THE UNREGULATED FRONTIER: LOBBYING, STATE CAPTURE, AND THE ADMINISTRATIVE RULE OF LAW IN ROMANIA AND EASTERN EUROPE

Ioana-Andreea Dogeanu[1]
National University of Political Sciences and Public Administration, Romania
ioana.dogeanu@administratiepublica.eu

Abstract

This article explores the critical importance of lobbying regulation in Romania and Eastern Europe from an interdisciplinary perspective. In the post-communist context, legitimate interest representation, essential for democratic public policy, is persistently conflated with corruption. This legal and semantic ambiguity undermines the administrative rule of law. While general transparency laws exist in Romania, they fail to regulate the opaque formative stages of administrative decision-making, creating a "black box" for illicit influence. From a political science perspective, this regulatory void is a central mechanism for state capture. This manifests as "corporate state capture" in Romania, driven by private financial gain, and "party state capture" in Hungary and Poland. Economically, this system facilitates rent-seeking and "legal corruption," most notably through the manipulation of public procurement tenders to favour allied firms. Bridging a documented gap between legal, political, and economic analyses, this paper argues that the regulatory framework is the decisive variable. It determines whether lobbying functions as a healthy substitute for corruption, as seen in mature democracies, or a corrosive complement to it. The regulatory void in Romania confirms its role as a complement, making robust, specific regulation essential for administrative integrity and the rule of law.

Points for Practitioners

This research offers immediate, actionable insights for public administrators, legislators, and anti-corruption agencies in Romania and Eastern Europe. By identifying the "regulatory void" as the primary driver of state capture, the paper provides a blueprint for moving from vague transparency goals to robust, specific lobbying regulation.

For legislative drafters, the findings underscore the necessity of regulating the currently opaque "formative stages" of decision-making. Practitioners can implement a "Legislative Footprint" – a mandatory record of pre-drafting consultations – to eliminate the "black box" where illicit influence is exerted. This ensures that external input is treated as technical expertise rather than shadow negotiation.

For oversight bodies and procurement officers, the analysis of "legal corruption" provides a diagnostic tool. By understanding how unregulated lobbying is used to tailor technical specifications in public tenders, auditors can develop sharper "red flag" indicators to identify and prevent corporate state capture before contracts are awarded.

Finally, for human resources in public administration, this framework helps de-conflate legitimate representation and corruption. It supports the revision of Codes of Conduct to professionalise the interaction between the state

[1]Ioana-Andreea Dogeanu, PhD candidate, Faculty of Public Administration, National University of Political Sciences and Public Administration (SNSPA), Bucharest, Romania.

and the private sector, ensuring that lobbying functions as a healthy substitute for corruption, thereby strengthening the administrative rule of law.

Keywords: administrative rule of law, legal corruption, lobbying regulation, public procurement, state capture

1. Introduction

The trajectory of democratic consolidation and institutional development in Central and Eastern Europe (CEE) since the collapse of communism has been profoundly shaped by the complex and frequently opaque interplay between private economic interests and public administrative power. Throughout the region, the establishment of a legitimate and transparent framework for interest representation – an essential and foundational component of any functioning pluralistic democracy – has persistently collided with entrenched historical practices of illicit influence and clientelism (Dogeanu, 2023). The result is a profound legal and semantic ambiguity that systematically undermines the administrative rule of law. While general transparency laws exist in Romania and across the region, they fail to regulate the opaque, formative and early stages of administrative decision-making, the precise point at which the contours of policy are set.

The scholarly literature has approached this problem from several distinct directions, but rarely in an integrated manner. Administrative-law scholarship has documented the procedural weaknesses of transparency regimes and the absence of dedicated lobbying statutes (Dogeanu, 2023; Dogeanu & Matei, 2022). Comparative political science has charted the rise of state capture and democratic backsliding across the region (Innes, 2014, 2016; Sata & Karolewski, 2020; Gajic & Pavlovic, 2021). Political economy, meanwhile, has measured the distortion of public spending through objective proxies of corruption risk (Hellman et al., 2000; Fazekas et al., 2013; Fazekas & King, 2019). Each tradition illuminates one face of the same phenomenon, yet the connections between them – the way a legal void enables a political strategy that produces an economic outcome – remain under-theorised. This paper takes the interdisciplinary gap itself as its point of departure.

The topic is of more than academic interest. The disbursement of historically large volumes of European Union funding, including post-pandemic recovery instruments, has placed unprecedented sums in the hands of administrations whose procurement systems remain vulnerable to the manipulations described below. At the same time, the rapid adoption of digital and algorithmic tools in public administration is reshaping the very decision processes that lobbying regulation would seek to make transparent. Both developments raise the stakes of the formative-stage governance deficit and lend the question of lobbying regulation a practical urgency for legislators, oversight bodies and the European institutions that condition and audit these flows. Addressing the deficit is therefore not only a matter of doctrinal completeness but a precondition for ensuring that substantial public investment serves public rather than private ends.

