

# THE CAPTURE PHENOMENON: UNMASKING POWER

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GUIDELINES FOR THE ANALYSIS OF PUBLIC POLICY  
CAPTURE AND ITS EFFECT ON INEQUALITY



**OXFAM**  
Intermón

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**“ IN ALL REPUBLICS, WHATEVER  
THEIR ORGANIZATION, THERE ARE,  
IN EFFECT, FORTY OR FIFTY PEOPLE  
WHO ASPIRE TO RULE ”**

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*DISCOURSES ON THE FIRST DECADE OF TITUS LIVIUS*  
**NICCOLÒ MACHIAVELLI<sup>1</sup>**

# WHY IS THIS DOCUMENT RELEVANT FOR OXFAM?

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For the last five years, Oxfam has been exposing extreme inequality as one of the major obstructions to societies' full development. The organization has been working since 2014 with the conviction that the concentration of wealth goes hand in hand with the concentration of power wielded by just a few people.<sup>2</sup> Various studies show that greater economic and social inequality produces greater political inequality, and vice versa.<sup>3</sup> As a result, policies do not necessarily reflect the general interest in a situation like this which, in turn, exacerbates the inequality.

Thanks to the work done by Oxfam and many other organizations, there is a key point that has become more clearly significant when analysing certain policies' failure to reduce inequality. It is the role of elites in the configuration of non-inclusive patterns of development and their ability to shape the **rules of the game** in their favour, at the expense of the majority of the population.

The extractive elites have the potential capacity to use the control they exercise over different power resources to influence public policies that affect their members, further their own interests – whether economic or other –, increase their influence over political decision-makers, define the political agenda and shape public debate, etc. In addition to fostering inefficient distribution of existing resources<sup>4</sup>, such policy capture or hijacking<sup>5</sup> erodes the system's legitimacy, reinforces the asymmetries among different groups within a society and ends up undermining public confidence in public institutions and political decision-makers.<sup>6</sup> All of this can be translated into greater inequality, whether political, socioeconomic or even with regard to opportunities. This is a core concern of the work done by Oxfam.

One of the challenges that Oxfam faces in order to continue developing a deeper understanding of the political capture phenomenon is the need to build a much more robust analytical framework that facilitates its comprehension and makes it possible to evaluate its impact on inequality.<sup>7</sup> To this end, it is essential to **understand who the extractive elites are, what mechanisms they use in capture processes, what factors favour and limit capture, and what the consequences are of this phenomenon.**

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This document **suggests an analytical framework and a methodological guideline for developing case studies on the capture phenomenon. Their results will undoubtedly contribute to advancing an understanding of capture and identifying its relationship with inequality.** The methodology is intended to guide research personnel by suggesting definitions, phases, questions and analysis methods that help 'open the black box' of power. It is expected that after analysing a certain number of cases it will be possible not only to improve knowledge of the phenomenon in question, but also to **take a step forward towards the definition of specific recommendations that make it possible to combat capture in different areas.** This work is designed to be an invitation or doorway to the phenomenon of capture, in order to participate in the already-existing discussions and debates on a topic that is of great interest to a growing number of actors (academics, international organizations, civil society, citizens, etc.) With the use of this methodology, it will be possible to enrich and deepen the analysis in future case studies and thus contribute to reorienting public policies toward the general interest.

The objectives pursued with this document are as follows:

- Contribute to the debate on the capture phenomenon amongst all interested parties.
- Provide an analytical framework and methodological guideline that help identify and understand the public policy capture process as a whole (what is captured, who captures, how and why the capture takes place, and what its effects are).
- Promote the development of case studies in various contexts that use the analytical framework and methodological guideline proposed here, based on flexibility and adaptability, whether by Oxfam or any other actors that may be interested.
- Identify possible mechanisms for counteracting the capture process and make recommendations.
- Contribute to putting together advocacy strategies and campaigns on the topic.

This document is structured in four parts: (i) the **document's justification and presentation of its objectives**, highlighting the factors that motivate the work on capture, the main ideas and the primary hypothesis of the approach to follow; (ii) **definitions of the basic concepts** for working on this topic; (iii) the **analytical and methodological guidelines** that constitute the core of this document and include central research questions, the phases proposed for doing a case study and suggestions for carrying it out; and, lastly, (iv) the **appendices** with complementary information.

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## PART I

# DOCUMENT JUSTIFICATION AND INTRODUCTION

### DOCUMENT JUSTIFICATION AND SCOPE

Certain elites use their power to attempt to appropriate public policies, laws, contracts or regulatory frameworks essential for fighting inequality, poverty and exclusion; or they attempt to intervene in their design in favour of their own interests and to the detriment of the general good. In other words, the elites have the potential capacity to 'capture' or 'hijack' public policies<sup>8</sup> important for reducing economic inequality and unequal opportunities.<sup>9</sup> And in many cases, they use it.

Capture by the elites is not a recent phenomenon; quite the opposite.<sup>10</sup> Nor is it a phenomenon limited to developing countries. Certain actors' greater influence over policy decisions in a particular context reveals the power distribution inequalities existing within societies. These power asymmetries are inevitably carried over into the political arena,<sup>11</sup> conditioning the responses to certain situations. Therefore, it is important to reach a balance between private and public interests, avoiding permeation of the latter by the former. Otherwise, we have a situation that is undesirable and inefficient in terms of resource redistribution, and that has been a constant in certain geographical contexts, mainly – although not exclusively – in developing countries.

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In the academic context or, mainly, the political context, there has been a focus on the identification and analysis of what public policies have obtained the best results on an economic or social level or in terms of development. On the other hand, less attention has been paid to why certain policies do not function in particular contexts while in others they do. There is a consensus among experts that all countries and governments have a series of development objectives that are a priority: safety, growth, equality and sustainability.<sup>12</sup> The question that arises is why in some countries or regions<sup>13</sup> certain objectives are prioritized above the rest, or why some are not even considered a priority. In other words, which factors favour and which factors limit the implementation of policies that, in principle, should benefit a majority of the population. Some possible explanations are: the influence that certain actors exercise in order to steer particular public policies based on their own interests, political decision-makers' reluctance to break the existing balance of power, and the weakness or inability of the public sphere to prevail over private interests.

It is when combatting inequality and poverty that this inability or weakness on the part of the public sphere has been and is most obvious. In regions such as Latin America and the Caribbean, phenomena such as structural inequality, the lack of opportunities for large segments of the population (such as indigenous peoples), the accumulation of land ownership in just a few hands, differential access to public education, etc. have their roots in the high, chronic concentration of power among small sections of the population. All of this has made it possible for these groups – in a more or less clear and direct way – to exercise abusive influence over political decisions so that their private interests have remained intact. This is how tax policies, identified as one of the main tools for reducing inequality,<sup>14</sup> always benefit the most powerful groups and affect the possibility of obtaining funds for public policies needed to combat inequality and increase social cohesion.<sup>15</sup>

## A NEW CONTEXT

In the last two decades there have been certain alterations in the international system – the financialization of the economy<sup>16</sup>, weight of debt, government privatization and deregulation processes, the concentration of businesses and the media, a progressive dismantling of the welfare state and the rise in new technologies, among many others.<sup>17</sup> These alterations have caused changes in the sources of power and its distribution, as well as the configuration of the system. All of this has had a subsequent impact on capture processes, who carries them out, and how.

The international system has made a transition from a unipolar world (known as Pax Americana) to one in which power is more spread out and in which the USA's pre-eminence is increasingly questioned.<sup>18</sup> In this sense, the abovementioned financialization and digitalization of the economy, the boom in raw materials prices and a geopolitical shift towards the Pacific to the detriment of the Atlantic – among other factors – have generated a transfer of resources to particular actors, empowering them and giving them greater capacity to shape the existing rules of the game (for example, the case of technology companies, financial intermediaries and large consulting firms or, on a geographical level, the case of the Asian political elites). At the same time, and in spite of the continued hegemony of the institutional architecture that came into being after World War II (United Nations,

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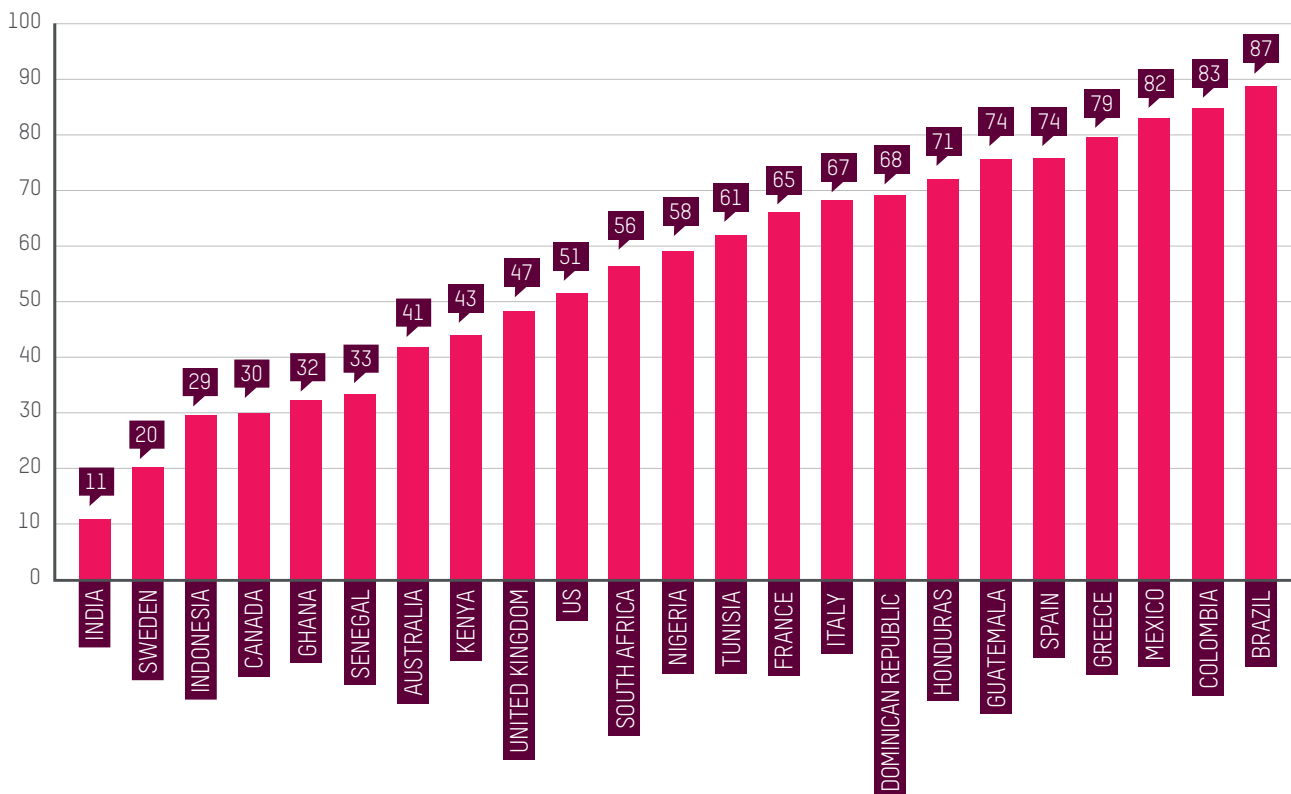
International Monetary Fund, World Bank, World Trade Organization, OECD, etc.), little by little new institutions that are establishing new game rules are appearing.<sup>19</sup>

Another two outstanding changes that are currently underway are the increase in inequality and the mistrust of democracy and governments. Inequality affects societies' governability<sup>20</sup> through: a) changes in the population's perceptions about the legitimacy and fairness of the society in which they live;<sup>21</sup> b) political overrepresentation of those with the most resources and power; c) mid-long term imbalances in political representation; d) disengagement of segments of the population from political life; and e) the increase in distrust of the democracy.<sup>22</sup> This distrust exemplifies a core problem concerning a system that is not governed by the general interest and ends up perpetuating inequalities. As some authors point out, the excessive political influence of some actors is a central factor that accentuates inequality.<sup>23</sup> In other words, it is probable that the capture phenomenon and the influence of the elites in decision-making are causing greater inequality and disaffection not only with politics but also with the democratic system as a whole.

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This phenomenon can be observed on a global scale, although it is more persistent in some specific regions such as in Latin America and the Caribbean or in southern European countries. For example, in countries such as Brazil or Spain, 87% and 74% of the population, respectively, are not satisfied with the democracy (Graph 1).

**Graph 1. Percentage of the population that 'is not satisfied' with how the democracy functions, 2017.**



**Source:** Author's compilation based on data from Latinobarómetro and Pew Research Center (2017).<sup>24</sup>

At the same time, another two facts are beginning to come to light. On the one hand, there is an increase in the perception that those in government are making decisions to favour a small elite (in Latin America and the Caribbean, 75% of the population believes that the government ‘governs for the benefit of a few powerful groups’<sup>25</sup>). On the other hand, protests demanding real democracy represent the main reason why people protest in the world (2006-2013).<sup>26</sup> In other words, while the perception that political representatives make decisions answering to the interests of a minority is on the rise, more and more people (and more often) are taking to the streets to demand a democracy that actually answers to the real interests of the majority of the population.

Finally, whether in developing or developed countries, certain elites act in a co-ordinated way. They establish networks on various levels amongst themselves<sup>27</sup> (local, territorial, national, regional, transnational or global) to extend their power by means of formal and informal mechanisms (sometimes opaque) that allow them to adopt different forms depending on the context in which they find themselves. For all of these reasons, when analysing capture processes it is key to understand who the elites are, how they behave, how they interrelate and create networks, what their motivations and power resources are, etc.

This new international context characterised by an increase in financialization of the economy, the upsurge of new technologies, greater diffusion of power, changes in the international system, disaffection and mistrust in democracy and governments, more coordinated elites, etc., poses the need to address the study of the elites and capture processes using a broad, flexible outlook without preconditions. For example, the fact that a country is considered a full democracy should not be an impediment to studying the phenomenon of political capture.

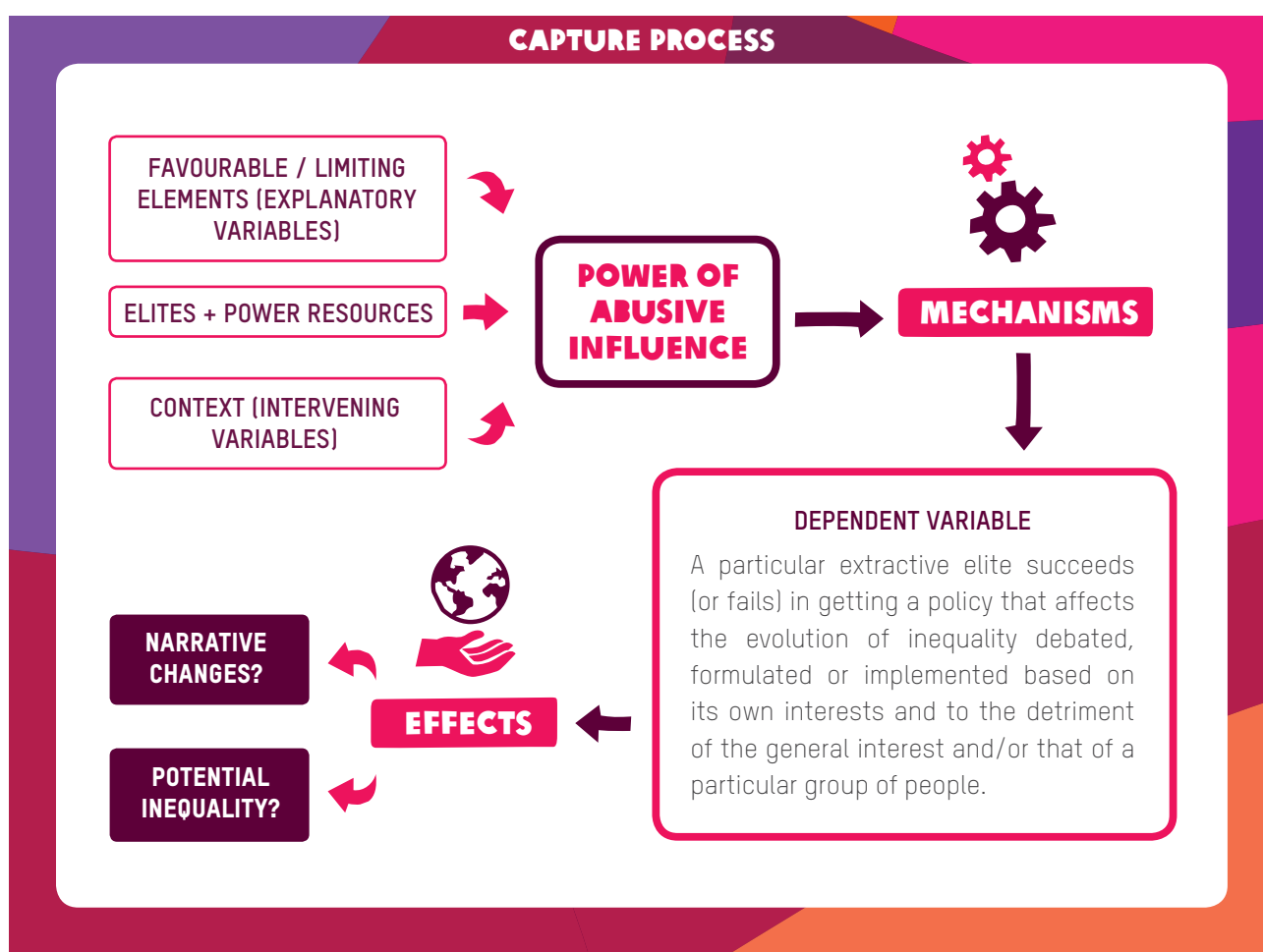
### THE ANALYSIS OF POLITICAL CAPTURE

Analysis of the capture phenomenon cannot be limited to studying the classic elements (political system, configuration of political parties, configuration of the checks and balances system or typical regulatory policies) and their relationship with the elites. It must go farther, including the media, the processes by which public opinion and knowledge are created, the role of other actors (such as the trade unions) or the historical and current framework in which the phenomenon occurs, among other points. In other words, we must pay attention to the broadest possible framework of factors and circumstances that favour or limit capture.

