

## **Doctoral (PhD) Dissertation Abstract**

# **THE ROLE OF THE EU IN STRENGTHENING THE RULE OF LAW, ECONOMIC GROWTH AND SUSTAINABLE DEVELOPMENT IN THE WESTERN BALKANS**

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## **Aims and scope of the dissertation**

Through its enlargement policy, the European Union (EU) seeks to foster democratisation in six southeast European countries that aspire to become EU members. Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia (in short, the Western Balkans six or 'WB6') have all been, albeit in different stages, in a long accession trajectory since 2003 that has since lost both efficacy and political momentum. Particularly in the spheres of democratisation and the rule of law, reform processes remain deadlocked or only move slowly.<sup>1</sup>

Due to the lack of democratic consolidation in the WB6, more and more attention is being paid to the negative effects of EU policies. Several recent analyses argue that the EU unintentionally contributes to the formation of so-called 'stabilitocracies' in the region: Countries with obvious democratic shortcomings that nevertheless claim to work towards democratic reform and offer stability<sup>2</sup>

In supporting rule of law reform and constitution building in other regions, the EU aims to ensure the same degree of respect for fundamental values and democratic culture as in its own member states. These values are paramount. By supporting rule of law reform and constitutional development in other regions, the EU aims to ensure the same level of respect for fundamental values and democratic culture as in its member states.

At the same time, the experience of other regions, where regional cooperation is closely linked to the EU integration process (Visegrad Group and the Baltic States), has shown the advantages of a more streamlined region. The informal group "Western Balkans Six" brings together countries that are more or less at the same stage of resumption of relations with the EU and essentially share the same goal of integration into the European Union, facing challenges economically similar. The development can benefit from better coordination and sharing of many common cultural features. The quality of the rule of law is one of the prerequisites for faster and sustainable economic growth and development of the Western Balkan countries, taking into account their historical

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<sup>1</sup> Kmezić, M. (2020) "Rule of law and democracy in the Western Balkans: addressing the gap between policies and practice", January 2020. Vurmo, G. (2020) "Tailor-made laws in the Western Balkans."

<sup>2</sup> Kmezić M., Bieber F. (2017), "The Crisis of Democracy in the Western Balkans. An Anatomy of Stabilitocracy and the Limits of EU Democracy Promotion," The Balkans in Europe Policy Advisory Group, , 95; Florian Bieber, "What is a stabilitocracy?" *The Balkans in Europe Policy Advisory Group*, May 5, 2017; Solveig Richter and Natasha Wunsch, "Money, power, glory: the linkages between EU conditionality and state capture in the Western Balkans" *Journal of European Public Policy* 27, no. 1 (2020): 42.

context, the breakup of South The past, the specific economic circumstances of the transitional recession of the 1990s, the slow economic recovery of the early 21st century, the strong impact of the global economic and financial crisis and the path towards the European Union.

In the 2010s, some EU leaders already demonstrated a clear commitment to enlargement, as Chancellor Merkel did at the Western Balkans conference in August 2014.<sup>3</sup> This intention was further confirmed by EU leaders in their Brussels Declaration issued at the 2024 Western Balkans Summit.<sup>4</sup>

This situation raises questions not only about how EU policy towards the region is formulated but also about the sustainability of membership-related reforms in candidate countries.

This is particularly relevant to judicial reform (Negotiating No. Chapters 23 and 24), which is often cited as the main challenge in the ongoing accession negotiations.

As for EU candidates, the EU appears to be allied with governments in the Western Balkans that support legal reform but do not necessarily implement it. In fact, candidate governments, including members of populist parties, will be the EU's interlocutors in the negotiations.

The main research problem of the thesis is to examine the dynamic relationships between the rule of law and the connected elements and sustainable development and economic growth in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.

### **Subject matter of analysis**

The rule of law involves a set of common standards of action, established by law and applied in practice through procedures and accountability mechanisms, ensuring reliability, predictability and "provisions of law". The rule of law includes the following four universal principles: "the government, its officials and agencies are accountable to the law; clear, open, stable and fair laws that protect basic rights, including human and property security; making, administering and enforcing laws accessible, effective and equitable, justice is delivered by competent, efficient and independent representatives and neutrals who are sufficient in number, have adequate resources and reflect the community they serve".<sup>5</sup> The first part of the thesis provides an exploration of the

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<sup>3</sup> Euroaktiv (2014) *Merkel seeks to strengthen EU ties to Western Balkans*

<https://www.euractiv.com/section/enlargement/news/merkel-seeks-to-strengthen-eu-ties-to-western-balkans/>

<sup>4</sup> Brussels Declaration (2024) <https://www.consilium.europa.eu/media/wvld5ka1/brussels-declaration-2024-en.pdf>

<sup>5</sup>OECD Library, Strategic Gouvernance

essence and key elements of the rule of law, drawing on relevant EU legislation and academic literature.

The rule of law is considered one of the key aspects that determine the quality and good governance of a country. There are indices that measure the extent to which regulations are enforced fairly and effectively. Such indices are also used in the thesis to analyse the relationship between the rule of law, sustainability and economic development in the Western Balkans.

The rule of law is recognized by international legal instruments and used by lawyers and policymakers. “Exporting the rule of law” has become an important topic in the rhetoric of countries and international organizations that have relations with countries in

transition and in developing countries around the world. The same goes for the European Union, which is committed to promoting the rule of law both in the context of enlargement and within the framework of its neighborhood policy. This is because the rule of law is not only considered a common core value within the EU constitutional framework but is also used as a cross-cutting foreign policy goal and a benchmark against which to evaluate the actions of candidate countries. The EU has sought to increase efforts to promote human rights, democracy and the rule of law in all aspects of its foreign affairs. Furthermore, the EU promotes a broad and substantive understanding of the rule of law, which is seen as closely linked to the principles of democracy and respect for human rights, which underpin foundation for all sustainable political, economic and social stability.