Although Romania and its regional neighbours have enacted general transparency laws and freedom-of-information acts over the past two decades, these legal instruments routinely fail to penetrate or regulate the opaque formative stages of administrative decision-making. This regulatory void creates what scholars term a “black box” within the state apparatus: a shielded environment in which policies, legislative drafts and resource allocations are heavily influenced and fundamentally altered by private interests long before formal public consultation mechanisms are ever activated (Dogeanu, 2023; Sata & Karolewski, 2020). The disclosure that the law does require arrives only after the substantive choices have been made, rendering it largely ceremonial.

From a political-science perspective, this regulatory void is not merely a legislative oversight or a symptom of administrative incompetence; rather, it serves as a deliberate, central mechanism for state capture. The systemic subversion of legitimate political channels manifests differently across the region, depending heavily on the historical development of party systems and the nature of competing political elites (Innes, 2014). The phenomenon diverges into two dominant typologies: "corporate state capture," which characterises the institutional landscape of Romania, the Czech Republic and Bulgaria, where public power is exercised primarily for private financial extraction; and "party state capture," observed most acutely in Hungary and Poland, where ideologically committed elites weaponise the state apparatus to secure an absolute political monopoly (Innes, 2014, 2016). The distinction is consequential because the two models are vulnerable to different remedies, and a reform calibrated for one may leave the other untouched.

A useful way of framing the stakes is to ask whether lobbying functions as a substitute for corruption or as a complement to it. In mature democracies with robust regulation, transparent interest representation can act as a healthy substitute: it channels expertise into the policy process through accountable, documented means and thereby reduces the demand for illicit influence. Where regulation is absent, by contrast, lobbying becomes a corrosive complement, an additional and legally protected avenue through which captured resources are secured. The central claim of this paper is that the variable determining which of these two roles lobbying plays is neither culture nor the level of economic development but the regulatory framework itself. The persistent regulatory void in Romania confirms lobbying's current role as a destructive complement, dictating that robust, specific and carefully calibrated regulation is essential for restoring administrative integrity and safeguarding the rule of law.

The aim of this article is therefore twofold. First, it seeks to demonstrate analytically that the regulatory framework for interest representation is the decisive institutional variable mediating the relationship between private interests and public power in post-communist states. Second, it aims to translate that analytical claim into a concrete and internationally benchmarked regulatory agenda capable of guiding practitioners. In pursuing these aims the paper engages the existing academic debate on state capture, legal corruption and throughput legitimacy, and situates the Romanian case within the broader regional pattern.

1.1 Research Questions and Hypothesis

Primary research question. How does shifting from retrospective transparency to proactive lobbying regulation affect Eastern Europe's democratic consolidation?

Secondary research questions. How does lobbying transparency reduce "legal corruption" in public procurement? And how can transparency laws constrain automated corruption in the governance of artificial intelligence (AI)?

Main hypothesis. The implementation of mandatory pre-legislative lobbying regulations significantly reduces "legal corruption," thereby increasing the "throughput legitimacy" of post-communist democracies.

The remainder of the paper is structured as follows. Section 2 sets out the interdisciplinary research methodology and its limitations. Section 3 examines the theoretical and semantic conflation of lobbying and corruption. Section 4 analyses the throughput-legitimacy deficit produced by the administrative "black box," and Section 5 extends that analysis to the emerging challenge of algorithmic decision-making. Sections 6 and 7 develop, respectively, the comparative anatomy of state capture and the economics of legal corruption, while Section 8 applies the resulting

framework to public procurement. Section 9 identifies the regulatory framework as the decisive institutional variable and details the core regulatory mandates, Section 10 presents supporting empirical evidence, and Section 11 discusses the implications and limitations of the argument. Section 12 concludes.

2. Research Methodology

The research design intentionally integrates theoretical frameworks and empirical observations from administrative law, political science and political economy, ensuring a comprehensive synthesis of the underlying mechanisms driving institutional decay in the region. The interdisciplinary architecture is deliberate rather than eclectic: each discipline answers a different question – administrative law asks how decisions are procedurally made, political science asks who controls the process and to what end, and political economy asks what material outcomes result – and only their triangulation isolates the regulatory framework as the critical variable connecting all three. The study is qualitative and analytical in character, building a coherent explanatory account from existing scholarship and secondary empirical data rather than generating new primary data.

2.1 The Legal-Administrative Dimension

The foundational theoretical background is established through qualitative document analysis and a systematic review of contemporary scholarship on lobbying regulation and administrative law in the European Union, with a specific focus on Romania. This legal-administrative dimension relies heavily on the analytical paradigms advanced by Dogeanu (2023), whose work delineates the ethical and legislative parameters necessary to transition lobbying from a utopian concept into a functional, regulated reality in post-communist societies, and on the comparative analysis of Romanian and EU regulation offered by Dogeanu and Matei (2022). The review attends in particular to the timing of disclosure obligations, the scope of public-consultation requirements and the absence of a dedicated lobbying register, since these features determine whether transparency law reaches the formative stage of decision-making or only its formal aftermath.