Thus, the analysis outline proposed (Figure 1), which serves as the basis for the methodological approach explained in detail below, revolves around a dependent variable and different analysis elements (intervening and explanatory variables, extractive elites, capture mechanisms and consequences). All of this is explained in greater detail in Part III.

**“ This new international context characterised by an increase in financialization of the economy, the upsurge of new technologies, greater diffusion of power, changes in the international system, disaffection and mistrust in democracy and governments, more coordinated elites, etc., poses the need to address the study of the elites and capture processes using a broad, flexible outlook without preconditions. ”**

Figure 1. Capture analysis process suggested in this document.



Source: Author's compilation.

For all of the above reasons, this document's main objective is to propose a basic method that makes it possible to investigate and analyse case studies of policy capture processes. Such studies will be carried out based on the identification of the possible capture of a public policy that has had (or could have) an impact on some facet of inequality identified as central in the context analysed, providing the risks assessment (see Appendix 1) does not make such a study inadvisable. The following five areas are considered central: economic and social political reforms; legislative reforms affecting natural resources or land management; public tendering processes; regional or international agreements with changes in national laws; reconstruction and relief following natural disasters.

The **case studies** should help investigators identify the following key points: (i) what is being captured (the public policy); (ii) who is doing the capturing (the extractive elite, depending on the power resources they use); (iii) why the capture occurs in that particular context (factors that favour and limit it); (iv) how the capture is accomplished (the main mechanisms and strategies used); and (v) the possible consequences on inequality and on the existing narrative in the society analysed on inequality terms.

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## PART II

# BASIC CONCEPTS OF THE CAPTURE PHENOMENON

## BASIC CONCEPTS

Some basic concepts that will be used repeatedly throughout this document should be clarified. These concepts are elaborated based on a review of some already-existing definitions adapted to the document's objectives. It is essential to define these key concepts as specifically as possible in order to ensure that everyone is on the same page, as it is probable that these same ideas will be used in more political analyses and in research on specific cases, in presentations or in future campaigns that arise from the application of the methodology proposed. The most significant concepts are explained below.

### POLITICAL CAPTURE

For the preparation of this document, it is extremely important to establish a definition of *capture* that will serve as the foundation for work on this phenomenon. This document works with the definition of capture as *'the exercise of **abusive influence** by one or more **extractive elite(s)** – to favour their interests and priorities to the detriment of the general good – over the **public policy** cycle and **state agencies** (or others of a regional or international scope), with potential effects on **inequality** (economic, political or social) and on **democracy's** correct functioning'*.

☞ Capture refers to the exercise of abusive influence by one or more extractive elite(s) – to favour their interests and priorities to the detriment of the general good – over the public policy cycle and state agencies (or others of a regional or international scope), with potential effects on inequality (economic, political or social) and on democracy's correct functioning. ☞

### Box 1. The different visions of capture.

This section includes some of the best-known and most used definitions in writings on the subject, whether from academic or civil society sources or international organisations. They include the capture of political policies and of the state. They are the foundation that has served to guide the definition used in this document.

- **George J. Stigler**, Nobel prize-winner in Economics, was one of the first to refer to the phenomenon by defining regulatory capture as 'the potential use of resources and public powers to improve the economic status of economic groups (such as industries and occupations)' and affirmed that 'every industry or occupation that has enough political power to utilize the state will seek to control entry'.<sup>28</sup>
- **Paul Johnson** defines a captured agency as one that 'is under the influence of the economic interests of the groups that are mostly affected by its decisions and policies'.<sup>29</sup>
- **Janine Wedel** defines the capture of the state as 'illicit and non-transparent manipulation of state power to benefit private interests, whether of politicians or private sector firms'.<sup>30</sup>
- **Joel Hellman and James G. Kaufmann** define capture of the state as 'firms making private payments to public officials, manipulating policy formation and shaping the emerging rules of the game to their own, very substantial advantage'.<sup>31</sup>
- The **International Monetary Fund** defines it as 'efforts of firms to shape the laws, policies, and regulation of the state to their own advantage by providing illicit private gains to public officials'.<sup>32</sup>
- The **World Bank** defines capture as a situation in which 'specific actors in the policy arena may be able to design or implement a policy that maximizes their private benefits rather than social welfare because they have so much bargaining power'.<sup>33</sup>
- **Oxfam America**, in its document *Political Rigging*, defines capture as a 'process in which actors blurring (or even fusing) official and private power, transform a system in part or in whole, so that it favours an elite few at the expense of the less privileged many'.<sup>34</sup>
- When speaking of political capture, **John Crabtree and Francisco Durand** define it as 'a process in which the economic elites of power use overwhelming political force to protect and project their economic interests onto the state in spite of the vigilance of the democratic institutions, negotiating, isolating or simply ignoring dissident voices by government [...] and which] would go, however, beyond the state as such by including a range of activities linked to the creation of public opinion'.<sup>35</sup>
- **Manuel Villoria** defines policy capture as 'major interest groups' control of policy areas within a state, so that the government cannot – and often does not want to – independently formulate policies in that area'.<sup>36</sup>

From the definitions above, it can be understood that when speaking of capture the first point to consider is what is being captured. One can speak of the capture of a democracy, the government, a government agency, policies, public debate, etc. The second point to consider is who is doing the capturing and why. The capture may be promoted by a political group, representatives of a corporate group, an army or an organized crime group, among others. All of them are elements that should be taken into account, knowing that political capture is the result of connivance among elites and those public office-holders who make decisions about a particular policy.

In this document 'capture' is used to refer to the capture of public policies. When on occasion there is reference to the supplanting of the state, 'capture of the state' will be specified.<sup>37</sup> Oxfam uses the term 'capture of the state'<sup>38</sup> to understand and analyse holistic processes in which some elites have been able to permeate most state structures and extract resources to benefit themselves. However, this methodological guide is focused on the capture of public policies that are essential for reducing inequality, in order to have a more specific analysis focus and facilitate researchers' work. This is not in contradiction to the fact that in certain contexts large areas of the state or even the whole state are being captured. However, focusing on public policies also makes it possible to concentrate on other contexts that do not necessarily pertain to the state itself, or where its capture is still in an initial phase,<sup>39</sup> as well as being able to focus analytically and carry out specific case studies in a more consistent way.

Having come this far, two important points need to be made. The first is in reference to the fact that capture by the elites is not necessarily illegal. It can be considered illegitimate in the sense of favouring the interests of a minority over those of the majority, but that does not make it illegal. One example of this took place in Pakistan where from 1996-2002 the companies with political connections received 45% more government loans than other firms in that country that were more productive and had lower insolvency rates. The case of Tunisia is also worthy of note; here, companies linked to Ben Ali's government generated a large part of private sector earnings.<sup>40</sup> This ethical dimension, which ties into current discussions on tax evasion and avoidance,<sup>41</sup> is highly relevant for understanding the sometimes-blurry line between legitimate influence and capture. The second point is that it should be clarified that not all cases of capture imply corruption (and vice versa), even though both phenomena are related in many cases. As the World Bank specifies, corruption focuses on how regulations are implemented to favour the corruptor, while capture refers to actions to influence how regulations are formulated.<sup>42</sup> With a few nuances, this differentiation can be appreciated in Latin America and the Caribbean with the Odebrecht case, which involved payment of bribes to governments and civil servants in the region to implement public works' policies that favoured this company.<sup>43</sup> Corruption, in essence, can be defined as 'a systemic attribute rather than the deviant behavior of a few individuals or simple bribery'.<sup>44</sup> It can also be understood as the 'use of the functions and means of public agencies to the benefit, economic or other, of their managers';<sup>45</sup> or, as the World Bank says, as the 'the abuse of public office for private gain'.<sup>46</sup> There may be corruption in cases of political influence and capture, but by nature they are different phenomena.

The definition of capture applied in this document draws from several of the sources indicated in Box 1. First of all, it is based on the ability of some actors to intervene in a public policy and put their interests ahead of those of the population. On this point, the definition of the concept suggested here is different from the majority of already-existing definitions because it does not focus exclusively on economic and business elites –although in many cases they will be the main elites analysed – but rather includes the elites as a whole, understanding that they extract resources for private gain. Second, this definition puts the emphasis on the public policies linked to combatting inequality, whatever political institution they originate in (whether local, territorial, national, regional or international) and incorporates the term ‘democracy’ because it is felt that capture has an impact on democracy’s essence, by channelling the common good of the majority to a specific minority. Finally, the term ‘abusive influence’ is used because it expresses the strong, excessive capacity that certain elites have (as opposed to the rest of the population) to influence political decisions, which makes it possible for them to make their interests prevail, given the power resources they control. This term is used frequently to express this ability and also serves to differentiate other types of influence that other actors may exercise.<sup>47</sup>

Thus, this document works with the definition of capture indicated at the beginning of this section; in other words, *the exercise of **abusive influence** by one or more **extractive elite(s)** – to favour their interests and priorities to the detriment of the general good – over the **public policy** cycle and **state agencies** (or others of a regional or international scope) with potential effects on **inequality** (economic, political or social) and on **democracy’s** correct functioning.*

### EXTRACTIVE ELITE

In all capture processes there is a specific actor (or group of actors) –commonly identified as an elite– that comes out ahead because it has imposed its private interests over those of the majority. Therefore, it can be said that in these power dynamics there are two main actors: the elites (politicians, entrepreneurs, judges, bankers, organized crime, etc.) and the population harmed.<sup>48</sup> The elites (organized or not) are strategic actors, limited in number, who may act in different areas and have connections that go beyond the local or national level. They control the key power resources for influencing and determining what happens in the context in question concerning relevant decisions on the public policies that they intend to capture.

“ The elites (organized or not) are strategic actors, limited in number, who may act in different areas and have connections that go beyond the local or national level. They control the key power resources for influencing and determining what happens in the context in question concerning relevant decisions on the public policies that they intend to capture. ”

## Box 2. The 'elite' concept.

The concept of an 'elite' has been the subject of debate for centuries by authors from different schools of thought,<sup>49</sup> and has been intimately linked to discussions on the concepts of hegemony and oligarchy.<sup>50</sup> Therefore, there are various approaches to the elite concept. Just as in the case of capture, the definitions presented here have served as a guideline for the definition used in this document and, therefore, include ideas from the most significant authors who have worked on the question of the elites.

- Classic conceptions of the elite are those of **Gaetano Mosca**, who considers them to be those persons who hold power in a society and constitute a kind of social class;<sup>51</sup> or **Wilfredo Pareto**, who speaks of the 'elite' to refer to those who have the greatest influence and political power in a society. He divides it into those who constitute the state class and those who are non-state.<sup>52</sup>
- For **C. Wright Mills**, the power elites or political elites are the minority that makes the vital decisions in a country and controls the necessary institutions.<sup>53</sup>
- The *International Encyclopedia of the Social & Behavioral Sciences* defines the elites as 'small groups of people who exert substantial power and influence over political and public results'.<sup>54</sup>
- **Ferran Izquierdo** considers the elites to be 'the individuals who find themselves in a top hierarchical position in social institutions and whose survival in this position depends on their capacity to compete for the accumulation of power'.<sup>55</sup>
- The **World Bank** considers them those persons 'who have the ability to directly influence the design and implementation of a particular policy'.<sup>56</sup>
- **Joan Prats** speaks of strategic actors, understood as 'any individual, organization or group with sufficient power resources to prevent or disrupt the function of the decision-making or collective conflict-resolution rules or procedures'.<sup>57</sup>
- Finally, a recent concept in literature on the elites that is very important in this document is that of the extractive elites, popularized by **Acemoglu and Robinson**. 'Extractive elite' is understood as one that possesses a system that allows it to extract income from the majority for private gain and has enough power to prevent the development of an inclusive institutional and economic system that distributes political and economic power broadly, respecting the rule of law and the free market.<sup>58</sup>

When speaking of elites it is important to take four ideas into account: (i) as can be understood from the above box, the elites are not just rich individuals (generally characterized as 'the 1%'). Depending on the context under analysis, this category may include politicians, trade union representatives, bureaucrats, mafias, media owners, dynasty members, intermediaries of diverse types, etc.; (ii) there are elites on a local, territorial, national, regional, transnational or global scale that may or may not interact amongst themselves; (iii) some elites are more important than others in a particular context (what some authors call primary and secondary elites<sup>59</sup>);

and, lastly, (iv) the international context partially conditions the configuration of the elites, and the changes experienced in recent years – mentioned above in the section A New Context – have had an impact on elites' configuration.<sup>60</sup> Therefore, the identification and analysis of the elites must be fine-tuned as much as possible to avoid falling into simplifications.

This report works mainly with the concept of extractive elites (using this term as well as that of 'elite' alone interchangeably throughout the document), because of the ability that certain individuals have to use their power resources and exercise abusive influence over certain public policies based on their private interests, to the detriment of the majority's interests. The elites hold power in a society through the control of key resources (institutional, material, financial and symbolic resources), a situation that generates an imbalance of power between them and the majority. However, not necessarily each and every one of the elites uses this power to extract a benefit for their own interests, nor do they do so in all cases. Those that do it – and they are called 'extractive elites' in this document – will be the main subject of analysis of the capture processes.

Thus, in this document the extractive elite is defined as an *individual actor or organized (or non-organized) group of individual actors whose control or possession of a strategic power resource in a particular context gives them the capacity to consciously take advantage of power relationships and define public policies based on their own interests and strategies, to the detriment of the general interest.*

From this definition, it follows that it is necessary to identify what power resources are the most important in each particular context. This task is essential for perfecting the analysis. At the same time, it is important to highlight the geographical component, in the sense that the elites that can succeed in controlling power resources in specific contexts are of different types. Thus, and with regard to the changes that have taken place in the international context in the last two decades – as explained in the section A New Context – the interaction among national, regional and, most especially, transnational and global elites is a fundamental point for analysing the capture phenomenon. The changes in the distribution of power and its effect on the elites has increased the capacity of certain actors – such as investors, representatives of international financial institutions or transnational companies – to shape certain public policies based on their interests. The example of Chile and the influence of representatives of the World Bank, where the latter determined the country's position in the *Doing Business Report* ranking and thereby conditioned the policies to apply, is a demonstration of the power of these new transnational elites.<sup>61</sup>

Finally, the specific context in which the elites act is also relevant to their configuration and determines many of their features. When talking about a democratic state, it is possible that the elites are more specialized thanks to the greater competition for power among them (which results in them being more fragmented) and the existence of some rules of the game that do not favour the concentration of power and, to the contrary, do favour the use of checks and balances. This should result in making capture more difficult. On the other hand, it is probable that in a less democratic state there is a smaller number of elites which, in turn, are less specialized, but each of which concentrates a greater number and quantity of resources.<sup>62</sup>

## POWER RESOURCES

Power resources can be defined as those instruments –legal or illegal– that the elites use to increase their political, economic and social influence and thus accumulate more power. The resources will vary to a large extent depending on the context and – although there are various taxonomies<sup>63</sup>– they can be grouped as in the following non-exhaustive list which, inspired by the work of Robert Cox,<sup>64</sup> proposes four major groups:

- **Material resources:** natural and productive resources, arms and others.
- **Financial resources;** capital resources, creation of credit.
- **Institutional resources:** direct access to and control of institutions, coercive capability and ability to define the rules.
- **Symbolic resources:** narratives, ideas, beliefs and prevailing discourses that legitimize and reinforce the elites' position.

According to this typology, power resources include everything from information, knowledge, capital, ideology, the control of a business conglomerate or membership in a political party to the control over media or armed groups operating outside the law. The use of each of them will depend on the context, the capacity of the elites themselves and their objectives. Control of these resources brings with it the ability to influence significant political decisions, and this is an essential prerequisite for capture to take place. Clearly, there are factors that favour capture – which go beyond ownership of a particular power resource and will be analysed later in the proposed methodology – but identifying the elites and their resources in a particular context is a key step for the analysis of policy capture.

Finally, it must be specified that having power and controlling resources are not the only factors of importance. Being conscious of it, being able to exercise the power and convince others to accept it (whether coercively or not) is, on occasion, more important than its possession and control.

## PUBLIC POLICY CYCLE

A public policy's cycle<sup>65</sup> is the process that begins with a problem's emergence and its public discussion. It then gets included in the political agenda, is shaped as public policy, approved, implemented, and the results are evaluated (see Figure 2). This is essential in the whole capture analysis, as it is during this process that the capture can be most clearly perceived. Therefore, this process- focused approach is the most useful for developing case studies and is the main focus of Oxfam's work. It is important to note that capture can happen in any of the different stages constituting the public policy cycle.