The preamble of the Treaty on the European Union (TEU) requires signatory states to respect the values such as inviolable rights of the person, freedom, democracy, equality and the rule of law.

EU treaties consistently link the rule of law to the principles of democratic governance and the protection of human rights, and suggest that these principles should be understood and promoted as interconnected. This is also consistent with respect for these fundamental values in all EU institutions, which must guide EU action in every policy and at every level of decision-making. As a result, EU support for the rule of law has been embedded in a number of intersecting agendas, from security to development, good governance and enlargement.

### *3)Literature Review*

Hoxhaj (2020) provides empirical evidence demonstrating that countries with stronger rule of law frameworks tend to experience higher economic growth rates. However, the Western Balkans exhibit a paradox where legal reforms, while extensive on paper, fail to translate into economic stability due to weak institutional capacities. The slow implementation of judicial reforms and the selective application of legal norms create an uncertain business climate, limiting the region's economic potential. The Western Balkans, despite extensive legal reforms aimed at fostering economic growth, have faced challenges in translating these reforms into tangible economic outcomes. The weak enforcement of laws and the persistence of informal political networks have created a climate of uncertainty, which undermines investor confidence and hampers economic growth.<sup>6</sup>

In conclusion, the rule of law remains a cornerstone of the EU integration process for the Western Balkans, yet significant gaps remain between policy and practice. While legal reforms have been implemented to meet EU accession criteria, their effectiveness in fostering economic growth is constrained by weak enforcement mechanisms and political interference. The literature suggests that while the EU's conditionality approach has led to some progress, structural challenges such as political resistance, informal governance structures, and weak institutions continue to impede meaningful change. To unlock the full potential of the rule of law in driving economic stability and institutional development in the region, these obstacles must be addressed, ensuring that legal reforms are not only implemented but also effectively enforced.

## **Methodology**

Quantitative research methods focus on objective measurements, with statistical analysis or the collection of numerical data. In the thesis, the numerical data is collected from different reports such as International Monetary Fund, World Bank, Transparency International, World Justice Project etc.

Globally, the World Bank is renowned for its expertise in development data and has proven highly effective in producing high-quality data. It generates influential and widely utilized datasets and transnational indicators that address critical gaps in information. These resources are instrumental in guiding research, informing policy decisions, and driving political actions. Countries around the

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<sup>6</sup> Hoxhaj, A. (2020). *EU Rule of Law Initiatives in the Western Balkans: Achievements and Challenges*.

world rely on the World Bank's data to shape development strategies, making it a cornerstone for evidence-based decision-making and global progress. The importance of the World Bank's data cannot be overstated, as it serves as a vital tool for fostering sustainable development and addressing key challenges worldwide. The data catalogue of World Bank provide dynamic tools for exploring data by country, indicator, and topic, featuring advanced functionalities like gradient maps. These resources highlight the importance of data in informing development strategies and decision-making

The WJP (World Justice Project) Rule of Law Index is the world's leading source for original and independent data on the rule of law, covering 142 countries and jurisdictions. It relies on over household surveys and legal practitioner and expert surveys to measure how the rule of law is experienced and perceived globally. This comprehensive data is a critical resource for policymakers, civil society organizations, academics, citizens, and legal professionals, providing current and reliable information to guide policy reforms, support program development, and inform research initiatives aimed at strengthening the rule of law worldwide.<sup>7</sup>

Transparency International has become the most important organization in collecting and distributing information related to corruption. One of the many ways that Transparency International systematize this information. The index of corruption perception is the most famous source and is applied the most information on the level of corruption in all countries.<sup>8</sup>

For example together, these tools underscore the critical role of data in driving inclusive, sustainable development and strengthening governance worldwide. The rule of law indexes and its components issued by organizations such as the World Bank, the Heritage Foundation and Freedom House present data from studies of homes and businesses, commercial sources of trade data, non-governmental organizations and open-source organizations. The rule of law indices capture perceptions of the degree to which specialists have certainty in and stand by the rules of society. More specifically, they encompass the quality of contract enforcement, property rights, the police, and the courts, as well as the of violence and crime.<sup>9</sup>

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<sup>7</sup> World Justice Project <https://www.cmi.no/publications/file/2120-is-it-wrong-to-rank.pdf>

<sup>8</sup> Soreide T. (2006) *Is it wrong to rank? A critical assessment of corruption indices* CMI Working Paper <https://www.cmi.no/publications/file/2120-is-it-wrong-to-rank.pdf>

<sup>9</sup> Kaufmann D., Kraay A., Mastruzzi M (2010) *The Worldwide Governance Indicators: Methodology and Analytical Issues* World Bank Policy Research Working Paper No. 5430

Therefore, this study adopts an X-oriented explanatory approach by examining whether an independent variable X influences another dependent variable Y. In this study, the independent variable is the level of rule of law in a given country and the dependent variables are other analysed factors such as corruption and economic growth. The unit of analysis for this study is the country. In order to explore the effects and relationship between rule of law and economic growth and the implication of EU in Western Balkans the following techniques will be used: Regression, Correlation and Risk analysis.

#### *4.1. Regression*

Regression is a statistical method used in finance, investing, and other disciplines that attempts to determine the strength and character of the relationship between one dependent variable (usually denoted by Y) which represents a response variable one or more other variables (known as independent variables). The independent variable is also called explanatory variable used to explain or predict the response variable.<sup>10</sup> The regression allows researchers to predict or explain changes in a variable based on another variable.

The regression answer to the question "What factors influence the variation of the dependent variable?" For example, factors that contribute to changes of phenomena and processes. Also the goal of the regression is to compare alternative theoretical explanations.

Regression analysis is essential for this research because it provides a systematic way to explore and quantify how the rule of law influences sustainable development and economic growth. Such an analysis may also contribute to evidence-based policy recommendations.