2.2 The Comparative Political Dimension

To contextualise the legal findings within the broader macro-political environment, the methodology incorporates comparative political-science models, specifically the taxonomy of state capture developed by Innes (2014, 2016) and subsequent analyses of democratic backsliding and hybrid regimes (Sata & Karolewski, 2020; Gajic & Pavlovic, 2021). This approach involves a comparative institutional analysis distinguishing the "corporate state capture" model, prevalent in Romania and the Czech Republic, from the "party state capture" model defining Hungary and Poland. The comparison is structured around a small set of analytically salient dimensions – the primary objective of capture, the nature of the political elites, the structure of the networks involved, the treatment of the judiciary and the role assigned to public policy – so that the two models can be assessed against consistent criteria.

2.3 The Economic Dimension

The economic dimension operationalises the concept of "legal corruption" as theorised by Kaufmann and Vicente (2005, 2011), integrating models of endogenous political equilibria with empirical assessments of public-procurement manipulation. The analysis synthesises data on particularistic resource allocation, employing objective proxies that have become standard in the corruption-risk literature: the incidence of single-bidding in

public tenders, which signals that competition has been eliminated despite the formal appearance of an open procedure, and the post-award modification of contracts, which captures value extracted after the competitive stage has closed (Fazekas et al., 2013). These proxies are attractive precisely because they rely on observable administrative records rather than on perception surveys, and therefore offer a verifiable basis for inference. The methodology further evaluates the dual impact of European Union structural funds on institutional quality, assessing how external capital inflows interact with domestic corruption risks (Fazekas & King, 2019).

2.4 Synthesis and Limitations

By triangulating these three disciplines – the legal mechanics of administrative decision-making, the political strategies of state capture and the economic incentives of legal corruption – the methodology isolates the regulatory framework as the critical independent variable. This provides a cohesive narrative explaining how the failure to regulate the "black box" of governance perpetuates systemic instability across the region. Several limitations should be acknowledged. The study is interpretive and does not test its hypothesis through new statistical estimation; its empirical claims rest on the secondary findings of the works it synthesises. The proxies for legal corruption, while objective, are indirect: a single-bidding tender is not in itself proof of capture, only a heightened risk indicator. Finally, the comparative typology necessarily simplifies a heterogeneous region, and individual states may display features of both models simultaneously. These limitations temper the strength of the causal claim without undermining the central analytical argument.

3. The Theoretical and Semantic Conflation of Lobbying and Corruption

A foundational obstacle to reform in the region is the semantic conflation of lobbying with corruption. The two phenomena are analytically distinct – the first is the legitimate communication of interests and expertise to decision-makers, the second the illegitimate purchase of decisions – yet in the public discourse of post-communist states they are routinely treated as synonyms. This conflation is not merely a linguistic curiosity; it has tangible governance consequences, because it shapes which actors are willing to use formal channels and which are driven into the shadows.

3.1 Legitimate Role versus Historical Legacy

The term "lobbying" is widely stigmatised as a synonym for bribery or influence peddling. In consequence, legitimate businesses tend to avoid open engagement with public authorities for fear of reputational damage, while illicit actors thrive precisely because they operate in the shadows, frequently disguised as "consultants" or "advisers" (Dogeanu, 2023; Kaufmann & Vicente, 2011). The perverse result is a selection effect: the actors who would benefit most from transparency are deterred from using formal channels, whereas those who exploit opacity are rewarded for doing so. The stigma therefore reproduces the very behaviour it ostensibly condemns.

This stigma is rooted in a distinctive historical legacy. In mature democracies, lobbying performs a legitimate function, bridging the knowledge gap of lawmakers by channelling specialised expertise into the policy process; a legislator cannot be an expert in every field, and structured input from affected interests can improve the technical quality of regulation (Dogeanu, 2023). In Eastern Europe, by contrast, the communist-era state monopoly over economic life left no tradition of legitimate, pluralistic interest representation, and the chaotic post-1989 transition fused private interest representation with the illicit practices of newly emergent oligarchs (Innes, 2014, 2016). The

absence of an inherited model of clean advocacy meant that, when private interests re-entered the policy arena, they did so through informal and personalised channels that closely resembled – and often were – corruption. The durable association between advocacy and graft is thus a product of sequencing: capture preceded regulation rather than the reverse.

3.2 The Semantic Paradox and "Legal Corruption"

The semantic paradox produces a tangible governance failure best captured by the notion of "legal corruption." Without a clear legal boundary between legitimate advocacy and illegal influence, well-resourced actors can capture public resources without technically violating any provision of the criminal code (Kaufmann & Vicente, 2011). The ambiguity functions as a shield: conduct that the public correctly perceives as corrupt remains formally lawful because no statute defines or proscribes it. This is the essence of the legal-corruption equilibrium examined in Section 7, and it explains why conventional, criminal-law anti-corruption strategies have so limited a purchase on the problem.

Crucially, the political elite actively favours this unregulated opacity rather than merely tolerating it. In the absence of a lobbying register, access to power depends not on merit or the persuasive quality of an argument but on patronage networks and personal connections (Dogeanu, 2023). Those who already occupy positions of influence have every incentive to preserve a system in which access is rationed by proximity rather than by transparent rules, because such a system entrenches their advantage. The ambiguity surrounding lobbying is therefore not a defect awaiting correction but an asset to be defended by its beneficiaries – a point that any realistic reform strategy must confront, since it implies that resistance to regulation will come from within the political class itself.