### Box 3. Public policies and definitions.

Having established what the public policy cycle is, it is necessary to define what is understood by 'public policy'. There are many definitions of this concept.

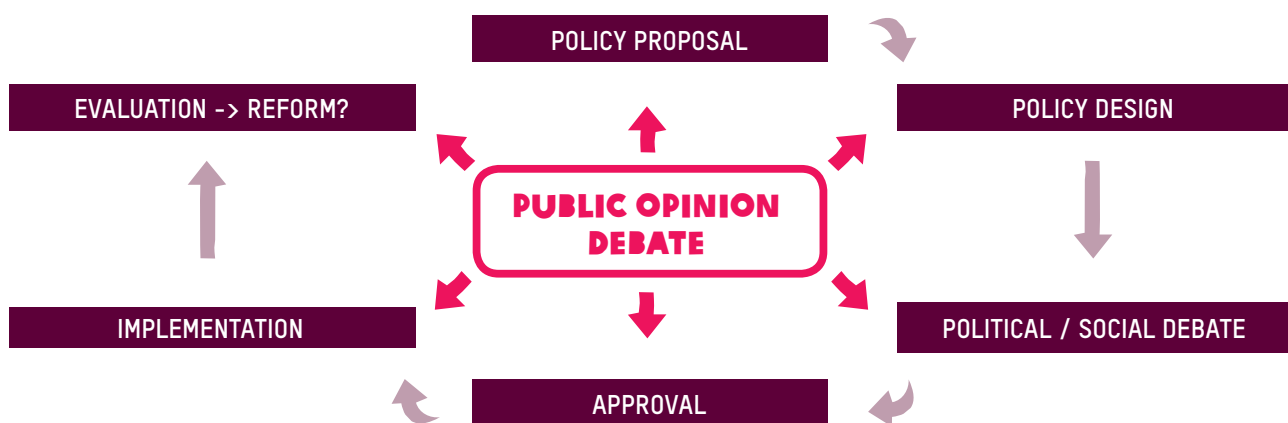
**Joan Subirats together with other authors** defines it as 'a series of decisions or actions, intentionally consistent, made by different actors, public or sometimes not public – whose resources, institutional connections and interests vary – in order to specifically solve a problem that is politically defined as collective'.<sup>66</sup>

For **Meny and Thoenig** it is 'a programme of action belonging to one or various public or governmental authorities in a particular social sector or territorial area'.<sup>67</sup>

**Christopher Simon**, on the other hand, defines a public policy more simply, as 'what a government ought or ought not to do, and does or does not do'.<sup>68</sup>

Finally, **Winchester** defines public policies as 'specific solutions on how to handle public affairs [that] emerge from the public agenda'.<sup>69</sup>

Figure 2. Public policy cycle.



Source: Author's compilation.

One example could be a tax reform based on giving tax incentives to large companies. The capture may take place in the public debate (the need to attract investment to create jobs), in the design of the public policy proposal (proposed tax exemptions to companies in a particular sector if they invest in a specific area), in the political or parliamentary debate (increasing the country's attractiveness to investors), approval of the law (pressure from lobbies and parliamentary business groups), implementation (concessions to certain companies as opposed to others, without any objective criteria) or in the evaluation itself (the objective results are discriminated against in favour of more positive ones) or reform (pressure from national or international actors for a reform of the public policy that is more aligned with their interests).

**EQUAL OPPORTUNITIES**

The excessive influence of the elites and their capacity to capture certain public policies for private gain can bring about unequal results between the elites and other population groups. However, it may also create obstacles that hurt the ability of non-privileged population groups to take advantage of any opportunities that improve their socioeconomic condition. In other words, the capture may distort one of the basic principles of certain models of democracy, such as the principle of equal opportunities.

The defence of equal opportunities is understood as the fundamental principle that 'a person's achievements and results do not depend on their race, gender, family or any other unchangeable feature'.<sup>70</sup> In other words, social mobility should not be determined by a person's nature, or because they may have greater or lesser ability to influence the shaping of public policy.

Capture can cause increased inequality of opportunities in contexts where those with greater ability to influence and their networks are able to maintain the status quo that benefits them, or even increase their privileges in comparison with those who – considered outsiders – do not have the means to do this and, therefore, see their right to be treated equally limited. This dynamic is revealed by gaps in salaries, education, health, technology; in the differences in the tax burden assumed by different individuals in a society; the differences in access to the law, political participation, etc. It is not farfetched to imagine the elites managing to get a monopoly over opportunities, the result of which 'will be the creation of a dynamic and vicious circle of privileges that will be handed down from generation to generation'.<sup>71</sup>

Here are two examples of the above dynamic. According to a recent study of the United Nations Development Programme in Chile, the education received by ministers, senators and congresspersons there coincides. '75% of ministers, 60% of senators and more than 40% of congresspersons (...) were in elite schools, have elite degrees or both (...) [as a result] these people most probably share (...) the contact networks and professional training of the great majority of the managers and directors of the country's leading companies'.<sup>72</sup> In the case of France, on the other hand, it is estimated that 75% of the managers of the 200 largest companies in the country are descendants of the richest families there, as opposed to Germany (25%) or USA (10%).<sup>73</sup>

The above examples show how, in specific contexts, the lack of equal opportunity, in this case with regard to education, conditions access to public office (such as minister, senator or congressperson) or private positions. They also cast light on the fact that belonging to elite networks, whether formal or informal, can generate favourable conditions for subsequent capture processes to take place.

**POLITICAL INEQUALITY**

One of the basic principles of democracy – which goes beyond the classic definitions – is the ability of the public to change the status quo through public institutions.<sup>74</sup> The result of political inequality, meaning that some actors have more power to determine the results of a public policy than others, is that this basic minimum cannot be offered to society.<sup>75</sup> This situation, in turn, may increase inequality, which means there is a risk of falling into a vicious circle. The UNDP defines political inequality as 'the differences in the influence of different actors on the decisions made by political bodies'.<sup>76</sup> As can be inferred from that definition, the capture process

increases political inequality and vice versa. Therefore, this is an important concept to consider, taking into account that the ability to participate and be represented in political decisions, and influence them, are all pillars of representative democracy and, therefore, of the social contract.

It is clear that there are power asymmetries in societies amongst the actors who participate in the public policy cycle. In a certain sense, public policies reflect this imbalance and attempt to incorporate the varied public interests. However, the greater the power imbalance, the greater the ability to influence decision-making and capture policies may be and, as an additional result, the more political inequality there will be. A greater power asymmetry in a society in favour of the few deepens inequality – whether economic or other, including political – and can cause three noxious effects on the system of governance: exclusion, clientelism, and capture. On the other hand, policies that boost equality reduce power asymmetries and the extractive elites' capture ability.<sup>77</sup>

### ABUSIVE INFLUENCE

As a result of inequality, there are actors who enjoy greater influence than others. This is what the World Bank calls 'disproportionate ability to influence the policy process'<sup>78</sup>. The greater the political, economic or social inequality, the greater some actors' influence will be over the cycle of public policies. So, for example, those actors who have the ability to gain access to more mobile capital (investors, bankers, the very wealthy, etc.) have greater access to political power and a greater ability to adapt regulations based on their interests.<sup>79</sup> Here the term 'political influence' is understood to mean 'producing effects on decision-making'<sup>80</sup>, among other definitions. If we include 'abusive' or 'disproportionate', this influence can be defined as the 'form of political power exercised by those who do not possess the formal-legal authority to make and enforce particular governmental decisions on public policy, but have and utilize the ability to condition, modify, and control the official decision-making behaviour of those in government office who do possess the authority to make and implement the decisions'.<sup>81</sup> It is also important to make the distinction between proactive influence (participation in the policy decision-making process) and reactive influence (refusing to comply with the authority's decision).<sup>82</sup> The influence may take place at either level.

In and of itself, influence is not illegitimate, and neither does it necessarily mean corruption. However, situations may arise in which certain individuals (organized or not, and who mainly constitute what is understood as elites) abuse their greater and disproportionate ability to influence public decision-makers to thus put their private interests above the general interest. This unequal influence may lead to capture, blocking inequality reduction initiatives or reinforcing existing inequalities. The influence becomes abusive and leads to capture when an actor consciously uses their specific power resources to generate effects that benefit their private interest over the common good.

## PART III

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# ANALYTICAL FRAMEWORK AND METHODOLOGICAL GUIDE

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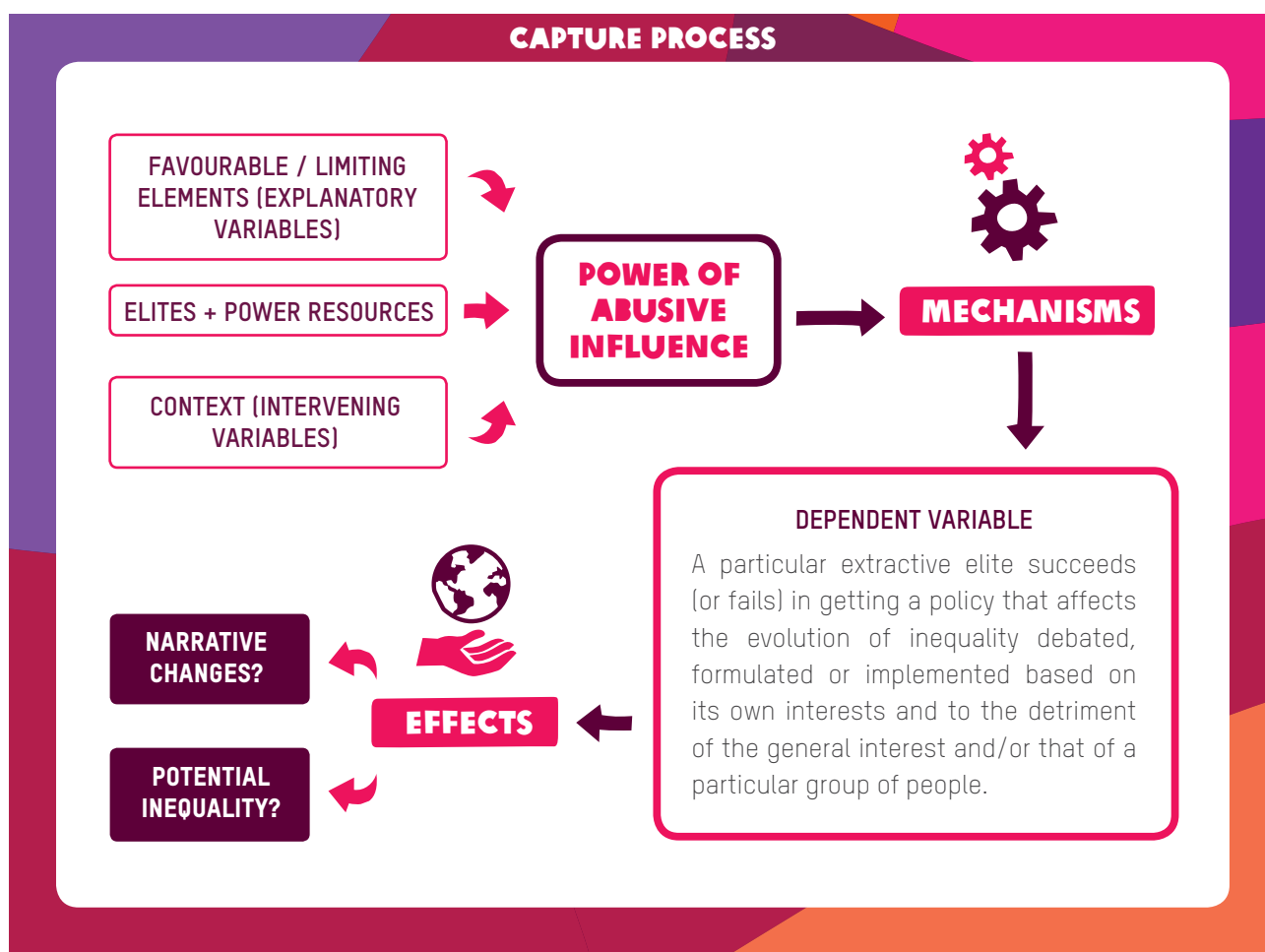
## INTRODUCTION

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Based on the premises included in Appendix 2, this document proposes a conceptual framework and a methodology for investigating the phenomenon of capture using an analytical outline, shown in Figure 1, that revolves around a specific dependent variable. This, in turn, may be influenced by an intervening variable, by different explanatory variables, by the extractive elites using specific resources of power and by the capture mechanisms they use. More specifically, the elements to be analysed in this methodological guide are as follows:

- **Dependent variable:** a certain extractive elite succeeds (or fails) in getting a policy that influences the evolution of inequality discussed, formulated or implemented based on their interests and to the detriment of the general interest and/or that of a particular population group.
- **Intervening variables:** diverse significant aspects of the context in which the capture takes place.
- **Explanatory variables:** the elements that favour or limit the capture.
- **Main agent actor:** the extractive elites with their power resources.
- **Capture mechanisms:** the instruments used by the extractive elites to exercise their power of influence to capture a public policy.
- **Capture consequences:** the effects on inequality and the prevailing view in the specific context.

Figure 1. Capture analysis process suggested in this document.










Source: Author's compilation.

It is possible to analyse each of the above elements independently and isolated from the rest, but the overall vision of the capture phenomenon is inseparable from this more holistic analysis. If these elements promote capture by the extractive elite, it is possible that the cycle of public policies is affected and, consequently, inequality worsens (whether directly or through changes in the narrative).

The analysis framework and methodology of each of the research process phases is provided below for the use of the researchers wanting to develop case studies on the political capture phenomenon (see Box 1). The guideline questions should be answered in order and with regard to the key elements of the analysis in each of the phases.

As an example, the first phase requires answering the guideline question 'What is captured?' To do this, the first element introduced is the analytical framework making it possible to identify what is being captured and why. Then the methodology is explained and, finally, this document proposes a series of research questions to be answered in each of the phases. This introductory outline is repeated in each phase.

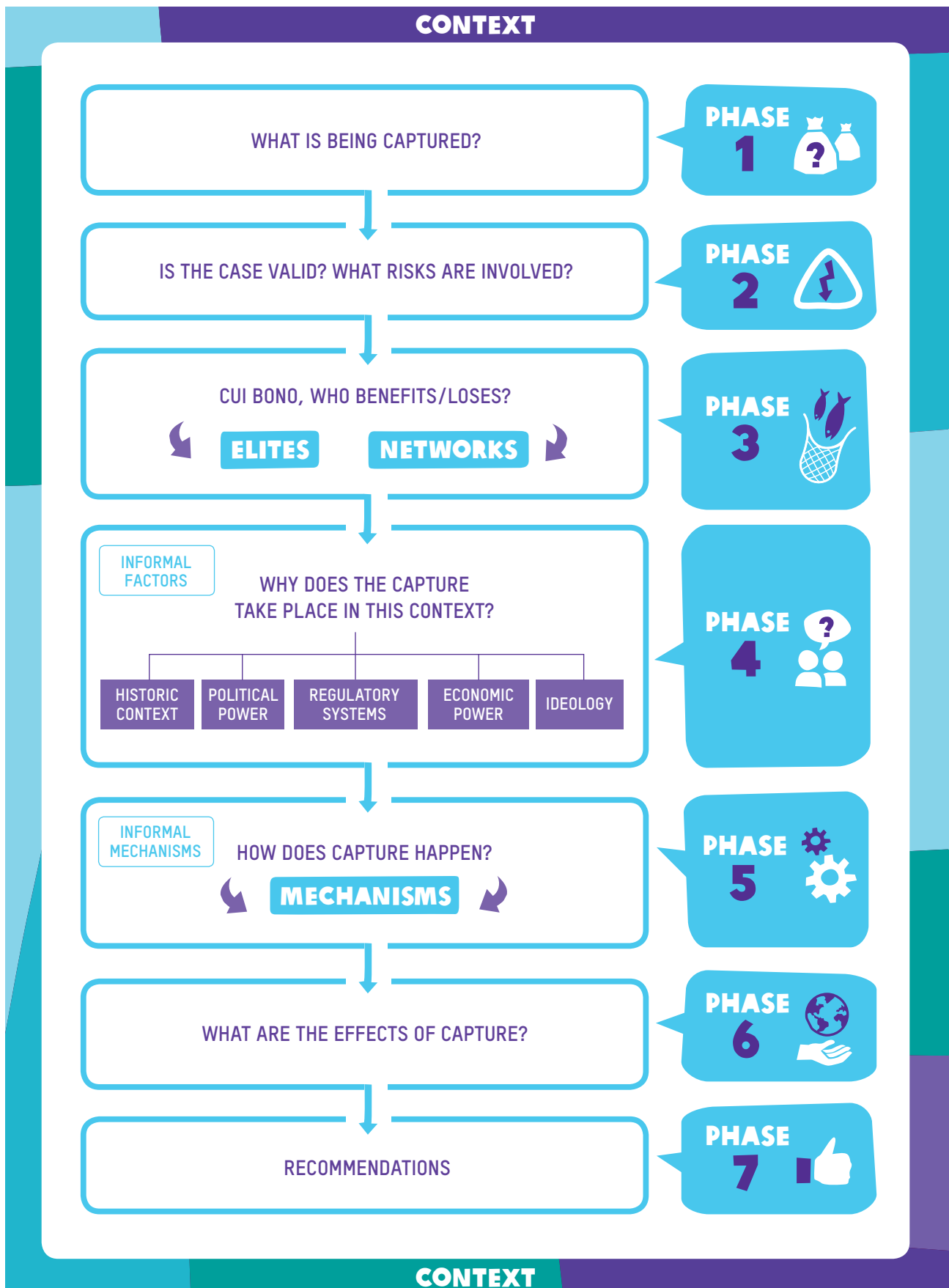
## Box 4. Proposed methodology (questions and phases):