On the one hand, the objective of regression analysis in this thesis is to explain variability in dependent variable by means of one or more independent (or control) variables. This type of regression is the multiple linear regression. The multiple linear regression model is important for hypothesis testing in this research as it may contribute to a deeper understanding of the relationship between specific segments of the rule of law (such as corruption control or law and order index the quality of institutions) as independent variables and economic growth as the dependent variable. Therefore, it helps determine if there's a cause-and-effect relationship between the rule of law and economic performance. On the other hand, the multivariate regression analysis will be

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<sup>10</sup> Investopedia, Regression: Definition, Analysis, Calculation, and Example

<https://www.investopedia.com/terms/r/regression.asp>

used which always involves situations with multiple dependent variables. Multivariate regression is a specific technique used to model the linear relationships between more or one independent variable and more than one dependent variable. This method is important for this thesis because it can help us to explore the relationship between corruption control (which is seen as a fundamental pillar of the rule of law in this thesis) as the independent variable and specific indicators of sustainable development and economic growth as dependent variables.

Beyond theoretical conclusions, the result of regression can serve empirical evidence to show whether there is a strong connection between the rule of law and sustainable development.

#### 4.2. Correlation

The correlation method is a type of non-empirical research method in which the researcher measures two variables, understands and evaluates the statistical relationship between them without the influence of any outliers. For example, data may show that users with certain personality traits tend to use stricter privacy settings than users with other personality traits. Correlation methods balance relevance and accuracy. The direction of correlation can be either positive or negative.

Table: Types of correlation

<b>Positive correlation</b>	Both variables change in the same direction	As height increases, weight also increases
<b>Negative correlation</b>	The variables change in opposite Directions	As coffee consumption increases, tiredness decreases
<b>Zero correlation</b>	There is no relationship between the variables	Coffee consumption is not correlated with height

Source: <https://www.scribbr.com/methodology/correlational-research/>

In this thesis the correlation analysis is applied to identify relationships between governance effectiveness and economic stability, as well as to analyze the link between the rule of law index and environmental policy effectiveness. This approach is justified because correlation analysis

helps uncover significant relationships, The thesis also examines by applying this method whether a correlation exists between the rule of law and progress in sustainable development. For example, whether correlation analysis can confirm that upholding the rule of law in the management of natural resources is crucial for promoting inclusive and sustainable economic growth and development.

#### *4.3. Risk analysis*

Risk analysis is a multi-step process aimed at reducing the impact of risks on business operations. This method evaluates the degree of risk and the probability of potential scenarios while also offering predictions about each country. The political risk, which is closely tied to the rule of law, plays a critical role in the thesis. By identifying and anticipating political risks, political risk analysis provides a foundation for developing strategies to manage and mitigate the risks from these countries effectively.

There are two main methods of risk analysis. A simpler and more convenient method is qualitative risk analysis. Qualitative risk analysis evaluates or assesses risk based on perceptions of the severity of the risk and the likelihood of its consequences. Quantitative risk analysis, on the other hand, calculates risk based on available data.

The political risk analysis is a way for investors to evaluate business risks in a particular country. These risks include expropriation, war, terrorism, political instability and corruption. The purpose of political risk analysis is to identify potential risks associated with foreign investments. Furthermore the political risk analysis is used to determine the current state of domestic affairs and the likelihood of a change in power. In addition, it also helps estimate an entity's susceptibility to a hostile takeover from either external or internal forces.<sup>11</sup>

As this thesis also aims to assess how external factors, such as geopolitical influences and government stability, impact the implementation of the rule of law, political risk analysis is an important methodological tool in this research. This means examining the effect of political instability, as well as identifying risks to sustainable development caused by governance

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<sup>11</sup> Kiran V. (2020) Political Risk Analysis: How to do Political Risk Assessment, Political Marketing

<https://politicalmarketer.com/political-risk-analysis/#:~:text=Political%20risk%20analysis%20is%20a%20way%20for%20investors,associated%20with%20an%20investment%20in%20a%20foreign%20country.>

inefficiencies and external actors. The methodology includes SWOT analysis to evaluate legal and economic strengths, weaknesses, opportunities and threats in the countries under analysis. This approach is justified because political risk analysis offers valuable contextual insights into external disruptions that may hinder improvements in the rule of law.

Viewing these methodological tools in their complexity, regression analysis is used to explore causal mechanisms, ensuring a strong empirical foundation, while correlation analysis complements it by identifying key relationships before causality testing. Political risk analysis adds a qualitative dimension, focusing on governance and institutional challenges without relying on numerical data. Through this integrated approach, the research aims to empirically demonstrate the impact of the rule of law on economic growth and sustainable development in the Western Balkans, identify sustainability dimensions most affected by governance quality – particularly in corruption control and institutional effectiveness – —and highlight political risks that hinder effective legal frameworks and economic stability in the region. By linking theoretical insights with empirical methods, this methodology ensures clarity in connecting research questions with appropriate analytical techniques, thereby strengthening the study’s academic rigor and policy relevance.

### **The hypotheses**

Political regimes in the Western Balkan states have been consolidated and rely heavily on weak rule of law mechanisms, enabling them to exercise unrestricted power and control over various aspects of a country’s activities, including its economy. While this trend itself does not explicitly hinder the region's economic development, it does raise questions about the sustainability of economic growth. Support from the European union is essential to help these countries overcome these shortcomings and ensure the conditions for their EU integration and the EU is committed to provide financial resources for their economic growth and sustainable development. Based on these considerations, the following hypotheses can be formulated.

*H<sub>1</sub> The rule of law, as promoted by the EU, is a cause and effect of the economic growth in the Western Balkans.*

Improvements in legal frameworks and enforcement, driven by EU initiatives, create a stable environment conducive to economic activity. Transparent, predictable and effectively enforced

laws reduce risks for investors and encourage private sector development. Consequently, a stronger rule of law is associated with greater economic growth in the region.