4. Unpacking the "Black Box" of Administrative Decision-Making

The concept of "throughput legitimacy" offers a precise analytical lens for diagnosing the deficiency. Democratic legitimacy is conventionally analysed along three dimensions. Input legitimacy concerns the democratic quality of who decides – elections, participation and representation. Output legitimacy concerns the effectiveness of what is delivered – the performance of policy and public services. Throughput legitimacy, by contrast, evaluates the procedural quality, accountability, inclusivity and transparency of the decision-making process itself: the conduct of governance inside the "black box" (Sata & Karolewski, 2020). It is this third dimension that is most directly affected by the regulation, or non-regulation, of lobbying, and it is precisely here that captured states are most deficient. Table 1 summarises the three dimensions and their characteristic status in captured states.

Table 1. Dimensions of legitimacy and their status in captured states

Dimension of legitimacy	Focus of evaluation	Status in captured states
Input legitimacy	Democratic elections, voter participation, political representation.	Generally maintained, but distorted by opaque campaign financing and media capture.
Throughput legitimacy	Transparency of the policymaking process, accountability, inclusivity,	Critically deficient. The "black box" masks formative decision-making and

Dimension of legitimacy	Focus of evaluation	Status in captured states
	lobbying regulation.	illicit influence.
Output legitimacy	Policy effectiveness, economic performance, public-service delivery.	Severely compromised; resources diverted to patronal networks rather than to public welfare.

The diagnostic value of the throughput concept lies in its capacity to explain a paradox that troubles observers of the region: states may hold competitive elections (input legitimacy) and may even deliver acceptable aggregate growth (a measure of output), yet still suffer from pervasive corruption and declining public trust. The explanation is that the decisive damage occurs in the middle, in the procedural space between the vote and the outcome, where the absence of transparency allows private interests to redirect the substance of policy. A focus on throughput thus redirects reform attention away from the familiar terrain of electoral and performance measures and towards the procedural mechanics of decision-making.

4.1 The Flaw of Transparency Laws

Existing transparency laws are structurally mistimed. They require public disclosure only after a draft policy or tender has been fully formulated, leaving the formative, pre-legislative stages entirely unregulated (Dogeanu, 2023). Yet it is in those formative stages that the decisive choices are made: the framing of the problem to be solved, the selection of a preferred policy instrument, the drafting of the technical specifications that will define a tender. By the time the law mandates disclosure, these choices have hardened into a draft that is presented as a fait accompli. Transparency that arrives after the moment of decision is transparency about a conclusion, not about the reasoning and the influence that produced it.

4.2 Opaque Access and Performative Consultation

Without mandatory lobbying registers, special interests gain unfettered and undocumented access to policymakers at exactly the moment when policies are still malleable and negotiable (Dogeanu & Matei, 2022). There is no public record of who met whom, on whose behalf, or to what end, and therefore no possibility of accountability for the influence exerted. By the time the mandatory thirty-day public-comment period begins, the fundamental decisions are already locked in. Public consultation is thereby reduced to a tick-box exercise that offers the illusion of participation while masking elite capture: civil society and the wider public are invited to comment on a text whose essential parameters were settled in advance and behind closed doors.

The combination of mistimed disclosure and undocumented access generates a structural throughput-legitimacy deficit that no amount of retrospective transparency can remedy. The problem is not that information is withheld at the end of the process – in formal terms much of it is published – but that the process itself is opaque at the point where it matters. This insight has a direct regulatory implication that the paper develops in Section 9: meaningful reform must move the moment of transparency forward, from the publication of outputs to the documentation of inputs.

5. Algorithmic Decision-Making and the Modern Evolution of the Black Box

As the administrative state modernises, the delegation of complex tasks to algorithms and artificial intelligence introduces a new and troubling layer of opacity to an already compromised system (Luncă & Onofreiciuc, 2025). The concern is not speculative. Machine-learning models are increasingly used in public administration for consequential functions such as the distribution of welfare benefits and predictive policing, and these models frequently operate as inherent "black boxes" in a technical sense distinct from, but analogous to, the political one. Even their developers cannot fully comprehend or trace the autonomous decision logics of self-learning algorithms, whose internal representations are not designed to be legible to human reviewers (Golobardes et al., 2024).

5.1 Algorithmic Opacity and the Threat to the Rule of Law

When public agencies rely on proprietary code and complex mathematics to allocate resources or determine contract eligibility, administrative integrity is shattered. The rule of law presupposes that those affected by a public decision can understand its basis and, where appropriate, contest it; an opaque algorithm denies them this capacity at the most fundamental level (Allen & Masters, 2020). Citizens and businesses lose the ability to understand, challenge or appeal the decisions that determine their entitlements and opportunities. In states already suffering from state capture and unregulated lobbying, the delegation of human-led decisions to unexplainable systems is especially dangerous, because the opacity of the technology can be used to launder the opacity of the politics: a discriminatory or captured outcome can be attributed to a neutral algorithm rather than to the interests that designed or trained it.

