert an illegitimate influence: they can change the legal environment, acquire complete control over the media, gain particular access to public resources, etc. to their own benefit and at the expense of the public good.

In the SCAD framework, institutional enablers form the institutional environment in which the businesses of a specific sector operate. The ability of that environment to ensure the impartiality of the administration is essential. Such enablers can affect all the actors in a sector. Hence, their value is measured at the sectoral level. Organisations that regulate businesses in specific sectors offer an illustrative example in this sense. According to SCAD, the most important institutional enablers are the effectiveness of anticorruption policies, the integrity of public officials, the neutral attitude towards citizens and businesses, and the lack of bias toward specific private interests.

Environmental enablers refer to the corruption transactions and the processes/procedures that facilitate or inhibit them. Since they have only an indirect impact on state capture measurable at the national level, it is worth mentioning that the three major environmental enablers are the level of media freedom (or media independence),

the overall level of administrative corruption in the country, and the general level of corruption in the judiciary and law enforcement. Moreover, the soundness of the environmental setting in which state capture occurs is detrimental to such enablers. If characterised by the rule of law, a low level of administrative corruption, and media freedom, then the occurrence of state capture is minimal.

In the literature on the limited effectiveness of EU conditionality, we have observed the dichotomy between interest- and identity-based explanations, as drivers of domestic change. The current theoretical approach proposes a new perspective on the implications of state capture in the context of the Europeanisation process. Admitting that state capture is a key structural reason for decoupling formal compliance from democratic performance in the candidate countries, the SCAD tool can be instrumental in further exploring the environmental enablers' influence in crucial decision-making. Such an approach could apply to the analysis of the literature on the involvement of oligarchic networks (or parties) in decision-making and state capture at the expense of open deliberation and access to power for outsiders (Mungiu-Pippidi, 2007).

Examples from the specialised literature that support the arguments developed in this paper are found in Pestic's early works on state capture and widespread corruption in Serbia. As the aforementioned author says, "political elites gain control of public offices, enterprises, utilities, and resources through a mingling of state, political party, and economic power" (Pestic, 2007, pg. 7). Pestic presented six mechanisms of state capture illustrated with examples from the mid-2000s in Serbia (the case of the Serbian railways' procurement procedure, the case of the National Savings Banks, to name a few). Examples from 2017 onwards are given in the specialised literature. Pavićević has provided state capture examples related to the SPP's campaign to delegitimise and criminalise the political opposition: e.g., the cases "Helicopter" and "Savamala" characterised by selective justice and impunity (Pavićević, 2017). Čečen *et al.* (2018) listed 12 examples of state capture in Serbia, several related to Europeanisation, namely:

- The trial of Mirjana Marković – manipulation of statistical data, and prosecution system weaknesses.
- The case of judge Vladimir Vučinić, who left the judiciary as a result of the pressures he was subjected to during the trial of the businessman Miroslav Mišković, pressures meant to influence his decisions.
- The case of Minister Goran Knežević, which revealed the arbitrary nature of prosecution decisions in situations involving campaign financing and politicians' asset declarations.
- The cases of Bogoljub Karić and Stanko Subotić – show possible dual political influence on the work of prosecution authorities, with particular emphasis on the statute of limitations and other systemic weaknesses exploited by the police, judiciary, and prosecution.

Conclusion

The purpose of this paper was to illustrate the value of rational choice institutionalism (RCI) as a theoretical framework for analysing corruption. We have proven the utility of such a choice through the development of an alternative theory centred on state capture as a disruptive, derailing, and sometimes a regressive element in the process of Europeanisation. This analysis and the theoretical alternative set forth showcase the RCI's ability to bring under its umbrella the perspectives of various authors. This is just a preliminary stage in broader research on corruption, state capture, and Europeanisation. We have tested the value of the RCI framework and the alternative theory to see if they help us understand the reality they are supposed to describe, and if their use might engender falsifiable predictions.

This alternative conceptual model – i.e., state-captured Europeanisation – enables us to investigate and explain specific episodes of decoupling between apparent compliance to EU values and norms and actual democracy levels in decline. In sharp contrast to the External Incentives Model (EIM), which failed to explain the occurrence of this phenomenon, the Business State Capture Pressure (BSCP) and the environmental enablers can offer new insights into the state capture and its various forms of power abuse for private gains, which can be decisive in hindering the progress of the Europeanisation process.

As avenues for further research, more in-depth studies should be conducted using the SCAD framework to test the concept of 'state-captured Europeanisation', observing a sequence of consecutive years in a comparative approach to the politics of the Western Balkan countries. The focus should be on the episodes of stagnation in certain policy areas (when state institutions and high-level civil servants adopt inaction or backslide on good practices designed to bring them closer to EU accession) because these could be manifestations of 'state-captured Europeanisation'.

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