The correlation between success in establishing the rule of law and economic growth may be reciprocal as the strengthening of legal frameworks increases with income.

The core causal mechanisms through which the rule of law is in the connection with economic growth could be the border security, the enforcement of contracts, the control of smuggling and the fighting against the corruption. These dimensions of the rule of law underline to the question of joining Western Balkan countries to EU. Empirical evidence suggests that corruption affects economic growth, especially in countries with low investment rates and poor governance.<sup>12</sup>

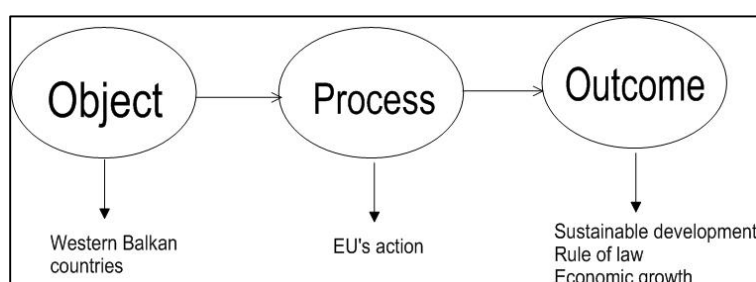


Figure: Overview of EU's action in Western Balkans

Source: Made by author

According to the scheme, the Western Balkans represents an object for which the EU is working to promote through several instruments. The desired outcome is improved rule of law, economic growth and sustainable development. In terms of the rule of law, the European Union upholds the principle that rulers are subject to legitimate restrictions. This implies that the powers of the government and its authorities are constrained and that they are held accountable.

*H<sub>2</sub> The rule of law promoted by the EU results in efficient sustainable development in the Western Balkans.*

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<sup>12</sup> Swaleheen, M. (2011). *Economic growth with endogenous corruption: an empirical study*. Public Choice, 146: 23-41

Mauro, P. (1995). *Corruption and growth*. Quarterly Journal of Economics 110, 681-712.

Huang, H. (2016). *Is corruption bad for economic growth? Evidence from Asia-Pacific countries*. North American Journal of Economics and Finance 35, 247-256

Mo, P.H. (2001). *Corruption and economic growth*. Journal of comparative economics. 29, 66-79

The establishment of robust legal institutions and governance structures leads to long-term progress that is environmentally, socially and economically sustainable. By reducing corruption, ensuring property rights and promoting transparency, the rule of law creates institutions that are resilient and capable of supporting ongoing development. Therefore, sustainable growth is directly linked to the quality and effectiveness of legal and institutional reforms fostered by EU initiatives. An analysis suggests that countries in the region show different rule of law and economic growth complexes and the level of sustainable development is one of the most important factors in differentiating among them in this regard.

The EU's foreign policy implications are closely linked to the existence of a strong correlation between the rule of law and economic growth that can stimulate the sustainable development.

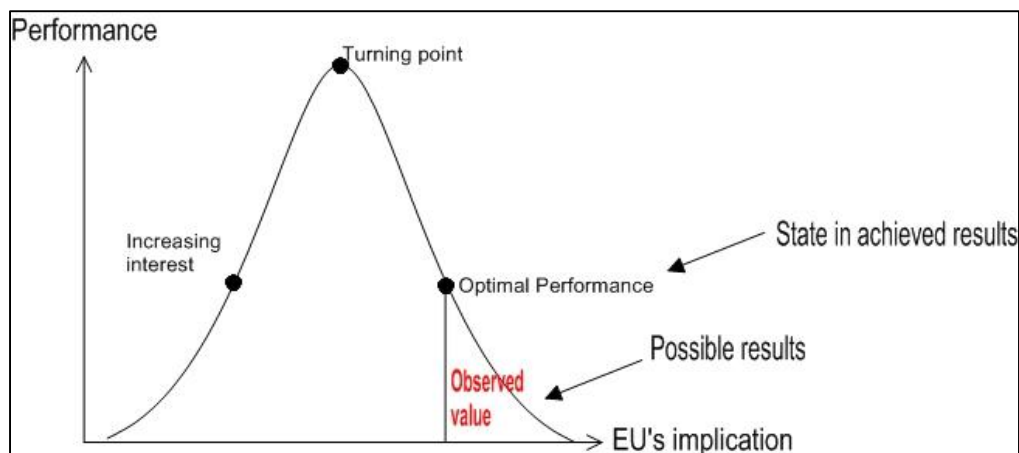


Figure: Prediction of results  
Source: Made by author

According to the graph, the more involved the EU's in the region, the greater the interest in achieving new results. The turning point represents the moment when the interests are transformed step by step in achievements. Optimal performance is the region's achieved results in the context of a strong rule of law and economic growth.

*H<sub>3</sub> The rule of law promoted by the EU stimulates industrialization in the Western Balkans.* This hypothesis is closely linked to H<sub>1</sub> relating to the relationship between the rule of law and economic growth. A stable legal environment encourages industrial growth by attracting foreign direct investment and fostering innovation. When property rights are protected and contracts are enforceable, businesses are more likely to invest in manufacturing and infrastructure projects. A

legal system based on the rule of law reduces the uncertainties and risks associated with industrial activities, thereby accelerating regional industrialisation.

*H5 The influence of other powers such as China, Turkey and Russia) can “disturb” the path of the Western Balkans to the EU.*

The EU accession process of the region may be slowed down or interfered with by geopolitical influences from other major powers. These external actors may promote alternative alliances or exert influence that conflicts with EU standards and priorities. Such interference could hinder integration and stability in the region.

### **The originality and novelty of the research**

Relatively little existing literature addresses the complex relationship between the rule of law, economic growth and sustainable development in the Western Balkans, or the role of the EU in promoting the rule of law. Most of these academic contributions focus on descriptive, qualitative assessments, with only a few using basic econometric analyses.