5.2 Merging the Black Boxes and the Case for Explainable AI

The gravest risk is that, without deliberate intervention, the technological "digital black box" will seamlessly merge with the "political black box," creating an impenetrable shield for illicit influence and discriminatory action (Allen & Masters, 2020). Corruption embedded in opaque human processes would not merely persist but would be encoded, obscured and reproduced at scale by systems that resist scrutiny and that operate continuously and automatically. Bias that a human official might be challenged on becomes, once delegated to a model, a fixed feature of administration that is difficult even to detect.

The corresponding remedy follows the same logic that this paper advances for lobbying: transparency must be imposed at the formative stage rather than sought after the fact. In the algorithmic context this means strict legal mandates for explainable AI – systems whose decisions can be rendered intelligible to those they affect – together with absolute transparency regarding the data inputs used to train administrative models, since biased or manipulated training data will reproduce bias in every subsequent decision (Allen & Masters, 2020). Algorithmic governance, in short, must be brought within the same regulatory paradigm as interest representation: the point of accountability is the design of the process, not the disclosure of the result.

6. The Anatomy of State Capture: A Comparative Political Analysis

State capture is a form of systemic grand corruption in which illicit actors exploit the administrative "black box" to rewire the laws of the state for private gain, reaching far beyond petty bribery (Hellman et al., 2000; Innes, 2014). Where petty corruption bends the application of an existing rule, capture rewrites the rule itself, and is therefore

both more durable and more difficult to detect: the captured outcome is enshrined in law and presents itself as legitimate policy. In Central and Eastern Europe, driven by the upheavals of the 1990s transition – the simultaneous construction of markets and democratic institutions under conditions of weak rule of law – the phenomenon crystallised into two distinct typologies, "corporate state capture" and "party state capture," each deploying unique methods to subvert the rule of law (Innes, 2014, 2016; Gajic & Pavlovic, 2021). Table 2 sets out the contrast across five analytically salient dimensions.

Table 2. Corporate state capture versus party state capture

Characteristic feature	Corporate state capture (e.g., Romania, Czech Republic, Bulgaria, Slovakia)	Party state capture (e.g., Hungary, Poland)
Primary objective	Maximisation of private financial gain and rent extraction from the state apparatus.	Re-politicisation of the state to secure an absolute, long-term political monopoly.
Nature of political elites	Entrepreneurial, pragmatic elites managing "brokerage" party systems.	Ideologically committed elites utilising exclusionary identity politics and nationalism.
Structure of networks	Decentralised, fluid, informal networks of companies and officials colluding across party lines.	Highly centralised patronal networks focused exclusively on the ruling party itself.
Approach to the judiciary and rule of law	Subversion through bribery, selective enforcement and the maintenance of regulatory voids (lobbying).	Systematic, overt legislative dismantling of judicial independence and constitutional checks.
View of public policy	Treated as a secondary side-product of an essentially economic competition.	Treated as a weapon for "Caesarean politics" to punish enemies and reward loyalists.

The comparison clarifies why the Romanian case is best understood through the corporate model. The objective of capture is financial rather than ideological; the elites are pragmatic brokers rather than committed ideologues; the networks are fluid and cross-partisan, surviving changes of government because their logic is economic rather than programmatic; and, crucially, the rule of law is subverted not through the overt dismantling of courts but through quieter means – selective enforcement and, above all, the deliberate maintenance of regulatory voids in the field of lobbying. Public policy, in this model, is a by-product of an essentially economic competition for state resources rather than an end in itself.

This contrast carries a decisive implication for reform strategy. The party-capture model, because it operates through visible legislative assaults on judicial independence and constitutional checks, attracts external scrutiny and provokes recognisable constitutional defences. The corporate model is more insidious precisely because it works through omission – through what is left unregulated – and through outcomes that wear the appearance of lawful policy. The corporate variant therefore depends on exactly the kind of unregulated opacity that targeted lobbying legislation is designed to dispel, which is why, for states such as Romania, the regulation of interest representation is not a peripheral integrity measure but the central front in the defence of the rule of law.

The party-capture model should not, however, be regarded as immune to the analysis advanced here. Although its defining instrument is the overt re-politicisation of the state – the placement of loyalists in nominally independent institutions and the legislative narrowing of judicial review – it too relies on opaque, formative-stage decision-making to allocate the economic spoils that sustain its patronal networks. Centralised patronage still requires channels through which favoured firms are selected and rewarded, and those channels remain undocumented in the absence of lobbying regulation. The two typologies are best understood, therefore, not as mutually exclusive categories but as the poles of a regional spectrum, with several states displaying hybrid features that combine economic extraction with ideological consolidation. What unites them is a dependence on the unregulated formative stage; transparency at that stage is consequently a necessary, if not by itself sufficient, condition for resisting either form of capture.

7. The Economic Machinery of Influence: Rent-Seeking and Legal Corruption

To understand the economic engine of corporate state capture, the analysis must turn to the concept of "legal corruption," a framework in which legality is not an objective, fixed boundary but an endogenous "decision variable" manipulated by the ruling elite (Kaufmann & Vicente, 2005, 2011). The insight is profound: where elites control the legislature, they can move the line between the legal and the illegal so as to place their own preferred methods of extraction on the lawful side of it. The question "is this corrupt?" and the question "is this illegal?" therefore come apart, and the gap between them becomes the operating space of the captured elite.