	GUIDELINE QUESTIONS	METHODOLOGY
<b>PHASE 1</b> 	WHAT IS BEING CAPTURED AND WHEN?	Identification and brief description of the policy captured or subject to attempted capture.
<b>PHASE 2</b> 	IS THE CASE VALID?	Verification of the case's pertinence and feasibility along with the risks associated with it.
<b>PHASE 3</b> 	<i>CUI BONO</i> , IN OTHER WORDS, WHO BENEFITS? WHO EMERGES AS THE LOSER? WHAT WAS THE REASON FOR THE CAPTURE?	Description of the actors with conflicts of interest as well as the objectives pursued: <ul style="list-style-type: none"> <li>• The extractive elite (or group of elites) controlling the power resources necessary for the capture</li> <li>• Relationships among the members of the elite (or group of elites).</li> <li>• Those affected (or possibly affected) in the capture process.</li> <li>• Who benefits from the capture, if other than one of the actors above?</li> </ul>
<b>PHASE 4</b> 	WHY DOES THE CAPTURE TAKE PLACE IN THIS CONTEXT?	Explanation of the factors (explanatory and intervening variables of the context) that favour or limit the capture by the elite or group of elites.
<b>PHASE 5</b> 	HOW DOES CAPTURE TAKE PLACE?	Explanation of the mechanisms used by the elite or group of elites to exert influence and achieve the capture.
<b>PHASE 6</b> 	WHAT ARE THE EFFECTS OF THE CAPTURE?  HOW DOES IT AFFECT INEQUALITY?	<ul style="list-style-type: none"> <li>• Consequences for the general interest or for a specific population group.</li> <li>• Effects on inequality and on people's lives (people other than the elite or group of elites).</li> <li>• Impact of the capture on the current narrative in the context with regard to public policy.</li> </ul>
<b>PHASE 7</b> 	WHAT LESSONS HAVE BEEN LEARNT?	<ul style="list-style-type: none"> <li>• Recommendations and lessons learned with the case study. Development of proposals to counter capture.</li> </ul>

Source: Author's compilation.

Figure 3 is a graphic representation of this document's methodological proposal, grouped in different phases. As has already been said, this is simply a guideline for researchers and, therefore, it is completely open to interpretations and changes by the work team, based on team preferences and needs in each case study. The figure shows the logical sequence of phases, guideline questions and core concepts of the research process.

Figure 3. Proposed capture analysis methodology.



Source: Author's compilation.



## PHASE 1

# WHAT IS BEING CAPTURED?

## PUBLIC POLICY ANALYSIS FRAMEWORK

There are certain public policies that are particularly relevant for reducing or combatting inequality, due to their capacity to improve income or wealth distribution, provide greater social protection, favour opportunities for minorities, etc. In addition to these, other policies are also indirectly relevant for combatting inequality and could reveal cases of capture by some type of extractive elite. The methodological proposal of this report recommends focusing on both policy categories in order to develop case studies on capture. This list is not exhaustive but research teams are encouraged to take these public policy areas into account when looking for possible capture case studies:

- **Political, social or economic reforms** in which the specific interests of individuals or groups of individuals may be affected. Outstanding examples include privatizations or reforms affecting taxes, the environment, labour, basic social services (health, education, pensions) or telecommunications, among others.

There are certain public policies that are particularly relevant for reducing or combatting inequality, due to their capacity to improve income or wealth distribution, provide greater social protection, favour opportunities for minorities, etc.

- **Approval or reforms of regulatory frameworks involving land and natural resources.** Examples are concessions to exploit natural resources, land, public goods, urban planning projects, etc.
- **Processes with a national or international scope that entail reforms of national and local laws.** It is quite probable that in these cases the interests of local and international elites are intertwined. Examples include free trade agreement negotiation processes, investment plans, tax treaties, etc.
- **Public tendering processes.**
- **Aid and reconstruction processes due to natural disasters,** such as droughts, earthquakes, hurricanes, etc.



# METHODOLOGY

## FOR THE IDENTIFICATION AND DESCRIPTION OF THE PUBLIC POLICY THAT IS THE OBJECT OF CAPTURE

This first phase corresponds to the identification and brief description of the public policy that is the object of capture, as well as the moment in which the capture takes place. The capture of a policy can happen in different ways and at different times within the public policy cycle. It is important to note that capture is not always a visible phenomenon. There may be situations in which a policy that may cause an increase in inequality and the privileges of an elite is approved and implemented, but that is the legitimate result of the legal process per se and not the abusive influence of a power group (see Phase 2 questions for researchers).<sup>83</sup>

To guide researchers, this document: (i) proposes a series of guideline questions to be able to discern what types of policies may be captured and when; and (ii) includes a matrix that links the areas of the potentially captured policies to the phases of their cycle.

### **GUIDELINE QUESTIONS FOR RESEARCHERS:**

- Does the public policy to be analysed have any potential impact on inequality? Is it possible to identify positive and/or negative effects on specific segments of society? Can it be said that the policy in question has significant effects on the increase or reduction of inequality by benefitting certain elites?
- Is the political, economic or social reform process propitious for a capture process by an extractive elite that seeks to impose its interests? Has there been any type of tax, labour, electoral or health reform, or a reform in the telecommunications sector, etc., that has a potential impact on inequality or the position of certain elites?
- Is the public policy that is the object of analysis being decided at a moment that is tumultuous on a social, economic or political level that might affect it? Are certain actors benefitting from the

expansion of exceptional measures concerning safety or finance as a result of the tumultuous context?

- Is the debate over the impact of the public policy being kept on a back burner in the media and political discussion in spite of the importance of its effects on a social, economic and political level?
- Are different visions and points of view being presented to public opinion?
- Is there any particular group that has shown special interest in the public policy in question?

- Is the capture taking place in different phases of the public policy cycle or all throughout it? Is it possible to identify the specific moment when the capture (or attempt at capture) of the policy in question takes place?

- What goal is being pursued through the capture of the public policy in question?

The following matrix has been prepared to help researchers work on case studies (Figure 4). There is a cross between the public policy cycle phases and the public policy areas in which capture may take place.

**Figure 4. Matrix to identify what areas and in what phase the capture process takes place.**

<b>PUBLIC POLICY CYCLE PHASES / AREAS</b>	<b>PUBLIC OPINION DEBATE</b>	<b>PROPOSAL DESIGN</b>	<b>POLITICAL AND SOCIAL DEBATE</b>	<b>APPROVAL</b>	<b>IMPLEMENTATION</b>	<b>EVALUATION</b>	<b>REFORM</b>
Pol/Ec/Soc Reform Policies							
Land and Natural Resource Management Policies							
Regional/ International Agreements							
Public tendering							
Natural Disaster Reconstruction							

**Source:** Author's compilation.

## DETAILED DESCRIPTION OF THE SITUATION TO BE ANALYSED

### RESEARCH QUESTIONS THAT SHOULD BE ANSWERED IN THIS PHASE:

- What happened with regard to the policy that was captured (or suffered a capture attempt) due to the influence of a particular elite or group of elites? At what point in the public policy cycle did the capture take place? Here the idea is for researchers to explain what happened. In other words, the 'before' and 'after' of the policy affected must be clearly explained. The indications that justify analysing the case must be clearly described, the elements that show that there may have been capture must be listed, the moment in the public policy cycle when it occurred must be indicated and the effects that are believed to have been produced explained. For example, if the topic is a tax reform, the information has to include what it does, what the most important changes were that were blocked and that might affect inequality, etc. It may be that there has been an increase in indirect taxation over direct taxation as a result of the capture and, therefore, a greater tax burden has fallen on the income of the poorest population segments. Or that the need to attract investments by reducing direct taxes has entered the public debate as one of the country's priorities. All of this should be reflected in this first phase.
- What is the political, economic and social context in which the capture attempt or resulting capture took place? The analysis of the context should contribute with elements that have played a crucial role in the capture process.
- Was there any reaction from the public, trade unions, students or another type of social movement? If there was some kind of opposition, collect the testimony of the dissident voices, specify what response they got from the government and how the media covered the protests.



## PHASE 2

# IS THE CASE STUDY VALID?

## INTRODUCTION

Although it may seem that a public policy does not produce the anticipated results due to the capture process, this is not always the case. In fact, in the great majority of cases, the final result is fruit of the interaction and political play between actors with different interests and resources.<sup>84</sup>

Therefore, it should be clarified whether the public policy was captured (or an attempt was made to do so) and whether the research can be carried out. On the one hand, certain objective criteria have to be established that help analyse the process surrounding the public policy in question and thus conclude whether there are sufficient indications to affirm that the policy process was captured (or an attempt was made to do so). These criteria include those of transparency and good governance, because if these two points are met they may indicate that the public policy in question is the result of political play and not the abusive influence of an elite. Transparency is undoubtedly one of the most important criteria, as opacity in the decisions made by the decision-makers could be a clear indication of capture (see Box 2). Transparency is 'an essential quality of good governance, of the quality of political institutions and their inclusive or exclusive nature'.<sup>85</sup>

Transparency International defines it as the ‘characteristic of governments, companies, organizations and individuals of being open in the clear disclosure of information, rules, plans, processes and actions.’<sup>86</sup> At the same time, good governance is understood to mean ‘that which promotes formal and informal institutions that foment transparency, efficiency, consistency and accountability’.<sup>87</sup>

On the other hand, the feasibility of the investigation is not determined only by identifying whether the political process determines the result of the policy chosen. An evaluation must also be made as to whether the resources needed to carry out the study are available and whether the potential risks involved in doing the study are acceptable. Therefore, the three fundamental tasks are: check the availability of the data and information needed to do the study, estimate capacity – human and financial resources available – to execute a study of this type and make a broad, prudent and realistic risk analysis (see possible guidelines in Annex 1).



# METHODOLOGY

## FOR CHECKING CASE RELEVANCE AND FEASIBILITY

This is the phase in which the researchers should corroborate the case’s validity. In other words, ensure that there are enough indications confirming that the case to be worked on is the result of capture by the extractive elites, that there is enough trustworthy information available to carry out the investigation, that there are resources to do it, etc.

### RESEARCH QUESTIONS THAT SHOULD BE ANSWERED IN THIS PHASE:

- a. Is there sufficient **evidence** and/or **indications** that allow us to say that the specific **public policy** felt to have been captured (or subject to attempted capture) **is the result**

**of the influence of an extractive elite?** In other words, is/are there other possible explanation(s) for the failure or success of the particular policy’s design and/or implementation?

In order to be able to conclude whether the political process reflects legitimate political dynamics or is the result of capture, Box 2 includes some points and questions that can orient researchers in this sense and help them answer this first question.

**Box 5. Points for identifying whether the policy analysed has potentially been captured or is the result of political dynamics in which there has not been abusive influence wielded by an elite group (not an exhaustive list).**

- Is there any phase of the public policy cycle that has been distorted? Here it is very important to analyse the transparency of the phases prior to the parliamentary debate and throughout its whole process (see Figure 2), political group funding, clarify who is responsible for the policy's design (and who chose the persons responsible), etc.
- Other significant elements to take into account are:
  1. The addition of amendments to the text and the debate about them, even if they are not finally approved.
  2. The preparation of impact studies about the policy in question (cost-benefit analysis of the policy's implementation) and who did them.
  3. The renewal of top public officials within political institutions.
  4. Pressure from private actors and the incorporation of their main demands into the policy in question.
  5. Whether there are any external claims or complaints filed with regard to the procedure followed and, if so, how they were handled.

**If the response to the first question is affirmative**, in other words, once it is established that there is enough evidence of capture, the following questions should be answered:

- b. Can the impact (or impacts) on the public interest and the inequality resulting from the suspected capture be quantified? If not, will the case enable the development of a narrative about capture and its effects on inequality (based, for example, on people's stories that show the consequences of the capture on their lives)?
- c. Is it a significant policy for the national and/or regional work of the organization that does the research, as well as for their strategic plans?
- d. Has there been previous work done on the same topic or a similar one, in the context to be investigated? And studies on the same topic done in different contexts?
- e. Are there sufficient data, resources and key information that make it possible to explain the case?
- f. Are alliances with other actors needed to carry out the investigation? If so, are there resources for it and is the alliance considered beneficial? If not, are there resources and abilities available to do the work alone?
- g. Does the case study in question include illegal actions or is it limited to legal mechanisms?
- h. Are the risks entailed by the investigation acceptable? Will the execution of the case study generate new risks?



## PHASE 3

# CUI BONO, WHO BENEFITS?

### EXTRACTIVE ELITES ANALYSIS FRAMEWORK

This document defines the extractive elite as an *organized (or non-organized) group of individual actors whose control or possession of a strategic power resource in a particular context gives them the capacity to consciously take advantage of power relationships and define public policies based on their own interests and strategies, to the detriment of the general interest.*

Based on this definition, there are two parallel paths to identify the extractive elites in a given context. First of all, it is necessary to identify who controls the main resources of power in the context in question and, secondly, an analysis must be made of elite networks.

#### THE ELITES AND THEIR POWER RESOURCES

As mentioned in Part II of this document, power resources can be defined as those instruments (legal or illegal) that elite groups can use to increase their political, economic and social influence and accumulate more power. The resources vary, depending on the context; they evolve over time and adapt to the changes that are produced in the international system. Upon reaching this third stage, the fact that the public policy being captured has already been identified facilitates the range of analysis, as it makes it possible to focus on the elites that control the resources that are most effective in the capture of said policy. When examining a housing policy, it is probably not

necessary to analyse the elites that control the resources linked to security, in principle. Likewise, if a public tender is involved, it is most likely unnecessary to analyse the elites that control the production of scientific knowledge.

The classification presented previously can be used to be able to identify the elites by power resource:

- **Elites that control material resources.** This category includes those persons who possess or provide land, energy resources, arms, properties, factories, goods, services, etc.
- **Elites that control financial resources.** This category includes those persons who control or provide capital and credit, such as bankers, investors, the very wealthy, representatives of international financial institutions, etc.
- **Elites who control the most important institutions.** This category includes those persons who control public offices concerning decision-making in political, legal, economic institutions, etc.
- **Elites who control prevailing ideas.** This category includes media owners, university professors, consultancy firms, religious leaders, intellectuals, etc.

At all times and in all contexts, new elites co-exist with the old ones, as do local or national elites with other regional and even international elites. For example, in a financial market reform process in a particular country, we can identify national or regional elites or representatives of international financial institutions, all of them with similar interests in play.<sup>88</sup> This way, a financial institution may promote greater openness to foreign investment in those capital markets, the representatives of a company in the international or national banking sector may pressure the government to accelerate the reform, and certain investment groups with a regional scope may also have an interest in this process to increase their presence in the markets of the country in question. As their interests converge, consciously or unconsciously these actors make up a group that exercises abusive influence to capture the reform at stake.

On the other hand, the identification of an elite with influence in a particular area does not mean that it may not be present in another one through the various power resources it controls. In fact, it is probable that the same elite has diverse interests that mean it belongs to different elite groups. Thus, a businessman/woman dedicated to politics may simultaneously be the owner of a mining company, occupy a position on a ministry advisory body and be a shareholder in a communications conglomerate. Additionally, it is clear that the same elite may have different power resources. In the case of an agrarian reform, for example, if a major landholder is identified as a member of the main elite, we must be able to see whether beyond the ownership of land there are other resources that he might use to make certain policies come out favourable to his interests. To continue with this example, the landowner may likewise write a regular opinion column in a business newspaper, give classes in some influential private university, and have links with the political party in power or with the business conglomerate through which he/she usually exploits his/her lands, etc.

“ At all times and in all contexts, new elites co-exist with the old ones, as do local or national elites with other regional and even international elites. ”

## ELITE NETWORKS

Once the elite (or group of elites) has been identified, along with their respective power resources, it is very useful to establish the connections and networks that they create amongst their members or between the elites that make up a particular group of elites.