Specific aspects of the rule of law in the Western Balkans, as well as the integration process of the countries in the region into the EU, are receiving increased attention in academic literature. It is emphasised that the Western Balkans face unique challenges related to ethnic conflicts, fragile political systems and weaker civil society traditions compared to Central and Eastern European countries. This complicates the Europeanisation and enforcement of rule of law requirements in these states and necessitates a tailored, context-sensitive approach.<sup>13</sup> Academic studies provide detailed analyses of the structural and political obstacles to establishing the rule of law in the Western Balkans, which are rooted in the region’s legacy of communist judicial culture, post-conflict fragmentation and weak institutional traditions. These studies examine specific themes

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<sup>13</sup> Hoxhaj A. The EU Rule of Law Initiative Towards the Western Balkans. *Hague J Rule Law*. 2021;13(1):143–72. doi: 10.1007/s40803-020-00148-w. Epub 2020 Nov 18. PMID: PMC7672688 ; Kmezić, M. (2020). Rule of law and democracy in the Western Balkans: addressing the gap between policies and practice. *Southeast European and Black Sea Studies*, 20(1), 183–198. <https://doi.org/10.1080/14683857.2019.1706257>; Haider, H. (2018). *Rule of law challenges in the Western Balkans*. K4D Helpdesk Report 464. Brighton, UK: Institute of Development Studies.

related to the rule of law, such as judicial reform, institutional challenges (including corruption),<sup>14</sup> political culture,<sup>15</sup> the role of society,<sup>16</sup> the role of the media<sup>17</sup> and public trust.<sup>18</sup> Other analyses focus on the role and instruments of the EU in strengthening the rule of law in the Western Balkans.<sup>19</sup> Scientific papers mentioned above primarily rely on descriptive and qualitative research methods, some of them apply descriptive statistical analysis.<sup>20</sup>

The number of studies examining, beyond the progress and challenges of the rule of law itself, the complex relationship between the rule of law and economic growth or sustainable development, is rather limited. Some of them also use qualitative or basic econometric analysis. Ftoreková and Mádr used panel data regression analysis for the period 2000–2015 to evaluate the impact of rule of law indicators on economic growth in the Balkan states.<sup>21</sup> Engjell Pere used econometric modelling with panel data from 1996 to 2012 to assess the impact of good governance (including components of the rule of law) on GDP growth in the region.<sup>22</sup>

Unlike prior studies presented above, the novelty of the present research lies in its attempt to combine correlation, regression and risk analysis. I believe that this combination of methods could provide a more nuanced understanding of the causal relationships and interdependencies within the rule of law–economic growth–sustainable development nexus. Additionally, while the role of

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<sup>14</sup> Tubbs-Herring, Bryan, *The Battle for the Rule of Law: The Case of the Western Balkans and the EU* (May 16, 2014). <http://dx.doi.org/10.2139/ssrn.2607096>

<sup>15</sup> Draško, Gazela Pudar et al. : *Political Culture in Southeast Europe : Navigating between Democratic and Authoritarian Beliefs and Practices*. Sarajevo, Friedrich ebert Stiftung, 2019.

<sup>16</sup> Natasha Wunsch: *EU Enlargement and Civil Society in the Western Balkans : From Mobilisation to Empowerment*. Springer, 2018

<sup>17</sup> Milica Uvalić (ed.): *Integrating the Western Balkans into the EU : Overcoming Mutual Misperceptions*. Palgrave, 2023

<sup>18</sup> Marina Matic Boskovic : *The Perception of Justice in Western Balkans Countries*. *Regional Law Review* 25, 2021

<sup>19</sup> Hogić, N. (2020). The European Union's Rule of Law Promotion in the Western Balkans: Building a Rule of Law Constituency. *Croatian Yearbook of European Law and Policy*, 16(2020), 197–223. ; Soeren Keil and Zeynep Arkan (eds.): *The EU and member state Building : European foreign policy in the Western Balkans*, Routledge, 2015 ; Mendelski, M. (2016). Europeanization and the Rule of Law: Towards a pathological turn. *Southeastern Europe* 40 (3): 346-384.

<sup>20</sup> As examples for the latter, see Boskovic (2021); Hogić (2020).

<sup>21</sup> FTOREKOVÁ, Michaela, and MÁDR, Michal. 2017. The Rule of Law and Economic Growth in the Balkan States. *European Journal of Business Science and Technology*, 3 (1): 13–20. ISSN 2336-6494, DOI <http://dx.doi.org/10.11118/ejobsat.v3i1.76>.

<sup>22</sup> Engjell Pere, 2015. Impact of good governance in the economic development of Western Balkan countries, *European Journal of Government and Economics*, vol. 4(1), pages 25-45

the EU is often discussed in academic papers, the direct and indirect effects of EU instruments on economic and development outcomes through improvements in the rule of law in the Western Balkans are rarely assessed quantitatively. Finally, if existing literature examines the impact of the rule of law from a broader perspective, it tends to focus on its impact on economic law in isolation. Incorporating sustainable development as a key outcome of the rule of law in the present research broadens its scope and relevance, capturing environmental and social dimensions alongside economic factors.

## CONCLUSION

Strength, progress, and development, or even decline and weakness of democracy and political culture may be related to the institutional confidence, viz. the faith in the likeliness of institutions to act in a socially expected way. Institutional trust provides legitimacy, which is a precondition of democratic politics.<sup>23</sup>

Regional cooperation is one of the greatest achievements of the Western Balkans and it brings two main benefits. First, it reduces tensions and enhances regional stability. And second, it brings many practical benefits arising from the level of circulation of goods and services in the region, improving the competitiveness of relatively small economies and increasing the attractiveness of the region as an investment destination. The European Union remains the main external anchor for stability and comprehensive reform in the region. Strengthening regional cooperation is an explicit requirement for the Western Balkan candidate countries in their application to join the EU. At the same time, regional cooperation is now a wise choice for regional leaders.