Rather than risk exposure through illegal petty bribery, captured elites leverage their legislative control to craft customised legal frameworks that protect and institutionalise their rent extraction (Stoyanov et al., 2019). By legally sanctioning sophisticated influence peddling, "revolving door" practices and unregulated lobbying, these actors ensure that their self-serving behaviours remain perfectly legal under state statutes, even though the public correctly perceives them as fundamentally corrupt (Kaufmann & Vicente, 2005; Beke, 2018). The gap between legality and legitimacy is the defining feature of the phenomenon: what is lawful is not necessarily clean, and what is corrupt is not necessarily unlawful. This is also why perception-based and prosecution-based measures of corruption can diverge so sharply in the region, with citizens reporting high corruption even as criminal convictions remain rare.

Kaufmann and Vicente's framework can be expressed as a set of institutional equilibria along which a polity may be located, depending on the strength of the accountability mechanisms it faces. Table 3 sets out the three equilibria, from the unconstrained illegal-corruption equilibrium, through the intermediate legal-corruption equilibrium, to the no-corruption equilibrium that obtains only under conditions of strong transparency and judicial independence.

Table 3. Institutional equilibria of corruption

Institutional equilibrium	Characteristics of the political economy	Typical manifestations
Illegal-corruption equilibrium	The political elite faces virtually no binding incentives, oversight or accountability mechanisms.	Outright bribery, overt extortion and embezzlement of public funds with impunity.

Institutional equilibrium	Characteristics of the political economy	Typical manifestations
Legal-corruption equilibrium	The elite must incur costs to "deceive" the population due to the presence of basic electoral systems and international oversight.	Tailored procurement laws, unregulated but legal lobbying, opaque campaign-finance loopholes.
No-corruption equilibrium	High accountability, total transparency and strong judicial independence ensure the population cannot be deceived.	Lobbying operates purely as transparent interest representation; strict conflict-of-interest laws are enforced.

The three equilibria form a spectrum rather than a set of discrete categories, and a polity may move along it as its accountability environment strengthens or decays. The argument of this paper is that Romania, and much of the CEE region, occupies the intermediate, legal-corruption equilibrium. The presence of competitive elections and the external oversight associated with European Union membership raise the cost of crude, illegal bribery; elites respond not by abandoning extraction but by substituting legally sanctioned techniques for illegal ones. Capture is thereby laundered into law. The policy implication is direct and, for this paper, central: progress towards the no-corruption equilibrium cannot be achieved by intensifying criminal enforcement alone, since the relevant conduct is not criminal. It requires instead raising the cost of legal corruption itself – and that is precisely the function performed by mandatory transparency in interest representation, which strips away the opacity on which the legal-corruption equilibrium depends.

8. Public Procurement as the Primary Arena for Wealth Extraction

Public procurement is the central mechanism of corporate state capture, facilitating massive wealth transfers from the state to private actors on a playing field meticulously distorted to benefit connected firms (Beke, 2018; Hellman et al., 2000). The reason is structural: procurement is the point at which the largest volumes of public money are transferred to private hands through discretionary administrative decisions, and it is therefore the natural focus of any network organised around financial extraction. The manipulation of procurement is also where the abstract concept of legal corruption becomes concrete and, importantly, measurable.

8.1 Pre-Tendering Manipulation and Post-Award Inflation

The manipulation operates at both ends of the procurement cycle. At the front end, within the administrative "black box," unregulated lobbying is used to draft highly specific, narrow technical requirements that predetermine the winner before bidding has even begun. A specification written to match the unique attributes of a favoured firm renders the subsequent tender a formality, which is why the single-bidding contract serves as a highly accurate proxy for state capture: genuine competition has been eliminated under the appearance of an open procedure (Dogeanu, 2023; Fazekas et al., 2013).

At the back end, the manipulation continues after the award. To comply superficially with EU directives, contracts are frequently awarded on the basis of the "lowest price," which signals competitiveness and satisfies auditors. Once a contract is secured, however, its costs are multiplied through perfectly legal addenda that cite "unforeseen technical difficulties," heavily inflating the final payout from public funds (Stefanov & Karaboev, 2017; Persson et al., 2024). The two techniques are complementary: the low headline price defeats scrutiny at the competitive

stage, while post-award inflation delivers the actual rent. The combination allows connected firms to extract substantial value while remaining, at every formal step, compliant with the law.

8.2 The Dual Nature of EU Funding

European Union structural funds present a paradox that is central to understanding the regional dynamic. On the one hand, they bring stricter administrative controls and auditing requirements that should, in theory, deter corruption and raise the quality of public management. On the other, they simultaneously inject very large volumes of public resources that become available for rent extraction (Fazekas et al., 2013). In states with entrenched corporate-capture networks such as Romania, the second effect can overwhelm the first: the influx of external capital can actually weaken overall institutional quality by supercharging existing networks of legal corruption, which adapt their established techniques to the new flow of funds (Fazekas & King, 2019). The funds do not create the capture; they feed it, and in doing so can entrench the very networks that EU conditionality is intended to constrain.