In today's society power is increasingly organized in networks and, in the case of capture, the networks established by the elites have a scope and power that go beyond states' geographical area. Although networks can be formed at all levels – and the analysis of networks can include anything from a family to the executive directors of major worldwide companies – their analysis is a very valuable exercise for identifying the elites, their ramifications, their origin and evolution. As an example, the relationships between the representatives of transnational oil companies – as opposed to national companies in the same sector – makes it possible to visualize and understand common interests in certain policies that are tracked in international forums, the position vis-à-vis environmental and fiscal regulations, their pressure on the OPEC cartel to set a determined price, etc.<sup>89</sup>

Therefore, to understand the conformation and concentration of power in today's world it is essential to analyse networks, as they are changeable and adaptable structures with social, political, economic and cognitive influence. Additionally, membership in a particular network entails the ability to exclude other, competing elites. This way, even if the elites outside the network control certain power resources in a particular context, they would not have the ability to use them for their own benefit because of the overall power of the network or even its veto power.<sup>90</sup>

By analysing the presence of members of the elite or groups of elites in companies, formal and informal discussion groups, think tanks, investment portfolios, or opinion leaders, among others, we can visualize connections that allow us to determine the relative importance of some groups with regard to others, as well as the cohesion or fragmentation of the elite or elites that make up a particular group. As an example, a member of an elite may work for state tax agencies and have connections with large international consulting firms. At the same time, these consulting firms may advise companies and participate in national, regional and international discussion groups interested in certain government tax policies where the above-mentioned member of the elite works.

The analysis of the connections among elites can be made, more or less exhaustively, based on what is known as **Social Network Analysis (SNA)**.<sup>91</sup> Several academics are applying SNA to analyse the connections among companies and politicians.<sup>92</sup> There are various examples of the use that can be made of SNA to identify the elites and the networks that they establish among themselves, showing, by case, the connection between the companies in a particular context.<sup>93</sup>

The use of SNA has three main advantages:

1. It makes it possible to focus on the relationships established between individuals and their position within the network.
2. It makes it possible to observe how cohesive or fragmented the elites are, giving clues for the analysis of the influence process and capture (successful or unsuccessful).
3. Finally, it makes it possible to graphically show the possible conflicts between elite groups as well as the relationship between the new and old elites.

In spite of the fact that preparing a SNA is not very complicated,<sup>94</sup> producing a detailed, precise SNA analysis, it requires data compilation work to cross different variables.

“ In today's society power is increasingly organized in networks and, in the case of capture, the networks established by the elites have a scope and power that go beyond states' geographical area. ”

Therefore, using one of the software programmes available (UCINET, PAJEK, POLINODE, QGIS, MAPBOX<sup>95</sup>) to create a database on the elites identified with said variables (presence on boards of directors, presence on government bodies, etc.) is recommended. As a simpler alternative, we can just put the main actors in a particular context based on the power resources they control and study the relationships they maintain with other actors. However, it is important to rigorously establish all the possible relationships based on a sufficiently broad number of variables.

The use of the SNA will create a graphic with the connection of the various actors (see Annex 3). These connections are called 'nodes' that indicate the relationship between elites or members of an elite. The bigger the node, the greater the degree or the importance that that actor has in the network. In other words, the more connections there are, the more power that actor will accumulate and the more capacity they have to establish relationships with other actors. These nodes serve to identify focal points for capture, as well as to identify elites with coinciding interests that, perhaps, are unknown to the public – or not obvious to the researcher – of the context in question. It is also possible to observe whether an actor is central or performs the function of intermediary amongst elites or between elites and the periphery. Additionally, this network analysis can facilitate the formulation of advocacy strategies that are connected regionally, as it makes it possible to recognize connected elites in different countries that have common goals and interests.

This double exercise – identifying the actors that control the main power structures in the particular context and the creation of the map of networks that is established among these elites – should serve to identify who the elites are that act in the capture process to be studied and, above all, to understand how they organize themselves.



# METHODOLOGY

## FOR THE DESCRIPTION OF THE INTERESTED ACTORS IN CONFLICT

Next comes the phase of making a detailed description of the actors in conflict; in other words, the extractive elites and the segment of the population potentially harmed. This will make it possible to identify not only these actors, but also to understand their motivations and objectives.

At the end of this section there is a brief summary with the main methods to orient researchers in the identification and analysis of the elites. This summary is open. Research teams can include as many elements as they consider relevant for the analysis, depending on the particularities of each case.

## DESCRIPTION OF THE ACTORS WITH CONFLICTING INTERESTS

### RESEARCH QUESTIONS THAT SHOULD BE ANSWERED IN THIS PHASE:

- Who are the actors involved in the capture or attempted capture process? The elite or group of elites exercising the capture and those who would potentially be harmed by the policy capture should be identified.
- What are the respective interests, strategies, motivations and expectations of the actors with regard to the capture or attempted capture? Here, a more detailed analysis must be made of the actors in conflict (the elite or group of elites and the population potentially affected, to be able to identify the motivations that lead the former to want to capture the policy and the latter, where applicable, to avoid this) and then a cost-benefit for each of them with regard to the public policy captured. This way, it will be possible to observe a relatively small, united group around a well-defined interest compared to a second, potentially large group with diverse, heterogeneous interests.
- What are the elite's/s' power resources? Here there should be a description of the resources that give the elite or group of elites the power to influence and capture. For example, if it is an organized mafia in a neighbourhood, it is probable that its power stems from controlling violence, ensuring safety or even from contributing economic resources or social assistance to the population of the neighbourhood in question, etc.
- Are there alliances between the elites or the members of the elites? How are they organ-

ized? In this point it is important to look at how the elites or the members of the elite interrelate during the capture process that resulted in success or failure (whether on a local and territorial level or a national, regional or international one). The analysis of networks will be very useful and the graphics produced (where applicable) should be included in it. As a result of this analysis, it is possible to identify the ways in which the elites or members of an elite group keep in contact. These may include professional associations, think tanks, periodic meetings, clubs, etc., for example.

### RESOURCES FOR THE RESEARCHER (NON-EXHAUSTIVE):

- Suggested methods:
  - **Social Network Analysis (SNA).**
  - One alternative to preparing a social network analysis is **power maps**. These maps are a way of graphically showing who is making decisions concerning the problem identified and the change proposal at hand. They also show who are potential allies for supporting the change proposal and what people, organizations or groups will be opposed to it. This is another representational medium that makes it possible to see all the most relevant aspects of the central actors in the case study and their connections. Essentially, power maps and SNA are no different in their ultimate aim, which is to show and understand the networks formed among actors in a particular context.



## PHASE 4

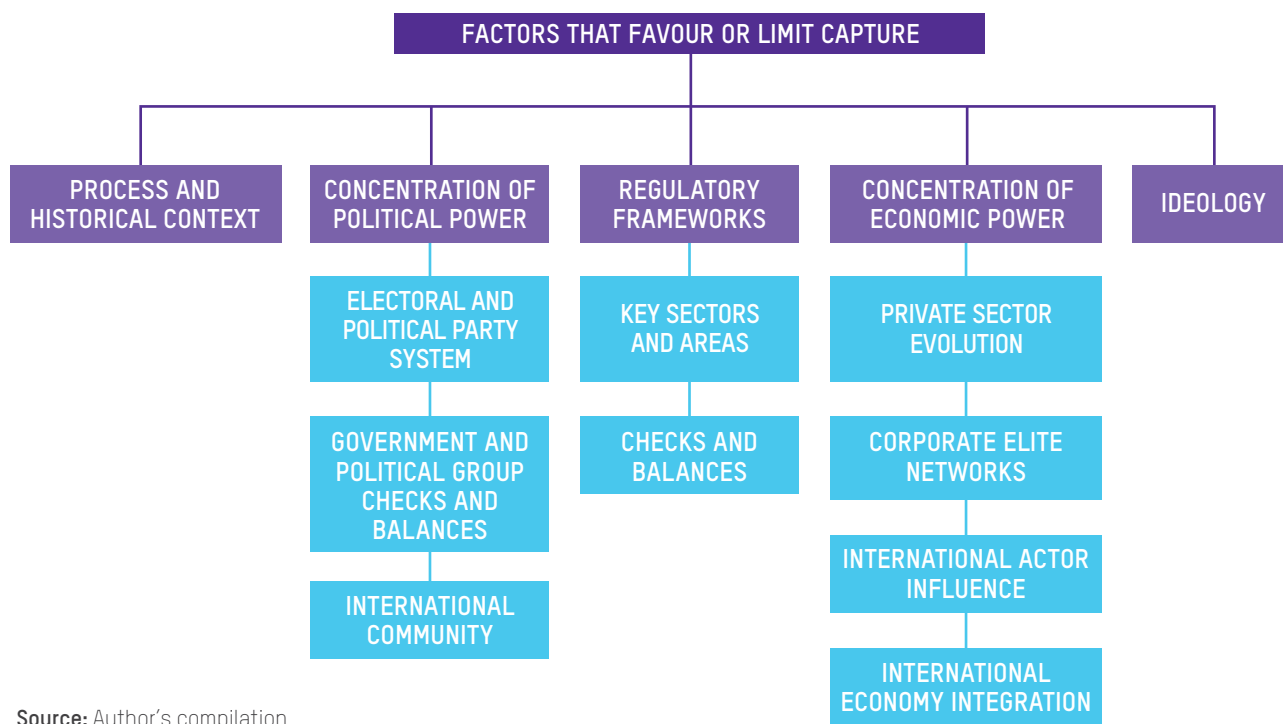
# WHY DOES THE CAPTURE TAKE PLACE IN THIS CONTEXT? FACTORS THAT FAVOUR OR LIMIT THE CAPTURE

## ANALYSIS FRAMEWORK OF THE FACTORS THAT FAVOUR OR LIMIT THE CAPTURE

The factors that favour or limit the capture have been organized into five categories. Although research teams are free to include additional ones, these five categories are considered sufficiently broad to be able to make a detailed analysis, and they are not included in a hierarchical order in this guide. Each category, in turn, has subcategories and here is where researchers will broaden the list based on their needs and knowledge of the study context. Again, it is important to remember that informal factors that are hard to identify are very significant. Thus, although we have included five categories, other causes linked to the culture and social norms may favour or limit a particular capture. Such additions will help refine the methodology. Lastly, a series of questions based on the subcategories are included, to facilitate the investigative work. The list of questions is illustrative and, therefore, it is open to others that may be considered more appropriate.

The following chart can be used to graphically visualize the five major categories proposed for analysing the factors that favour or limit capture:

**Figure 5. Factors that favour or limit capture.**



Source: Author's compilation.

Each of the five categories with its subcategories is presented below, as well as some guideline questions to understand the success or failure of the elites in the capture process. In some cases a chart has been included to help visualize the subcategories more simply.

### PROCESS AND HISTORICAL CONTEXT

Each context analysed has its own particularities, which are key for understanding the capture or attempted capture process. These particularities go beyond the specific context present at a particular time. This is why it is essential to recognize how the society's history, its historical political forces, the state concept and its form, and the historical role of the private sector and the elites, among other elements, can play a role favouring or limiting capture attempts. Thus, for example, a colonial past, a society's trade tradition or religious customs may determine the kind of relationships present among the elites and their capacity to abusively influence the process of public policy creation or implementation.

If, on the one hand, the oldest particularities of the context in question are significant, it is also true that contemporary events of historical significance are important as well. Therefore, the impact of the most recent economic and financial crisis may have shaped certain structures that favour capture within the context in question.

Each context analysed has its own particularities, which are key for understanding the capture or attempted capture process.

**Guideline questions (non-exhaustive list):**

- Is there any element of the context analysed that is strongly conditioned by history and could stand out as favouring or limiting capture processes?
- Have there been recent historical events that have caused structural changes in the context in question (humanitarian disaster, coups d'état, credit or balance of payments crises, etc.)? How have these changes affected the distribution of power in the society?
- When analysing the elites, can it be seen that the composition of many of them has changed in recent years or, on the contrary, has the configuration remained unchanged for some time?
- Do the elites control the main sectors of the economy in question?
- Does the society have a strong religious component throughout? Does the religion exercise significant influence in the public policy creation process, on formal and informal levels?

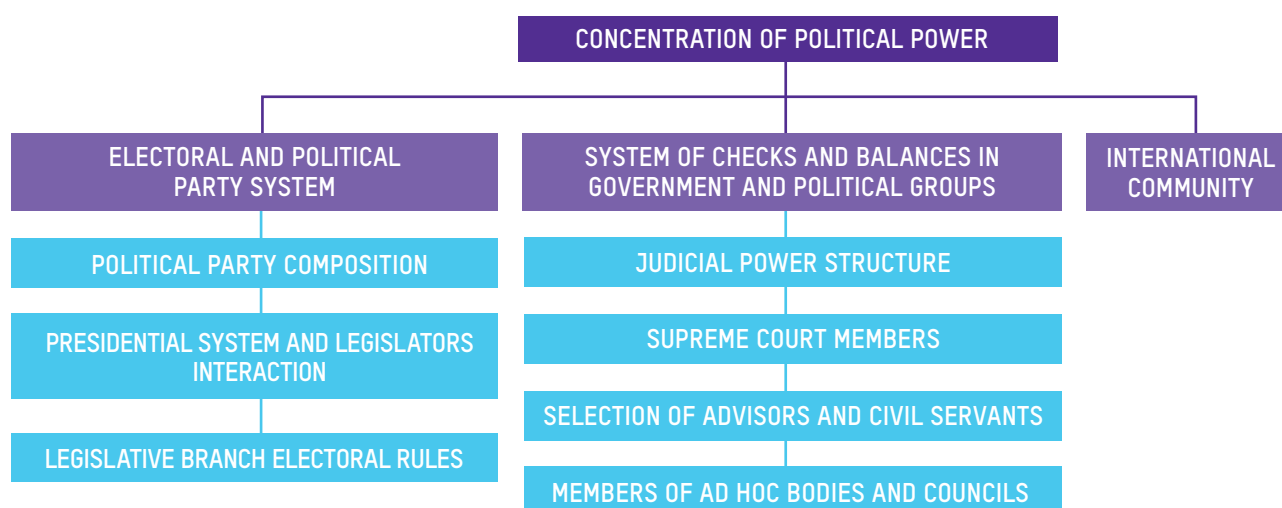
**CONCENTRATION OF POLITICAL POWER**

In a broad sense, the way in which political power is configured and the rules that regulate its actions are very important as elements that favour or limit possible capture by the elites. It is not only a question of how the executive and legislative power are defined, nor of how their representatives are chosen, but rather of the rules and structure of judicial power. This branch's degree of independence with regard to the other two is one of the most important elements. Lastly, the role that the international community plays is also a factor to highlight within this category.

Three subcategories have been identified: (i) nature of the electoral system and the political parties; (ii) imbalances in the make-up of institutional checks and balances; and (iii) the influence of the international community. At the same time, these subcategories include categories of lower rank that are specified in each case.

**“ The way in which political power is configured and the rules that regulate its actions are very important as elements that favour or limit possible capture by the elites. ”**

**Figure 6. Concentration of political power and subcategories.**



Source: Author's compilation.

### *Electoral and political party system*

The legislative chambers and the head of the government play a key role in shaping policy. In all fairness, it is decisive to analyse the head of government's ability to get parliament to approve his or her governance programme. Using this analysis as a base is tremendously relevant for capture, as there is often an assumption that in democratic systems presidents or prime ministers (depending on the case) have interests that are closer to those of the general good than other types of legislators, precisely because they are elected by the citizens of the whole nation.<sup>96</sup> In spite of this, it is well known that on more than one occasion heads of government have had powerful incentives to deviate from the public interest.<sup>97</sup> In this regard, the nature of the political parties and parliamentary groups significantly influences favouring or limiting this potential deviation.

In a way, the executive branch's ability to approve public policies is determined by the proportion of seats controlled by the official party or the coalition of parties that backs the government. At the same time, the size of the president's parliamentary group depends on the structure of the party system and the electoral rules, among other factors.<sup>98</sup>

When presidents or prime ministers do not control the legislative chambers they can attempt to form coalitions based on the stable support of other parties, using different bargaining chips to persuade the legislators from other parties to support certain legislative measures, building alliances of greater or lesser duration to approve different laws and policies, etc. Thus, it is important to establish what political system governs the context studied. Depending on what it is, the possibilities of capture will likewise be smaller or larger.

Party systems and electoral systems influence the viability of the relationships between the executive and legislative powers, the coordination possibilities in the legislative chambers and the incentives that elected officials have to attend to society's minority or broader interests.

The electoral rules of the legislative branch also have profound implications for democratic governability. Therefore, it is fundamental to understand the electoral rules that govern the system for the election of parliamentary or congressional members. Generally, there are two basic types of systems,<sup>99</sup> those that function with a majority and those that function with proportional representation: 'majority systems favour efficiency and participation, but they also underrepresent the smallest parties and benefit the largest ones (...) proportional representation systems favour equitable representation, but at the same time they can hinder decision-making, as well as weakening the link between representatives and voters'.<sup>100</sup>

Other elements that are associated with the electoral system may explain the effective ability of the elites to exercise influence over the political process. For example, it should be pointed out that when political parties hold primaries to choose the candidates they will nominate for legislative elections, the potential candidates' need for funds to compete in the primary elections can become a source of incentives to promote reforms that go against the common good.<sup>101</sup> This is mentioned without prejudice to the possible positive effects of this mechanism for the selection of candidates, such as parties' internal democratization or competition based on ideas and proposals.

In some Latin American and Caribbean countries, for example, certain presidential-type government regimes combined with proportional representation electoral systems in legislative elections have created a distance between the executive and legislative branches that may favour capture. This distancing between the two branches is due to the fact that the parliament that emerges from proportional-type elections may fragment into different parties that may not have a clear relationship with the executive branch, either on an ideological level or in terms of their interests. This fact, together with the significant fragmentation of parties, has facilitated business groups' access to and influence over political power. For these groups it has been profitable to 'invest' in candidates who enter elections and become members of the congress or parliament.<sup>102</sup>

### *Checks and balances system*

The checks and balances system is absolutely essential for a democracy to function properly. In a specific context, the configuration of powers and counterpowers in government systems and the imbalances among them may contribute decisively to the elites achieving their goals. Therefore, understanding existing regulations in this area, as well as the incentives generated, is relevant for explaining public policy capture cases.