The rule of law and development are closely linked and mutually reinforcing, that the promotion of the rule of law at the national and international levels is essential for inclusive and sustainable economic growth, sustainable development, hunger eradication and poverty alleviation, and full realization of the comprehensive benefits of human beings. fundamental rights and freedoms, including the right to development, thereby strengthening the rule of law.

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<sup>23</sup> Boda Zsolt, Medve-Bálint Gergő, 'Az intézményi bizalom a régi és az új demokráciákban. [Institutional trust in the old and the new democracies]', *Politikatudományi Szemle* (XXI/2) 28.

At the national level, the rule of law is needed to create an enabling environment for the provision of sustainable livelihoods and the eradication of poverty. Poverty often stems from disenfranchisement, exclusion and discrimination. The rule of law promotes development by strengthening the voices of individuals and communities, providing access to justice, ensuring due process, and establishing remedies for rights violations. Securing livelihoods, housing, land use rights and contracts can help the poor protect themselves against violations of their rights and empower them to defend themselves. Legal empowerment not only provides legal remedies and supports better economic opportunities

The new EU expansion strategy for rule of law reform in the Western Balkans holds promise and lays the groundwork for a fruitful dialogue between the EU and the Western Balkan states. Furthermore, it is a clear indication of future EU involvement in the region. The top six initiatives target specific areas of mutual interest, such as the rule of law, security and migration, socioeconomic development, transport and energy connectivity, programs Digital agenda, mediation and good neighborly relations. These constitute encouraging political goals to transform the Western Balkans into more liberal democracies.

For the rule of law to promote sustainable development outcomes, the rule of law must ensure the protection of all human rights, including economic, social and cultural rights, and the right to development. While the “rule of law” can provide a legal framework, contract guarantees, and dispute resolution mechanisms that support economic growth and development, only the rule of law, consistent with international human rights economy, can ensure inclusive and sustainable development.

The Western Balkan aspirants have been backsliding in significant reform areas: democracy, rule of law, media freedom, fighting corruption and building a functioning market economy. They have been criticised for developing into ‘stabilitocracies’, and the EU for not taking a stronger position against their autocratic tendencies.<sup>24</sup>

Given the present circumstances in the Western Balkans, the implementation of "predictable enforcement" is recommended as a structured conceptual framework. "Predictable enforcement" refers to a systematic approach where regulatory decisions and policy applications follow

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<sup>24</sup> Tcherneva V. (2017) *What Europe can do for the Western Balkans*, European Council on Foreign Relations [https://ecfr.eu/article/commentary\\_what\\_europe\\_can\\_do\\_for\\_the\\_western\\_balkans\\_7238/](https://ecfr.eu/article/commentary_what_europe_can_do_for_the_western_balkans_7238/)

consistent, transparent patterns that stakeholders can anticipate based on established criteria and precedents. This concept ensures that enforcement actions are not arbitrary but rather follow logical, predetermined guidelines that create stability and trust in the regulatory process. The EU could consistently apply this framework to facilitate and accelerate the accession process of Western Balkan nations. In this context, predictable enforcement enables the system to generate and implement regulatory standards promptly based on existing knowledge and established patterns, rather than postponing decisions until additional precedents emerge or indefinitely suspending them. This approach ultimately leads to more effective and efficient enforcement strategies that support the integration process.

Through this notion could be understand as the application of rules that makes fact-determination more predictable of the situation in the Western Balkans.

Table : Predictable enforcement

	Predictable enforcement steps
1	Reduction of stabilitocracy
2	Peace and povertry reduction
3	Reduction of corruption and unemployment

Source : Made by author

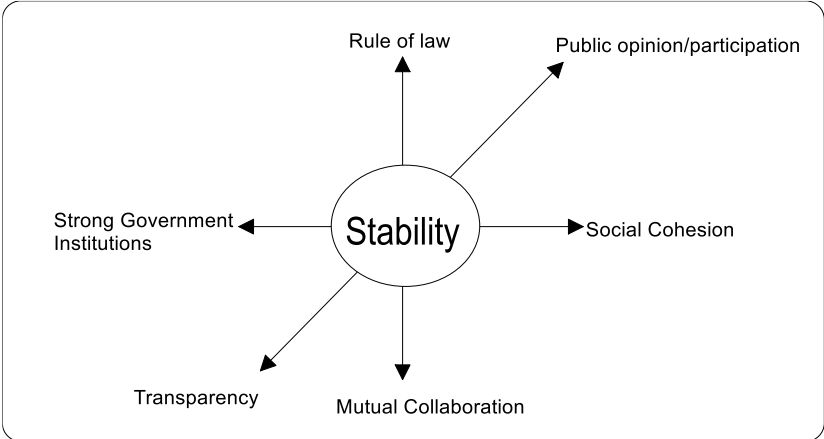


Figure : Main aspects of stability  
Source : Made by author

According to our findings in the chapters, we can conclude that the rule of law represents a positive factor for industrialization, economic growth and sustainable development. All results of the tests have shown that the P value is higher than 0,05. In this way we can observe that the EU has a positive impact on the Western Balkans in the context of rule of law.

According to our findings in the chapters, we can conclude that the rule of law represents a positive factor for industrialization, economic growth and sustainable development. All results of the tests have shown statistically significant relationships ( $P < 0.05$ ). In this way we can observe that the EU has a positive impact on the Western Balkans in the context of rule of law.

These findings illuminate a crucial theoretical question regarding which conception of the rule of law drives these positive developmental outcomes.

- *Minimalist conceptions of the rule of law*, where the mere exercise of governmental powers through established legal norms is sufficient to generate positive economic and developmental results, or
- *Thicker conceptions of the rule of law*, requiring more substantial elements such as the protection of fundamental rights and the pursuit of justice as necessary prerequisites for meaningful industrialization and sustainable growth.