The implication for reform is unambiguous. Auditing the outputs of a procurement process – the contracts awarded, the prices paid – cannot substitute for transparency in the inputs that shaped it, because the decisive distortion occurs upstream, in the drafting of specifications and the informal interactions that precede the tender. Without strict, specific lobbying regulation to expose the opaque interactions between corporate actors and the officials who design EU-funded tenders, the procurement framework remains a lucrative and legally protected engine for redistributing wealth to the elite (Dogeanu, 2023). The procurement evidence thus reinforces the paper's central claim from a different angle: the regulatory framework governing pre-decisional influence is the variable on which integrity ultimately depends.

9. The Regulatory Framework as the Decisive Institutional Variable

Bridging the structural deficiencies of the administrative state and the economic mechanics of legal corruption reveals a single, unifying conclusion: establishing a specific regulatory framework for interest representation is the decisive variable for Eastern Europe's democratic consolidation (Dogeanu, 2023). The legal, political and economic analyses developed in the preceding sections converge on the same point of intervention. The legal analysis shows that the damage occurs at the unregulated formative stage; the political analysis shows that corporate capture depends on maintaining that regulatory void; and the economic analysis shows that the resulting legal corruption can be raised in cost only by transparency. The regulatory framework is the node at which all three causal chains meet.

Because general transparency laws and post-award audits have proven entirely inadequate against the sophisticated mechanisms of corporate state capture, dismantling this architecture requires a comprehensive, two-fold approach encompassing both ethical and legal dimensions. The cornerstone is the urgent enactment of robust, highly specific lobbying legislation that adheres to core international mandates, such as those promoted by the OECD in its public-integrity standards (OECD, 2025; Dogeanu, 2023; Stefanov & Karaboev, 2017). International benchmarking matters here for two reasons: it imports tested institutional design, and it raises the political cost of non-compliance for governments that wish to remain in good standing within the European and transatlantic policy community. Table 4 sets out the core regulatory mandates and the specific function each performs in combating legal corruption and state capture.

Table 4. Core regulatory mandates and their function

Regulatory mandate	Function in combating legal corruption and state capture
Mandatory registration	Requires all professional lobbyists, corporate representatives and advocacy groups to register in a publicly accessible, real-time database, firmly identifying the actors operating within the administrative "black box."
Disclosure of clients and targets	Mandates detailed reporting on whose behalf lobbying is conducted, the specific legislation, regulatory decree or procurement tender being targeted, and the desired policy outcome.
Financial transparency	Requires the rigorous, periodic disclosure of all lobbying expenditures, campaign contributions and direct financial relationships between private corporate actors and public officials, severely limiting the capacity for legal corruption.
Cooling-off periods (revolving door)	Prevents the immediate transition of elected officials and senior bureaucrats to lucrative executive positions in the private-sector industries they previously regulated, disrupting the informal, continuous networks of corporate state capture.
Code of ethics and independent oversight	Establishes binding ethical guidelines for all interactions between lobbyists and officials, monitored and enforced by an independent oversight body with the authority to impose severe administrative, financial and legal sanctions.

The five mandates are mutually reinforcing and should be understood as a single system rather than as a menu of optional measures. Registration identifies the actors; disclosure of clients and targets reveals their objectives; financial transparency exposes the resources they deploy; cooling-off periods sever the personnel pipelines that sustain capture across the public-private boundary; and the code of ethics, backed by independent and well-resourced oversight, supplies the enforcement without which the other four mandates would be merely declaratory. The omission of any one element weakens the rest: registration without disclosure documents presence but not purpose, and disclosure without enforcement produces records that no one is obliged to file honestly. The decisive feature shared by all five is that they operate at the formative stage, documenting influence as it is exerted rather than auditing its results after the fact.

Designing the mandates is, however, only half the task; their implementation must reckon with the political economy identified in Section 3, in which the principal beneficiaries of the status quo are the very actors whose cooperation reform requires. Three implementation conditions follow. First, the oversight body must be genuinely independent of the executive and adequately resourced, since a register administered by a captured authority would merely formalise the existing opacity. Second, the obligations must extend to senior officials and not only to external lobbyists, because a register that records who sought influence but not who granted it leaves half of each interaction in the dark. Third, the regime must be calibrated to avoid two opposite failure modes: a standard so onerous that it deters the legitimate, low-resource advocacy it is meant to encourage, and one so lax that well-advised actors can comply formally while concealing the substance of their activity. International benchmarks such as the OECD public-integrity standards are valuable here precisely because they encode hard-won experience about where these thresholds should lie (OECD, 2025). The objective throughout is not to suppress interest

representation but to render it visible, and thereby to convert a corrosive complement to corruption into a healthy substitute for it.

10. Empirical Evidence

Three empirical findings drawn from the comparative literature substantiate the central argument and give it quantitative weight, showing that the mechanisms described above are not merely theoretical but produce measurable distortions in the allocation of public resources. Table 5 presents the indicators, the findings and their sources.