In general, it can be said that modern checks and balances systems were designed to preserve democratic governability. However, in practice the opposite may occur. For example, if one of the branches of government is porous to elites' influence and the system gives that branch pre-eminence over the others, it is then possible that the interests of the majority may be harmed, in spite of the fact that a basic element of democratic governance is response to the public's social needs. This is the root of the importance of (i) the existence of an independent, effective judicial system that facilitates negotiation among the political actors by making them comply with obligations deriving from their commitments and ensuring that none of the actors exceeds the boundaries imposed by the constitution and the law,<sup>103</sup> and (ii) the existence of public affairs control and oversight mechanisms as well as the fight against corruption. These may include anticorruption offices, public ombudsmen, etc. This also underscores the seriousness of the lack of such a judicial system and such mechanisms.

In addition to the analysis of the judiciary branch and its structure, another significant element in this subcategory is the study of the processes for the selection and naming of the members who make up constitutional courts, the most important law courts for guaranteeing the rule of law.<sup>104</sup> This analysis will be extremely important for most case studies carried out.

Lastly, there are two more subcategories included. They are interlinked, and may be central in capture processes. First of all, the choice of high-level political advisors and senior staff, as the former have a tremendously influential capacity to infiltrate outside interests because of the direct relationship they maintain with policy decision-makers. The latter are the people who carry out the daily management and execution of the policies to be implemented. The selection of both categories has great weight in a government and their origin and profile should be examined in detail in order to understand the reason behind some decisions and the urgency with which they are made. Here it is important to see whether the senior staff members in political institutions are independent and chosen on the basis of professional

merits, or if, on the contrary, they come from within the parties and change every time the government does (this last trend is highly present in some OECD countries such as Chile, Spain or Turkey).<sup>105</sup> Various authors identify this last point as a key element for a democracy's proper functioning and stability.<sup>106</sup> Second of all, the creation of ad hoc councils and the selection of the members of government agencies can also be a way for private interests to enter the public policy cycle, and as such they should be examined. Given the importance of the choice of their members, it is crucial to supervise the selection processes. Researchers should also review the individual profiles of all the positions, including those that do not perhaps correspond to such political profiles but are very technical and constitute advisory boards or agencies created ad hoc. These can have an impact on a society's political life that is either positive or negative.

### *International Community*

Depending on the context being analysed, the role played by international actors (representatives of foreign governments, agencies, non-governmental organizations, etc.) may be very important in favouring or limiting the possibility of capture taking place. For example, in many countries in Africa, Latin America or Asia, embassies and their personnel are seen by the population as elites who have a single mission: to promote their national interests in the country in question.<sup>107</sup> The influence and power that this type of actors may accumulate in cities, countries or regions may at times exceed that of local political representatives. This is even truer if the governments in question are dependent on international aid and co-operation. In this sense, it is possible for certain development projects to have an impact on governance that may positively or negatively affect political power and national sovereignty.

#### **Guideline questions (non-exhaustive list):**

- What is the electoral process for president or prime minister? And for legislators?
- Does the electoral system promote parliamentary fragmentation, with a congress that has representatives from many political parties?
- Are legislators chosen based on a proportional representation system or a majority system? Is it possible that due to the election system the candidates chosen may have incentives to satisfy the interests of the elite(s) instead of backing policies for the general good?
- Are there clear rules regarding transparency in the financing of parties and candidates? Are these data accessible to the public or, on the contrary, is the information secret and are the rules blurry, leaving certain legal loopholes that make it harder to identify the source of funding? Who supervises party funding? Is this handled by the legislative, executive or judicial branch?
- Do international community actors have any formal or informal mechanisms for interacting with the political representatives of the context analysed? Are there records, studies or reports on the influence that these actors have in the country?

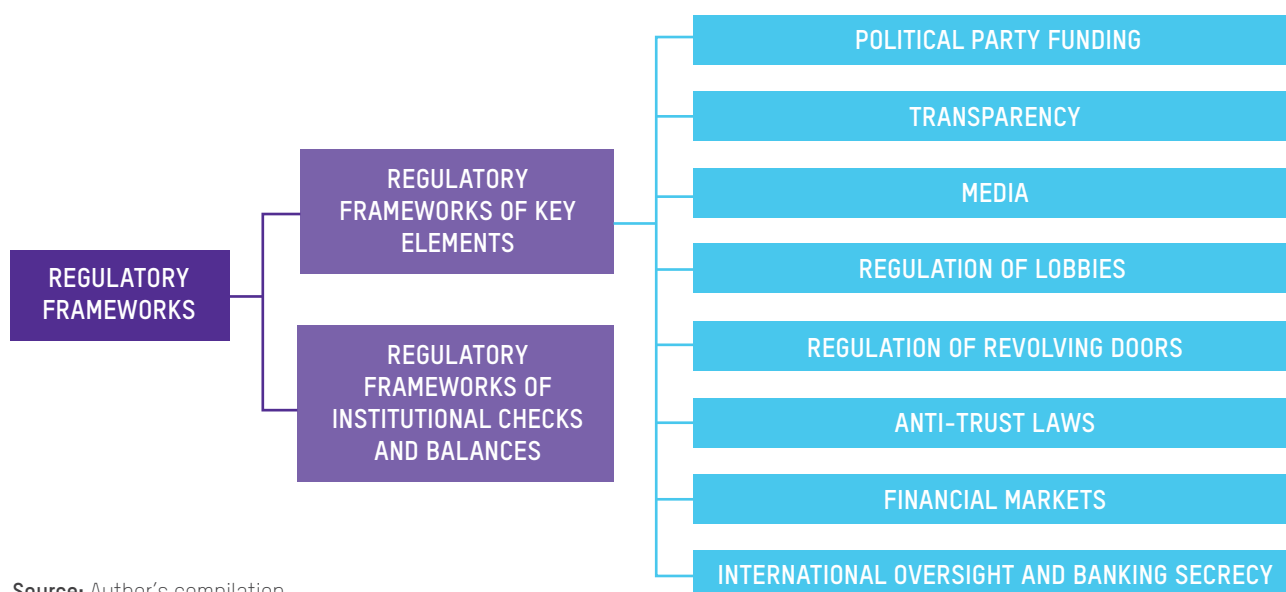
- What is the correspondence of forces between the judicial branch, the legislative branch and the executive branch?
- What kind of system of checks and balances does the governance system have? Are imbalances of power generated among the public powers? Do the elites take advantage of them?
- How independent is the judicial branch? What evidence exists to affirm this?
- Is the separation of powers clearly established in the constitution? Have there been any accusations of non-separation of powers? If so, who made the accusation and what response did they receive? Have any claims of non-separation of powers in the country been made by international organizations?
- How are the members of the different bodies of the judiciary branch selected?
- Have any entrepreneurs, politicians, etc. been jailed due to cases of corruption, misappropriation of funds, etc.? If so, what was the process like and who led the investigations?
- Are there mechanisms that promote increased transparency? If there are agencies of this type, the analysis must include their mandate, powers, limitations, who the members are and how they are chosen. Are there case studies spearheaded by these organizations with regard to the public policy captured?
- One important problem in many countries is impunity. Is the context under study believed to be one where impunity exists? Are there accusations where investigations have been closed without being concluded?
- Do the advisors named to the competent bodies concerning the policy in play have links to any of the contending actors or, on the contrary, do they claim to be independent?
- Has the government set up any ad hoc deliberative bodies? If so, who constitutes these groups? Do they have any links to the private sector or are they affiliated with the government? If there are links, does the deliberation process include other actors, including the opposition?
- During changes of government, is one of the first actions of the new executive to replace senior staff in the public institutions? If so, there may be something at stake beyond politics. Key public positions and their origin should be analysed.

## REGULATORY FRAMEWORKS

The category dedicated to the relevance of regulatory policies with regard to capture is in turn subdivided into two analysis subcategories: (i) regulatory frameworks of key elements, and (ii) regulatory frameworks of institutional checks and balances.

### Regulatory frameworks of key elements

Figure 7. Regulatory frameworks of key elements and subcategories.



Source: Author's compilation

The problems of greatest concern with regard to how the elites can succeed in perverting the political process due to the absence of or loopholes in the regulations on key points are: influence purchase and peddling itself, conflicts of interest, the serious inequities that can arise in electoral processes between representatives and the represented, the capture of ideas and, to a lesser extent, the fragmentation and institutionalization of political parties.

#### *Funding of the political parties*

Understanding the sensitive role that money plays in politics, there have been numerous efforts to regulate the funding of political life. Poorly designed reforms, laws devoid of resources to enforce compliance and institutions that are inefficient when it comes to duly following up, are some of the factors that pave the way for the abusive influence of some actors, an influence they achieve by funding politics. It is crucial for regulation of this matter to include monitoring of electoral campaign funding, where the political parties and the candidates can use public or private resources, legally and illegally.

#### *Transparency*

Transparency is one of the main mechanisms for ensuring that information is accessible and can be used to measure the actions of political decision-makers as well as to identify any undue action.<sup>108</sup> Transparency is a basic principle of good governance, in addition to being an essential tool for combatting corruption.<sup>109</sup> It is crucial, therefore, to classify already-existing regulations concerning transparency in two ways: (i) **proactive**, meaning they were the initiative of political decision-makers and public administrations, and (ii) **reactive**, meaning mechanisms that the public or other actors could use to demand transparency regarding decisions, policies and spending of a public nature. However, this is not only about existing regulations and mechanisms; it is also about their effective application.

There may perfectly well be a regulation that is very detailed, but completely ignored (or insufficiently implemented) by political representatives.

### **Media**

The concentration of the media is a global phenomenon.<sup>110</sup> In some regions, it has reached the point where no more than six companies control almost all the media.<sup>111</sup> In South America, in particular, only four newspapers cover more than 60% of the market in the countries that make up Mercosur, with the exception of Brazil, and about half of the information and communication market products and services are controlled by a single supplier. In Central America, the four largest companies in the radio sector concentrate 40% of the market, on average. In North America, an article in The New York Times pointed out the increasingly normal trend among North American millionaires to control news media by purchasing them or creating new ones.<sup>112</sup> Along these lines, the World Bank indicated that in 2016 around 6% of billionaires were involved in businesses with the media, a percentage that in countries such as Mexico or Poland reaches 20%.<sup>113</sup> In Asia, South Korea is the paradigmatic example of how pressure by the owners of diverse media favoured de-regulation of the sector, increasing a small number of companies' ownership concentration in the end.<sup>114</sup>

In any case, it is not only private business elites that concentrate and control the news media; it is also the political elites, the ones that dominate the main public institutions, who use their power to promote certain ideas in a society. They do this through the control of public media, for example, or by granting or withdrawing licences to news media that are more or less allied with them. Two cases that show the control exercised by some governments over journalism or the purchase of advertising space are those of Brazil, with the changes in the management of the Brazil Communication Company (EBC, the state television station),<sup>115</sup> or more recently Egypt, whose Parliament approved a law to control the news media in 2016.<sup>116</sup>

In the debate over the regulation of the media, an important factor – which may be even more important than the ownership of the media itself – is the degree of connection that exists among them. In other words, the connections that exist between different media, whether through the different boards of directors, main shareholders or journalists. It is very possible that capture may be more difficult in contexts with greater fragmentation and competition among media, or in those where there are policies that foment the development of alternative media.

### **Regulation of lobbies**

In some regions of the world such as North America (in Canada and the United States, specifically), there is specific regulation of lobbies, although it is considered insufficient and in some cases ineffective.<sup>117</sup> However, there are other regions that are clearly lagging behind in this matter, such as Europe, where a study revealed that out of a list of 19 countries only seven have some kind of regulation of this type.<sup>118</sup> In the case of Latin America and the Caribbean, only Argentina, Costa Rica, Chile, Colombia and Peru have a specific regulatory framework.<sup>119</sup>

It should be analysed whether there is a lobby register, if there is a record of these groups' meetings with political representatives, if the content of these meetings is monitored in any way and available to the public, etc. It is also important to compare the inequalities existing among the lobbies themselves. In other words, the

differential access to political decision-makers that the most powerful lobbies have compared to others, a fact that can favour capture in a particular sector.

### ***Regulation of revolving doors***

Just as in the case of lobbies, it is important to investigate whether there is any regulation concerning revolving doors, what sectors are most vulnerable to this phenomenon or what companies attract the most government officials. For example, in Spain there is a law (Law 3/2015) that regulates the incompatibility of holding a public sector position and then moving to the private sector and vice versa. Likewise, it stipulates the time that has to pass from the time someone leaves public office until they can begin to lobby for corporations. Spain also has a Conflicts of Interest Office within the Ministry of Finance.

### ***Anti-trust laws***

The laws that defend competition in markets and the non-concentration of company ownership in just a few hands are important for avoiding having all the power in an economic sector or over a particular resource held by a single company, to the detriment of consumers or the general public. These laws ensure that resources' distribution is fair.<sup>120</sup> Today, for example, debates about monopolies are present all over Europe, where the European Union is challenging the power amassed by some companies – mainly technology companies – that allows them to abuse their dominant position in different areas.<sup>121</sup>

Regulation of the concentration of land and other resources that may be considered public goods (water, the environment, biodiversity, etc.) and that in many contexts are now managed privately, is also included in this category. Ownership of these resources in the hands of a small elite is a phenomenon that has a disproportionate impact on developing countries, not only on an economic level but also on a cultural and territorial level.<sup>122</sup> Examples would be countries in which agriculture continues to be the main mean of subsistence or countries where the indigenous peoples represent a significant percentage of the population.

### ***Financial markets***

One of the key areas to analyse with regard to the factors that favour or limit capture is the financial markets. Their regulation determines the rules of the game when it comes to capital inflows and outflows, access to credit, the funding of the state, etc. This, in turn, positively or negatively, affects business sectors and other areas, such as labour laws, funds available for individuals, companies and government, etc., in a context in which the economy is increasingly financialized and integrated on a global scale. It is therefore of great importance to understand how these markets arise (a question that is also linked to the historical process), what regulation they are subject to, who exercises ultimate authority, who chooses the competent authorities, or whether capital flows or the entry of foreign investors are regulated, among other matters. The lack of regulation in these markets may create incentives for investors to make their interests prevail in certain public policies. An example would be facilitation of the transfer of investments without any type of control mechanism to a particular economic sector and the resulting creation of bubbles in the assets in question. At the same time, if a specific regulatory framework does not exist or is not implemented, it may mean that when this legislative need is proposed, certain elites could veto it in order to maintain their privileges.

### ***International taxation: tax havens and bank secrecy***

In a global world and economy, where capital is moved from one country to another with almost no impediments, one of the most important consequences of this mobility is the ability of certain actors to fictitiously and sometimes fraudulently transfer their business activity to jurisdictions that offer opacity and/or low or zero taxation.<sup>123</sup> These territories are considered tax havens. Each country has different criteria and mechanisms to attempt to combat this loss of income.

At the same time, the very wealthy use so-called bank secrecy<sup>124</sup> to hide their wealth and finance illegal activities, as was shown recently in the Odebrecht case or the famous Panama Papers.<sup>125</sup> Most of the time this secrecy is based on the use of trusts and the figure of the front man, whose identity makes it impossible to know who the real beneficiary of a current account or some shares is. Therefore, it is necessary to analyse whether there are applicable regulations and how effective they are, as their absence or ineffectiveness could be a key factor in capture cases. It is also advisable to delve more deeply into what the criteria are for establishing whether a jurisdiction is a tax haven or not, and how these criteria are prepared.

#### **Guideline questions (non-exhaustive list):**

- What kind of regulations are in force concerning the funding of electoral campaigns and political parties? With their different resources, can an elite or elites influence election results and candidates' interests? Is the information on the main party and election funders public?
- Are there accusations or suspicions concerning the purchase of votes? If so, what groups are affected and what position do they occupy in the political institutions in that context?
- Is there legislation with regard to revolving doors? If there is a regulation on this point, is it considered effective and is it obeyed? Or, on the contrary, are there legal loopholes that favour the phenomenon? If there is no such regulation, is there discussion of introducing one? How is it being advanced?
- Is there legislation on lobbies that regulates their activities, marking the boundaries of their activity, etc.? Is there a register of lobbies and the meetings they hold with political decision-makers?
- How are the country's news media organized among themselves? Is there convergence or divergence of interests, and what reasons motivate them? Does regulation of the media cover both public and private media? What degree of influence do the elites exercise over them?
- An important factor to consider is the awarding of licences to media. How is this process regulated? What is the decision-making body, who is on it and how are its members chosen?
- The economic question is also very important with regard to the media. How are public subsidies awarded to the media? Is advertising space used to shape a narrative favourable to the elites? Are these spaces regulated, and if so, under what criteria?