This distinction carries important implications for EU accession policies and reform priorities in the Western Balkans. Based on the statistical models presented in the dissertation, we may conclude that the beneficial effects on industrialization, economic growth and sustainable development are attributable to rule of law as understood under the thicker conception, as the analysis was also extended to rule of law indicators such as the protection of fundamental rights and the operation of civil justice and criminal justice.

Based on our findings we conclude that the rule of law has an impact on structural change. The following figure shows how can rule of law can influence the space.

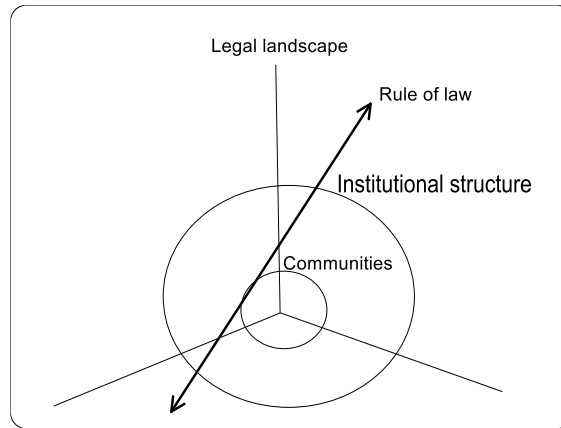


Figure : The effect of rule of law in Structural changes  
 Source : Made by author

The following figure shows that the rule of law as legal landscape could turn the network of institutions. Once the institutions work on democratic principles, communities benefit from this. The rule of law is the main «influencer» of the legal landscape. Institutions can alter state preferences and therefore change state behavior using values of democracy. This concept as expressed in the principle-institutions is accepted by community to benefit from the system. The legal landscape must be preoccupation of everyone from the community. The community should not have barriers to participate both civically and politically.

**Table :** Main results of rule of law, democracy score and participation.

Country	Rule of Law Index Legal landscape	Institutional structure Democracy score	Communities Civic and political participation
Serbia	0.49	3.79	69
Albania	0.49	3.75	63.4
North Macedonia	0.53	3.82	64.4

Montenegro	0.57	3.79	63.2
Kosovo	0.56	3.75	-
Bosnia-Hertzevovina	0.53	3.29	-

*Note : There is no data for Kosovo and Bosnia-Hertzevovina in the context of political participation*

Source : Data was taken from the previous chapters

The hypothesis test was made based on the data taken from the previous chapters (Rule of Law Index, Democracy Score and Civic/Political participation). The hypothesis test decided if collected data from the previous chapters can prove if rule of law affects the industrialization.

Table : Hypothesis testing

	Legal landscape	Democracy score
Legal Landscape	1	
Democracy score	0.787296	1
	Legal landscape	Political participation
Legal landscape	1	
Political participation	-0.514061083	1
	Democracy score	Political participation
Democracy score	1	
Political participation	-0.011270632	1
<i>Result of Correlation by adding the final results</i>	RL+DS+PC	0.261964107

Note : The calculation was made by taken those countries with data for all 3 aspects (Rule of law, Political Participation and Democracy score)

Source : Made by author

The result represents an indicator that is intended to be relevant. This shows that a structural change belongs to a strong rule of law. It is possible to have a structural change (industrialization) with sharing of democratic values and good governance.

As the final result by calculating the sum of the correlation results, we can conclude that the industrialization is affected positively by rule of law. We can conclude that the hypothesis is not rejected in this case.

Serbia represents the lynchpin of Russian foreign policy in the Balkans. Although the country is an EU candidate, the Serbian government continues to enjoy deep relations with Russia.<sup>25</sup>

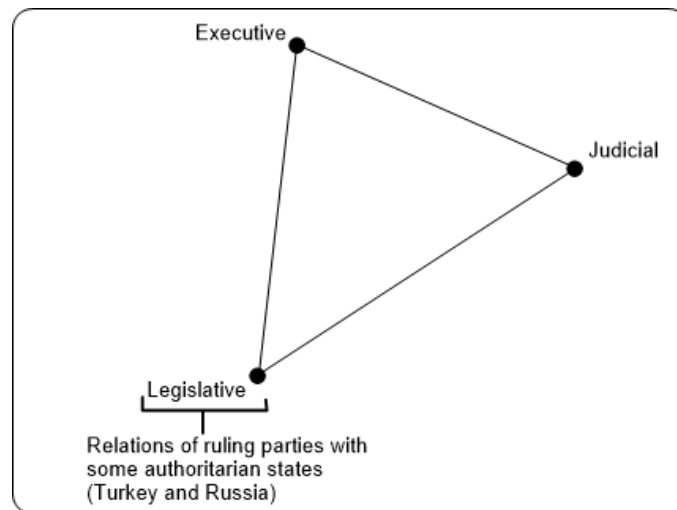


Figure: The effect of other powers on rule of law in Western Balkans

Source: Made by author

In Montenegro, the traditionally strong political ties between the former governing party and Russia's ruling United Russia party cooled down fast with the Montenegrin government's turn to the West, imposing sanctions on Russia in 2014 and receiving the invitation for a full NATO membership. Coup d'état in 2016, in which two Russian intelligence officers were involved, was

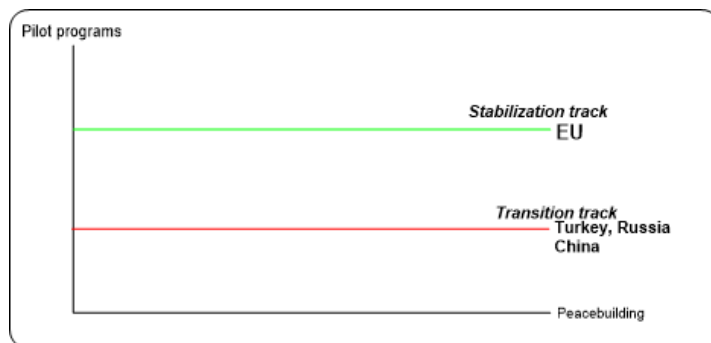
<sup>25</sup> Kesvelioglu A. *European Union Challenged: Russia and China in the Western Balkans* TRT World Research Center <https://researchcentre.trtworld.com/wp-content/uploads/2020/11/EU-Challenged-Russia-and-China-in-the-Western-Balkans.pdf>

accompanied by the suspicions and claims of Russian financial support or other involvement with the ultimate intention of preventing Montenegro to join the NATO.