Table 5. Selected empirical indicators of legal corruption and capture

Indicator measured	Empirical finding	Source
Single-bidding contract rate	High volumes of EU funds artificially increase the rate of single-bidding in at-risk countries – the ultimate indicator of legal corruption, where competition is technically present but legally eliminated.	Fazekas & King (2019)
Market share of clientelist networks	Politically connected and favoured firms secure between 50% and 60% of their specific public-procurement market.	Dávid-Barrett & Fazekas (2020)
Probability of influencing public policy	The probability of directly influencing government decisions is 16% higher for companies that use formal lobbying than for those that do not.	Campos & Giovannoni (2017)

The convergence of these findings is telling, and each speaks to a different link in the causal chain advanced by this paper. The single-bidding evidence connects external funding to the elimination of competition, confirming the dual-nature argument of Section 8: where capture networks are entrenched, an inflow of resources raises rather than lowers the risk of legally eliminated competition (Fazekas & King, 2019). The market-share evidence quantifies the scale of the resulting distortion, showing that connected firms do not merely win occasional contracts but come to dominate the markets in which they operate (Dávid-Barrett & Fazekas, 2020). The lobbying evidence closes the loop by demonstrating that formal influence activity measurably increases the probability of shaping government decisions, which is the mechanism through which the first two outcomes are produced (Campos & Giovannoni, 2017).

Taken together, the indicators point to a single underlying dynamic: the conversion of privileged, opaque access into concrete and durable economic advantage. Each indicator is also, importantly, amenable to the transparency instruments set out in Section 9. Single-bidding rates and contract modifications can be monitored against a public register; market concentration can be tracked once beneficial ownership and lobbying contacts are disclosed; and the advantage conferred by formal lobbying is precisely what registration and disclosure render visible and therefore contestable. The empirical record thus not only documents the problem but also confirms that the proposed remedy targets its operative mechanism.

11. Discussion

The analysis developed across the preceding sections supports the paper's main hypothesis: the implementation of mandatory pre-legislative lobbying regulation would significantly reduce legal corruption and thereby raise the throughput legitimacy of post-communist democracies. The argument's principal contribution is integrative. Where the existing literature has tended to treat the legal, political and economic dimensions of the problem separately, this paper shows that they describe a single causal sequence – a legal void enabling a political strategy of capture that yields an economic outcome of rent extraction – and that the regulatory framework for interest representation is the common variable governing all three. This integration answers the primary research question by specifying the mechanism through which a shift from retrospective transparency to proactive regulation would affect democratic consolidation: it would close the formative-stage void on which capture depends.

The findings also speak to the two secondary questions. On procurement, the discussion in Sections 8 and 10 indicates that lobbying transparency reduces legal corruption by exposing the pre-tendering interactions that produce single-bidding and specification capture, the very stage that current audit-based controls cannot reach. On algorithmic governance, Section 5 argues that the same regulatory logic – transparency at the point of design rather than disclosure of the result – must be extended to administrative AI if the digital and political black boxes are not to merge. In both cases the underlying principle is identical, which suggests that the framework developed here has explanatory reach beyond its original domain.

These conclusions must be read alongside the limitations noted in Section 2. The paper advances an interpretive synthesis rather than an original statistical test, and its proxies for legal corruption, though objective, are indicators of risk rather than proof of wrongdoing in any individual case. The comparative typology, too, is a simplification, and several states exhibit hybrid features. A natural agenda for future research follows from these limitations: the hypothesis could be tested directly by examining whether the introduction of lobbying registers in comparable jurisdictions is associated with measurable falls in single-bidding rates and contract modification, and by tracing the political economy of reform attempts to understand why robust lobbying legislation has so often stalled in the region. The persistent resistance of the political class, identified in Section 3 as a beneficiary of the status quo, is itself a phenomenon meriting closer study.

12. Conclusion

The conflation of lobbying and corruption in Eastern Europe is not an accident of culture but a deliberate instrument of state capture. Political elites exploit the opaque administrative "black box" to manipulate public policies and procurement, creating a systemic "legal corruption" that drains public funds and undermines democratic integrity. The increasing delegation of administrative decisions to opaque algorithms threatens to entrench and scale this dynamic still further, fusing a digital black box with the political one.

To break the cycle, regulating the interaction between private interests and the state is essential. Broad anti-corruption laws and retrospective audits have failed precisely because the relevant networks have already adapted to operate legally within a system they have rigged in their own favour; intensifying enforcement against conduct that is not criminal cannot reach them. Regulated lobbying, by contrast, tears the veil off the administrative black box and prevents elites from secretly dictating outcomes. This shift would replace legalised corruption with the

rule of law, allowing lobbying to perform the role it plays in mature democracies – a transparent, expertise-driven asset and a healthy substitute for corruption rather than a corrosive complement to it.

Enacting specific, robust lobbying legislation is therefore an urgent necessity rather than a technical refinement. Implementing mandatory registers, disclosure of clients and targets, financial transparency, cooling-off periods and strict ethical oversight during the early, formative stages of policymaking is the only way to establish genuine procedural accountability. The regulatory framework, this paper has argued, is the decisive variable: it determines whether interest representation strengthens or corrodes democratic governance. For Romania and the wider region, closing the unregulated frontier is the precondition for restoring the throughput legitimacy on which the consolidation of post-communist democracy ultimately depends.

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