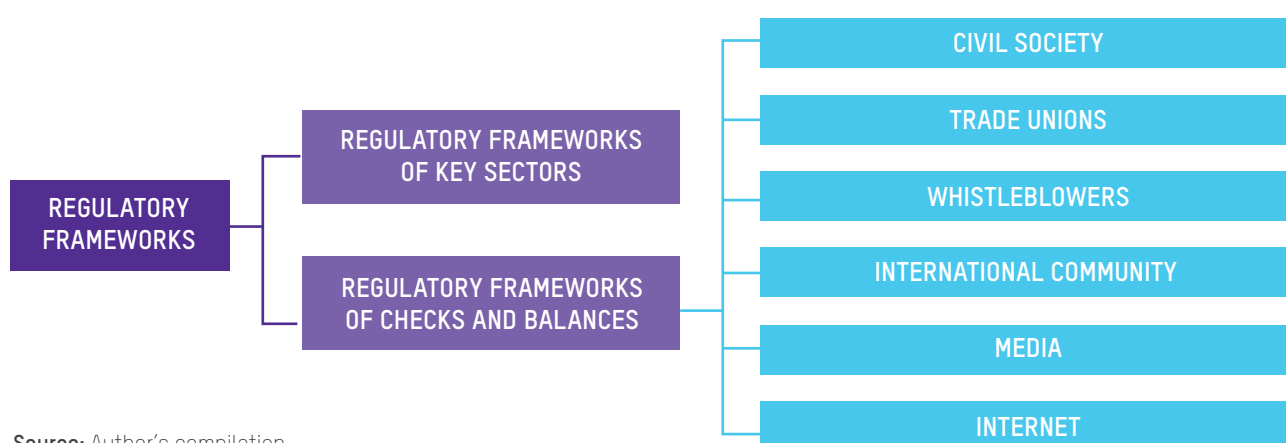
- Is there any law regulating trust practices in sectors linked to the policy captured? If there is, how is it applied and what companies are under its control?
- How is land ownership controlled? Has there been a recent reform affecting agriculture or land ownership? If so, was the debate process inclusive or limited to elites that control the institutions? If there is no public debate, are there petitions for better land ownership distribution? Is this linked to the rights of the indigenous population?
- How are resources or public goods such as water, forests, etc. managed? What criteria are followed for their exploitation and management?
- Is there an authority that regulates the financial markets? If so, what is that authority, who is part of it, how are its members chosen and how is its functioning set up? Do small investors participate?
- If there are specific policies designed to regulate financial markets and speculative capital flows, how do they function and who regulates their correct functioning? Can the government veto non-domestic investors in certain cases?
- In the context in question, what are the criteria for including a jurisdiction on its list of tax havens? Has the regulation concerning tax havens been revised recently?
- Do financial trusts exist as a legal entity?<sup>126</sup> If so, is there a register of trusts' end beneficiaries?
- Is bank account ownership information available to the public or kept secret?

“ In some cases and contexts an increase in inequality is due in some ways to the lack of forces that counterbalance the activity of governments and companies. ”

### Regulatory frameworks of checks and balances

In some cases and contexts an increase in inequality is due in some ways to the lack of forces that counterbalance the activity of governments and companies (such as trade unions do, for example). These forces are known as counterpowers.

Figure 8. Regulatory frameworks of checks and balances and subcategories.



Source: Author's compilation

In this category, there are two important considerations to take into account by researchers: (i) most counterpowers may get used either occasionally or permanently as a power resource by the elites, and (ii) it is within this system of power balance that informal mechanisms may be the most evident, as the existence of counterpowers does not mean that the countervailing is effective, as often there are factors involved that go beyond those that are legal and formal.

The case of trade unions is undoubtedly one of the most significant, as their mission is to counteract the power of the elites. Additionally, the absence of this type of opposition forces facilitates the emergence or maintenance of inequalities.<sup>127</sup> The trade unions' impact on income redistribution in OECD countries is recognized.<sup>128</sup> They have also exerted pressure to raise average salaries and have often contributed to reducing the salary gap and refocusing social protection policies.<sup>129</sup> Likewise, trade unions can influence the functional distribution between salaries and profit and reduce the gap between the highest and lowest incomes.<sup>130</sup> However, trade unions can also be the object of the capture promoted by the elites, to block or sweep away any type of regulation. Or, similarly, it may happen that the role of trade unions is not seen in a positive light by society because through some of their policies and demands they perpetuate the informality and labour flexibility suffered by large percentages of the population in the countries of the South.<sup>131</sup>

There are various factors involved in whether citizens' associations (non-government organizations, social movements, diverse groups and collectives, etc.) can become effective balancing forces that challenge the elites. These factors not only determine how much power these organizations have in relation to the elites (power stemming from the degree of organization or the economic resources at their disposal, for example), but also from the degree to which these organizations can really participate in the political process and how effective this participation is, and whether the public legitimates it. It is worth noting that in recent years civil society's space has been curtailed in general – and in some cases it has even been co-opted by governments –<sup>132</sup> which limits its ability to perform its role as a counterbalance.<sup>133</sup>

The role of alternative, minority (not mass) media is also important in this subcategory, along with the control of internet and the use of social networks. These three factors can become a tool for safeguarding political freedom and equal opportunities in the face of public powers' meddling, thus preventing capture taking place or, possibly, exposing it. In this sense, it is essential to examine existing regulations and whether there are what is called 'digital blackouts', the control and vetoing of the use of certain social networks, the persecution of bloggers, etc. These 'blackouts' – in which governments deliberately limit the use of social networks or the access to certain websites, such as happened recently in Sri Lanka<sup>134</sup> – are becoming a mechanism for controlling civil society's activity by some governments, in contexts that notably include the countries of Africa.<sup>135</sup> The use of internet, mobile devices and social networks has been transformed, without a doubt, into one of the greatest opposition forces to the actions of governments and elites. Some examples of this, among others, are the Occupy Wall Street movement, the protests in Brazil over the 2014 World Cup or the 'Arab Springs'.<sup>136</sup> Control over freedom of expression in these media is – and will be, over time – one of the main ways that the elites use to ensure that the public's interest does not confront theirs.

With regard to public denunciations – whether in the private or public sector – the role played by whistle-blowers is important. The figure of the whistle-blower is and has been key to uncovering cases of capture that have caused scandals of major

magnitude, as occurred with Antoine Deltour, an employee of the consulting firm PricewaterhouseCoopers, who revealed the tax arrangements made between big multinationals and the government of Luxembourg to reduce their tax bill, a scandal known as *LuxLeaks*.<sup>137</sup>

Finally, the rules on how international community representatives can act in a particular context can also have a major impact. The activity carried out by international NGOs, foreign chambers of commerce, representatives of international agencies, diplomatic personnel, etc. may be more or less regulated. This fact has positive or negative effects on capture by, for example, reinforcing governance and the participation of different actors or, on the contrary, increasing business groups' power of influence. Therefore, it is important to analyse whether this group of international community actors' ability to carry out its activities is restricted, its participation in political life limited, whether these actors are co-opted by the elites or whether there is legislation that offers them broad protection, beyond ensuring their ability to participate in political life on paper.

**Guideline questions (non-exhaustive list):**

- How do the countervailing counterpowers (trade unions, civil society organizations, political parties in the opposition, among others) act to counteract the excessive influence of the elites and its possible increase?
- What is the relationship, if there is one, between the counterpowers and the political system? What channels does this relationship use to function? And with the public?
- Have civil society organizations been closed and/or their members attacked? Are there laws that limit the right to assembly? Has there been an increase in arrests and the repression of civil society organizations?
- In the context analysed, have social movements and civil society organized to counteract policies that do not reflect the population's general interest? Have they been successful? Do they play a relevant role in the most general changes in the society?
- How do trade unions function in the context analysed? Are the majority of workers and representative members? Has union membership increased or decreased in the country? Has there been an increase in the importance of company-sponsored trade unions?
- Are the trade unions informed of and present at all the government negotiation processes and conversations concerning employment policies, investment, industrialization, etc.? And at collective bargaining processes?
- What presence does the international community have in the context analysed and how is its activity regulated? Do its members work in contact with public and community movements or do they relate mostly to government authorities and private sector professionals?
- Is there any special regulation to protect whistle-blowers, whether from the private sector or the public sector? If so, how does it function and what was the legislative approval process? Do we know of any accusations of mala praxis in the public or private sector made internally? If so, were they in the public sector or the private sector?

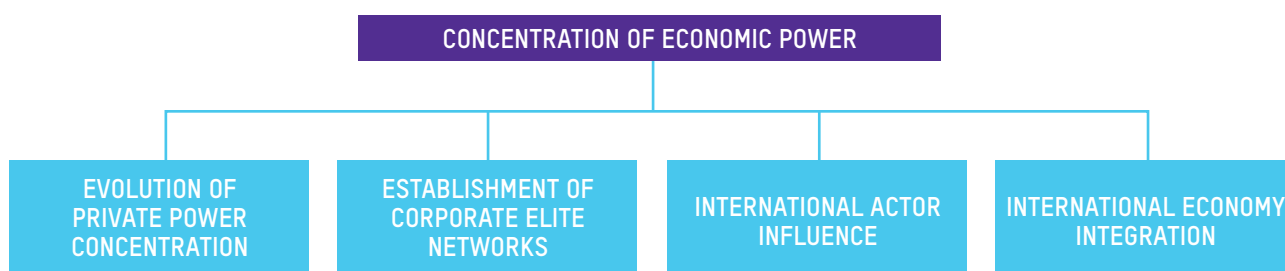
- How does internet access and the use of social networks function (free, regulated in some way, censure of some type, there are digital blackouts, etc.)? Who controls the population's internet access networks?
- Are there public participation policies that go beyond the vote? If so, which are they and how are they regulated by the government? If not, have any proposals been made?

“ The fact that the ownership of capital is concentrated in the hands of a small number of people or groups of people greatly increases their influence capacity, as compared to others. ”

### EXTENT OF ECONOMIC POWER CONCENTRATION

One of the most outstanding factors that may favour or limit capture is economic power. The fact that the ownership of capital is concentrated in the hands of a small number of people or groups of people greatly increases their influence capacity, as compared to others.

Figure 9. Extent of economic power concentration and subcategories.



Source: Author's compilation.

Although it has some similarities and converges at some points with other categories described above, this factor has a more structural nature. Therefore, the following aspects must be examined: whether the concentration of economic capital has been the result of privatizations and, if so, how they were carried out; the connections between politicians and members of boards of directors of large companies; the presence of top management of these companies on the boards of directors of news media; the concentration of land and natural resource ownership; the role that the different governments have played in this concentration; the ability to mobilize capital, resources, access to currencies, etc. In this category, the work carried out previously to identify the elites will be very helpful; it is not for nothing that the elites were identified in Phase 3, as well as, possibly, the networks of elites that may have been established in the context in question.

At the same time, a country's project to integrate into the international economy is extremely important for the analysis and explanation of the capture phenomenon. It is also important to study the way in which successive governments have signed or not signed international agreements and treaties with implications that are not only economic, but that also have consequences in the area of human and social rights. One especially relevant example for developing countries is what is known as development plans; in other words, the economic models that set countries' economic and social priorities. These plans may be prepared by the government itself or derive from the recommendations of international institutions such as the IMF.

They may even be outsourced to, say, international consulting firms which in this way have the ability to set the country's course for the coming years.<sup>138</sup> The signing of international investment agreements is a similar example, to the extent to which they may have favoured the concentration of capital in a reduced number of actors (national, international or transnational) and the creation of large business conglomerates, promoting a particular model of economic and social development which, without a doubt, could have consequences for inequality.

On the other hand, signing different international treaties, investment or trade agreements, double taxation conventions, etc. may become a factor that not only favours capture but also limits it. For example, these pacts may increase business competition or drive the development of operating rules in certain markets that are more aligned with international standards that have been subscribed to and, in this way, negatively affect the elites' power resources.

**Guideline questions (non-exhaustive list):**


- Is there a regulatory framework that favours the concentration of capital in just a few hands by means of privatizations, mergers, etc.? How does business' access to capital markets work? Are the rules established clear, or do they have loopholes that can benefit an elite or group of elites?
- How do the groups that own the economic sector in question distribute the company ownership and capital? How many jobs do companies in this sector provide? Do the companies constitute a uniform or fragmented block?
- Within private sector ownership groups, management plays an essential role in capture processes. Are there associations of private company representatives that defend their interests to the government? What capacity do they have to influence public agenda creation, news media, etc.?
- Do the connections established between the different boards of directors of large business groups and civil servants in the national and regional government tend to be stable and uniform or, on the contrary, are they fragmented (in the sense of having disparate interests) and significantly varied due to changes in the context? Are they based on personal relationships or on contracts with a specific purpose?
- One fundamental aspect when speaking of economics is the control over access to capital and credit. Who controls the access to these resources? What mechanisms regulate this access?
- Are the media owned by major business groups or financial groups? Are there representatives of these groups among the members of the media's boards of directors?
- What business sector do the companies with the greatest number of executives from other sectors belong to? How are these inter-executive relationships formed?
- Is there a high concentration of land ownership or ownership of other natural resources? What role has the government played in this concentration?

- Have there been privatization processes or inflows of foreign capital into the productive or financial economy that have coincided with greater international economic liberalization? If so, how were they negotiated, for whom and how were the processes carried out? How is the negotiation dynamic reflected in the results?
- What markets are the greatest priorities for the business community (local, territorial, national, regional or global)? Does this affect the private sector's position concerning reforms in policies that combat inequality?
- Is integration in international markets one of the fundamental pillars of the government's economic policy? If so, how is this expressed? What are the government's macroeconomic priorities? How are the main sources of income for the state's operation generated?
- Have investment or trade agreements, double taxation conventions or information exchange agreements been signed recently? With whom and why? Do they affect or might they affect key policies for reducing inequality? Is there or has there been debate about the signing or on the changes entailed?
- It is probable that the public policy analysed in the capture process falls within the framework of a specific development plan. If so, who prepared the country or region's development plan? Was the process participative? What other actors were taken into consideration? Is the plan influenced by international agencies?
- Has the country signed the main international treaties on legal questions, human rights, the environment or any other area relevant to the case?

## IDEOLOGY

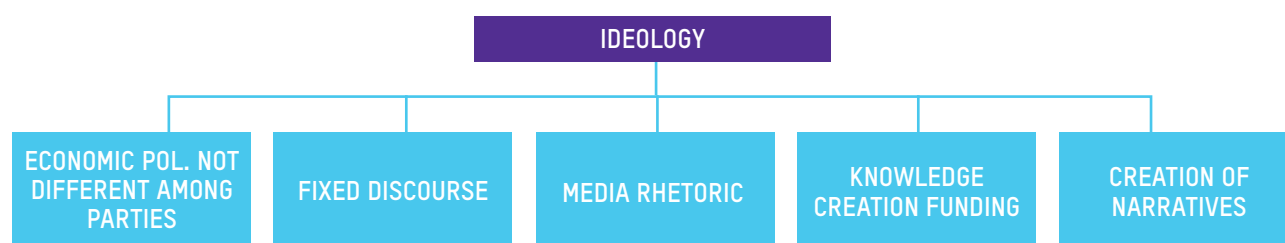
Ideological frameworks make it easier for the elites to alter the political process and the prevailing narrative through the internalization of ideas and concepts that serve, for example, to legitimize a public policy on the financing of private schools. Perceiving the use of ideology as an element favouring or limiting capture is complicated, but there are some specific cases that make it possible to visualize the impact that it can have. The case of Chile – like those of Argentina or Uruguay – is one of the examples that best illustrates this. Under the mantra of neoliberal ideology, the most economically developed country in South America was for years the site chosen to implement a whole series of economic measures focused on the promotion of growth through the free market. This concept came mainly from the precepts of the Chicago school of economics and the training that Nobel prize-winner Milton Friedman gave to the Chilean economists known as the *Chicago Boys*.<sup>139</sup> This pre-eminence of the market economy – and of offer above demand – left the question of equality exclusively to social policies.<sup>140</sup> However, the ideological element affects all kinds of precepts, whether favourable to greater state intervention and its abuses<sup>141</sup> or market prevalence.<sup>142</sup>

In spite of the complexity of working on these ideological factors, the importance of this category in the capture process makes it essential to include it. To try to express this relationship between ideology and capture, five subcategories are

 **Ideological frameworks make it easier for the elites to alter the political process and the prevailing narrative through the internalization of ideas and concepts that serve, for example, to legitimize a public policy.** 

proposed here: economic policy that does not differ amongst parties; the main political groups' fixed, homogeneous discourse with regard to core questions; media rhetoric; the funding of the creation of knowledge; and the creation of narratives.

**Figure 10. Ideology and subcategories.**



**Source:** Author's compilation.

It is important to highlight three of these subcategories. First, the rhetoric that the media generates in public opinion. Regarding this point, there are more and more social events such as anti-government protests that the journalistic coverage in the different media is portraying the same way, following the same editorial line. The demonstrations in recent years in Brazil because of the price increases in public services such as transportation are a clear example of this.<sup>143</sup> Second, the funding of knowledge creation and the lack of public funding for universities and education in general are seen as a worrisome trend. Historically, education has been the exclusive competency of the state (or shared, although with greater public sector presence) in most countries. In recent years, there has been a growing phenomenon of privatization in the education sector with the entry of investment and financial groups.<sup>144</sup> The control of education by private parties – whether through scholarships, think tanks, the founding of private universities, etc. – poses questions about how this control may eventually influence academic contents and priorities and, consequently, students' education at all levels. Finally, the construction of narratives on topics such as social mobility, gender equality, sexual discrimination, migration or even the concept of what should be public, among many others, is particularly worth noting. These narratives can be used by governments and other actors on a rhetorical level to maintain a specific status quo that denies rights for the majority and grants privileges to the few. Or, on the contrary, they can be used to increase social awareness about these and other problems.