Bosnia and Herzegovina's complicated political and social structures, Turkey and Russia exert influence on specific entities, rather than on the whole country. Russia openly 64 supports the Republic of Srpska and Serb politicians, and the biggest Serb political party's leader Milorad Dodik has frequently visited Vladimir Putin in Moscow and regularly consults with the Russian ambassador. Furthermore, in the Republika Srpska of Bosnia Herzegovina the governance has proceeded with secessionist threats and separatist rhetoric, including the adoption of a law rejecting the state-level Constitutional Court's decisions.

Turkey has strong ties with Bosnian politicians. Erdogan openly supports the biggest Bosnian party (SDA) and his party representatives regularly attend SDA's events. China is seen as more neutral and mostly economic player with its influence being on the rise. The Gulf States have certain but not too visible presence.<sup>26</sup>

Figure: The post-conflict recovery in Western Balkans with implications of external actors



Source: Made by author

According to the scheme, the Western Balkans faces recovery from different perspective. One of the recoveries could be that which could be stabilization and other which could bring the transition. When we talk about transition, we should point out that the transition is more political than economic.

<sup>26</sup> Vichova V., Istrate D., Takacsy D., Pankovski M., Gvozdenovic M., Cutahija H., Sijamija M., Sabanovic A.(2020) *Foreign Authoritarian Influence in the Western Balkans*, Political Capital, Political Research and Consulting Institute [https://politicalcapital.hu/pc-admin/source/documents/foreign\\_authoritarian\\_influence\\_in\\_the\\_western\\_balkans\\_2020\\_09.pdf](https://politicalcapital.hu/pc-admin/source/documents/foreign_authoritarian_influence_in_the_western_balkans_2020_09.pdf)

Current economic and social problems pose a serious burden for the future development of the economies of the Western Balkans.

The Western Balkans countries should strive for a more balanced model of development that takes into account social, economic and environmental dimensions.

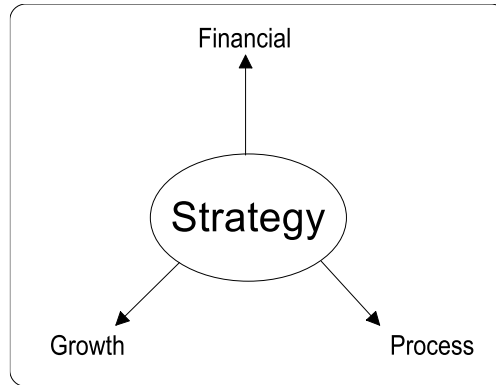


Figure : Proposed strategy for Western Balkans from author’s perspective

Source: Made by author

**Table:** Strategy with pillars based on the figure

<i>Pillars</i>	<i>Strategy</i>		
	<b>Financial</b>	<b>Growth</b>	<b>Process</b>
<b>Environmental</b>	Reduction fuel costs	Sustainable innovation	Separating Waste
			Reduction of CO2
			Reduction of gas consumption
<b>Social</b>	Protection of budget	Abolishment of dysfunctional bureaucracy	Citizen participation in decision making process
	Transparency of budget	Decentralization	Political optimization
<b>Economic</b>	Tax regulation	Support policies for private investment	Sustainable production
			Production optimization

Source: Made by author

The table shows a potential practical solution for Western Balkan countries in implementing a rule of law based on sustainability pillars in order to grow the economy. Therefore, the table is a system in which multiple approaches are combined in the pursuing of strategy towards the rule of law and sustainable development and effects of rule of law on sustainable development.

In conclusion, during the research it was found that the Western Balkan countries should often use sustainability strategies and the rule of law as a shortcut to the EU without being influenced by regional actors from the East.

An important topic for future research will be to evaluate whether the set goals and measured results actually correspond to the desired outcomes. Taking into account this relationship between the rule of law, economic growth and sustainable development will provide a deeper understanding of the effectiveness of the rule of law and methods of measuring the results of implementable sustainability strategies.



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### List of publications related to the dissertation

#### Articles, studies (4)

1. **Plamadeala, C.:** The decentralization and perception of corruption: The case of Montenegro.  
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Level of HAS Committee on Legal and Political Sciences: D
2. **Plamadeala, C.:** The constructivist approach on integrated border management in Western Balkans.  
*Curentul Juridic.* 25 (2), 13-29, 2022. ISSN: 2247-8361.  
Level of HAS Committee on Legal and Political Sciences: D
3. **Plamadeala, C.:** The Multilevel Governance of Security.  
*Public Goods & Governance.* 6 (1), 38-48, 2021. EISSN: 2498-6453.  
DOI: <http://dx.doi.org/10.21868/PGnG.2021.1.4>  
Level of HAS Committee on Legal and Political Sciences: C
4. **Plamadeala, C.:** The effects of the multiparty regimes on economic growth and the technological changes.  
*International Journal of Economics, Business, and Entrepreneurship.* 2 (2), 175-180, 2019.  
EISSN: 2615-6873.

#### By the directives of HAS Committee on Legal and Political Sciences:

Publications in periodicals level „C”: 1, related to the dissertation: 1.

Publications in periodicals level „D”: 2, related to the dissertation: 2

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