**Guideline questions (non-exhaustive list):**

- To what extent does the neoliberal ideology dominate economics? Does this dominance reinforce the beliefs and imaginaries in which the excessive privileges of the elites are an inevitable consequence of economic growth, when in reality they do not deserve them? If so, how is this dominance produced, and why?
- Does state interventionism reinforce beliefs and imaginaries in which the governing political elite's abuses of power are justified? If so, how and why does this happen?

- Is the collective imagination being reinforced around views of what is public, gender, etc.? If so, what are these views and how are they being reinforced?
- Is it possible to state that certain imaginaries of gender, race or class are used to justify inequality and reinforce the dominance of an ideology that perpetuates privileges? Is this social construct transferred to the public policy in question?
- Does the funding of university research centres and grants depend on private business groups or are they publicly funded?
- Are there any notable differences amongst the different political parties with regard to economic and social policy? How much have the main political parties taken turns in power?
- Are there substantial differences in the editorial lines and coverage of sensitive content among the main media outlets? Is there any appreciable difference between public and private media?
- Are the main creators of ideology (think tanks, research institutes, etc.) under the control of the elite or groups of elites relevant to the case?
- Is the public university system promoted, or, on the contrary, can an increase in the weight of private university education be observed?



# METHODOLOGY

## FOR EXPLAINING THE FACTORS THAT FAVOUR OR LIMIT CAPTURE

To understand why the capture takes place it is necessary to identify and explain the factors that may have favoured or limited it. The result of this analysis has excellent potential to define the agenda of demands for reducing the incidence of public policy capture. The research team must provide evidence (data, analysis and key informants) that corroborates the relationship between the explan-

atory factors identified and the case's dependent variable. There will be studies that are based on the categories and subcategories proposed above, but the identification of other possible causal factors behind the success or failure of the elites' influence is desirable. Finally, it will be essential to also investigate the role of informal institutions as part of the context.

On the other hand, the relationships between the factors that favour or limit the capture, on the one hand, and the context<sup>145</sup> and its influence on the dependent variable, on the other, must also be validated and explained in this phase. In other words, the different case stud-

ies should detail **what the factors are that favour the capture and what factors limit it (explanatory variables), their relationship with the context (intervening variables) and with the dependent variable (see Figure 1).**

## DESCRIPTION AND ANALYSIS OF THE FACTORS THAT FAVOUR OR LIMIT CAPTURE

### RESEARCH QUESTIONS THAT SHOULD BE ANSWERED IN THIS PHASE:

- Based on the analysis carried out of the above categories, what are the possible factors that favour or limit the capture (explanatory variables)?
- How do these variables explain the success or failure of the elite or group of elites in the capture process?
- What particularities of the specific context (intervening variables) are relevant to explain the success or failure of the capture by the elite?
- What influence do informal institutions have on the capture process within the context analysed?

- Do these variables operate in favour of or against the capture process, whether it was successful or was ultimately blocked?

### RESOURCES FOR RESEARCHERS (NOT EXHAUSTIVE)

- Suggested: ***Process Tracing Analysis*** – PTA. This is a method that traces the steps of specific actors, establishing a sequence of actions (see Appendix 4). Using this method, for example, we can study the decision-making process of key actors in the different stages of the political cycle: elections, victory of one candidate, the forming of a government, public decisions.<sup>146</sup>



## PHASE 5

# HOW DOES CAPTURE HAPPEN? CAPTURE MECHANISMS

### CAPTURE MECHANISMS ANALYSIS FRAMEWORK

The elites' power of influence over public policy definition is exercised by means of very diverse mechanisms. For example, it may be based on mechanisms which, while not illegal in principle, are the object of growing concern and analysis in public opinion. Lobbying, political party and electoral campaign funding, or the deployment of advertising campaigns, propaganda and disinformation are all examples of the above.

However, more recent analyses of the elites and the mechanisms show how these elites are very flexible, mutate very easily, are digitalized and act in an informal and often opaque way.<sup>147</sup> It is no longer just a question of elites registered in lobbies and representing specific interests: there are agents acting in the shadows as connectors and intermediaries in meetings or events of different kinds. They have the ability to adapt to different contexts. In many cases, they do exceed the limits of the law. And they also use the new means of communication available to them to influence the public sphere and political decisions. One example of the above is the advisers of various companies or institutions who, without officially representing a

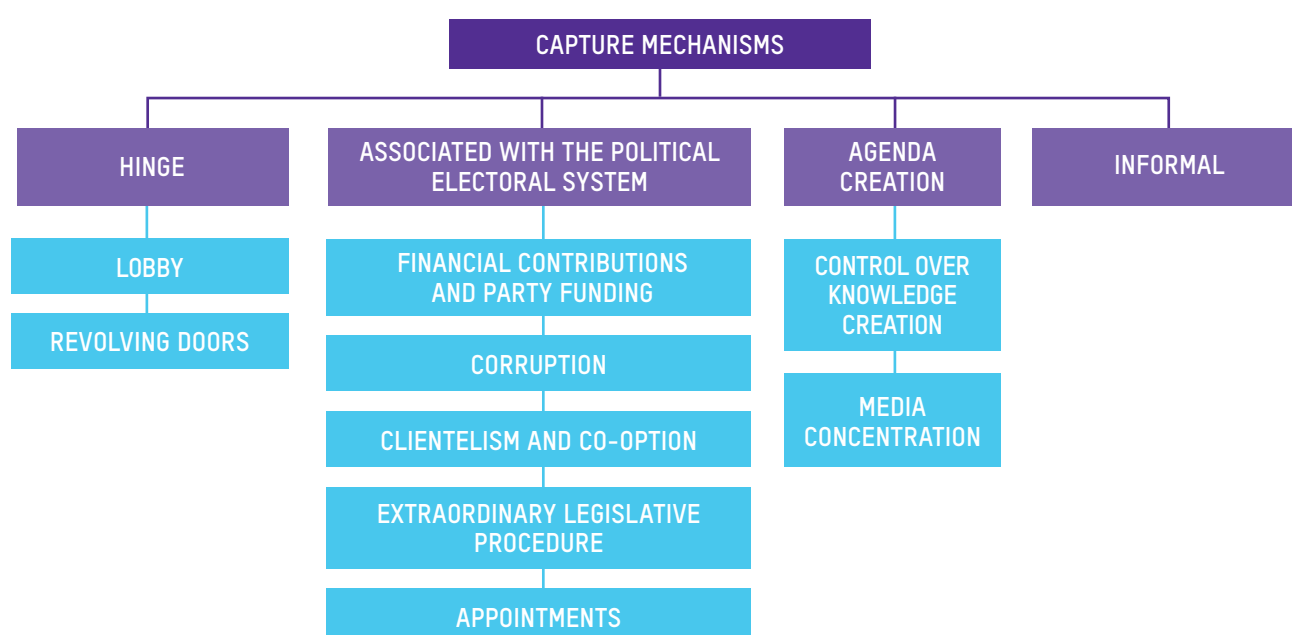
“ The elites' power of influence over public policy definition is exercised by means of very diverse mechanisms. ”

corporation or a political party, are able to incorporate their interests in discussions or connect different relevant actors.

The list of mechanisms presented here covers those that are most common, covering a fairly broad range. However, there may be some mechanisms that are typical of a particular context and are not included here. In this sense, what mechanisms are considered 'informal' would vary quite a bit depending on the case study. Some of these mechanisms are legal and others are illegal, an aspect that would also vary in each context.

The mechanisms used by the elites in the process of influencing and attempting to capture policy can be classified into the following categories:

**Figure 11. Classification of capture mechanisms.**



Source: Author's compilation

## HINGE MECHANISMS

Here, 'hinge mechanisms' is used to refer to those mechanisms that are used to establish connections between the public and private sectors. Although there are others that may also serve the same ends, such as financial contributions to parties, the most direct, clearest and, in many contexts, legitimated mechanisms (seen as part of the normal functioning of these societies) are lobbies and revolving doors.

### Lobby

Transparency International defines a **lobby** as all direct or indirect communication with political decision-makers or public officeholders, carried out by or in the name of an organized group in order to influence public decision-making.<sup>148</sup> While an ethical, transparent lobby or pressure group may benefit the development of policies and even democracy, it is also quite true that without effective regulation the elites may achieve undue or excessive dominance over political decision-making,

Here, 'hinge mechanisms' is used to refer to those mechanisms that are used to establish connections between the public and private sectors.

as they have greater resources at their disposal. In Europe, for example, the lobby exercised by the financial sector to pressure decision-makers on the application of a Financial Transactions Tax (popularly known as the Tobin Tax) is well known and has been widely documented.<sup>149</sup>

The lobby is probably the mechanism most used by the elites to put their interests on the political agenda. Lobbying is regulated differently in each country, but it is important to note the added value it brings and the benefits that lobbies create for certain very powerful actors. Lobbies are normally sectoral and have very specialized experts in areas where some politicians responsible for the respective public offices may not have all the specialization needed. Thus, a political representative may entrust technical analyses to a lobbyist's opinion. The influence of lobbies in financial sector regulation processes and in trade negotiations are examples of this.<sup>150</sup>

### *Revolving doors*

The intensive use of so-called '**revolving doors**' is also an outstanding example of mechanisms that are the object of controversy. The phenomenon known as revolving door is when top management moves freely between the private and public sector. This movement flows both ways; in other words, from public institutions into companies (national and transnational) and vice versa, and may include international organizations. For example, a study done in 2012 revealed that of 47 finance ministers in Sub-Saharan Africa, 20% were ex-employees of the World Bank or International Monetary Fund.<sup>151</sup> On a European level, two of the best-known cases are that of the ex-President of the European Commission, José Manuel Barroso, who, after presiding the executive body of the European Union was hired as the President of the investment bank Goldman Sachs,<sup>152</sup> and that of Mario Draghi, current President of the European Central Bank, who went the opposite route by going from being the managing director of Goldman Sachs International to Governor of the Bank of Italy and, from there, to head of the European Central Bank.

Although the practice of revolving doors is subject to regulation in some countries or is considered a crime in others, the key to the problem lies in the conflicts of interest that accompany the phenomenon. This is especially serious in the case of public officeholders who go from the administration that regulates an industry in particular to a company in said industry. In Peru, for example, Oxfam has questioned the neutrality of the management of the ex-minister of Energy and Mines, as there are suspicions that the ex-minister signed legal measures that benefit the oil company that had previously contracted his services as a consultant.<sup>153</sup>

This mechanism is being used 'increasingly, on a local national and supranational level, constituting another example of how blurred the line is that separates political power and economic power'.<sup>154</sup> In Guatemala, for example, various authors have documented how some companies in the construction sector sought to gain control over public investment decisions in the 1990s to obtain advantages over other competitors. To do this, the Guatemalan Chamber of Construction succeeded in having several of its members occupy important positions in the Ministry of Communications, Infrastructure and Housing, among other things.<sup>155</sup>

## MECHANISMS ASSOCIATED WITH THE POLITICAL ELECTORAL SYSTEM

As the name itself suggests, the mechanisms associated with the political electoral system refer to all those that are linked to the election of officeholders, the functioning of political parties, the creation of laws, etc. In this sense, they cover everything from the most specific mechanisms focused on one point, such as party funding, various economic contributions or extraordinary legislative procedures to those that are the most cross-cutting and systemic, such as cronyism and corruption.

### *Financial contributions and political party funding*

Political power cannot simply be a reflection of economic power. ‘Fundraising processes offer clear opportunities for setting up exchanges between private donors and public decision-makers, or at least for the on-going appearance of conflicts of interest for the latter’.<sup>156</sup> Even in cases where there doesn’t seem to be any direct correlation between private funding and the specific content of public decisions, ‘private donations considerably facilitate donors’ access to decision-makers’.<sup>157</sup>

The equity of diverse interests’ representation throughout the public policies process can be affected if an elite group has the ability to condition governmental elections and the policies of certain candidates and political parties through their **financial contributions**.

Through **funding of electoral campaigns**, elites can directly influence the policies that the representatives finally elected will implement, or even disparage candidates who present proposals that go against their interests. This can take the form of financial contributions or other types of donations, such as providing experts with media access, or providing space in editorials in important newspapers so that journalists, experts and talk-show panellists defend a clearly partisan position.

There are numerous cases of party funding that have led to the abusive influence of certain elites and are not limited to contexts in development. One clear example is southern Italy, with the financing that comes from organized crime.<sup>158</sup> For its part, in the USA – one of the countries in which this topic stirs up the most argument and controversy – the best-known cases include those of the National Rifle Association and the pharmaceutical industry, which invest large amounts of money in financing electoral campaigns and influencing elected representatives.<sup>159</sup>

### *Corruption*

In effect, and in not a few cases, **corruption** is a mechanism that, independently or together with other mechanisms (legal or illegal), facilitates the exercise of political influence by the elites. In this way – extending the definitions already provided in Part II of this document – corruption can be understood as a ‘behaviour that deviates from the prevalent norm in a determined context such as politics (...) [and] it deviates linked to a particular motivation, basically private profit at the expense of public interest’.<sup>160</sup>

As has already been stated, corruption is more a systemic attribute than something exceptional, and is not limited to particular countries or regions. It is also, as some experts point out, inherent to the relationships among actors in political

“ The mechanisms associated with the political electoral system refer to all those that are linked to the election of officeholders, the functioning of political parties, the creation of laws, etc. ”

governance interactions.<sup>161</sup> For example, in South Africa, ex-President Jacob Zuma was recently accused of corruption and of having taken bribes during the signing of some arms contracts with European and American companies valued at 4.2 million euros;<sup>162</sup> in Germany, also recently, a study indicated that 43% of the country's entrepreneurs believe that bribes and corruption are very common in their country and in Europe in general.<sup>163</sup>

### *Clientelism and co-option*

Clientelism can be defined as 'the political strategy characterized by giving material goods in exchange for electoral support.'<sup>164</sup> In clientelism, the key is the electoral payback in exchange for jobs, cash, supplies, construction materials, etc., although measuring it represents a big challenge because of the difficulty involved in investigating an underlying cause for which few official records exist.<sup>165</sup> Although it is understood as a bilateral relationship between a sponsor and a client, the role played by the intermediary in facilitating contact between the two parties is also very important. Clientelism is also considered a factor that maintains poverty and increases inequality.<sup>166</sup> For example, in Egypt cases of clientelist practices have been documented, such as offering gifts or preferential healthcare to voters, and they were respected in spite of Mubarak's defeat.<sup>167</sup> In the Dominican Republic, Oxfam verified the use of clientelism through the assignment of a salary or job to those who supported the electoral campaign in question.<sup>168</sup> The exchange of political support for employment in the public administration is extended throughout many regions such as the Middle East and North Africa, where 40-70% of the population sees it as an extensive practice.<sup>169</sup>

The phenomenon of clientelism is frequent in most countries and cannot be limited exclusively to particular regions. At any rate, it is believed that certain political and electoral systems – electoral processes focused more on a candidate's personal figure<sup>170</sup> – favour its appearance.<sup>171</sup>

For its part, co-option refers to 'the process of absorbing new elements into the senior management or executive structure of an organization as a means to avoid threats to its stability or existence',<sup>172</sup> or 'the capacity to bind strategic actors to the ruling regime by making use of informal (e.g. patrimonial rule) and formal (e.g. parties) mechanisms'.<sup>173</sup> As concerns the maintenance of a certain power and political system, co-option can be understood as 'a process that seeks to make changes in the way policies are implemented, in leadership activity, or basically in their political structure, inserting elements into a governing elite that make it possible to maintain a regime's legitimacy'.<sup>174</sup> Co-option can happen through formal mechanisms (ad hoc election of positions that represent an economic group or a segment of society) or informally through the payment of perks. Co-option disrupts a society's democratic functioning, even managing to affect the correct operation of the welfare state, according to some authors.<sup>175</sup>

### *Extraordinary legislative procedures: 'decretazos'*

What some authors refer to as extraordinary legislative procedures are 'institutional mechanisms [that go] beyond the ordinary legislative procedure [and] may be crucial in the influence of both powers [executive and legislative] in legislative production'.<sup>176</sup> Amongst these mechanisms, two are quite clear: the president's power of decree (the 'decretazos', or edicts) and the convening of extraordinary sessions.

‘Decretazos’ are part of all political systems and can be defined as ‘legal decrees whose contents directly affect a large part of the population and are polemical because they are generally considered unjust or not well thought out. They are approved in situations of urgent need.’<sup>177</sup> More simply put, they are a type of ‘decree that implies a sudden, drastic reform on points of major social, economic and political impact.’<sup>178</sup> Therefore, they are the result of ‘the authority of the Executive to establish laws instead of the Legislative branch doing so’.<sup>179</sup>

Although they are quite popular in Latin America and the Caribbean, where there are many documented cases,<sup>180</sup> this is a broadly extended type of legal procedure that is widely used in other regions and which, for example, has been applied quite assiduously in Spain by successive governments.<sup>181</sup> In most cases, this mechanism corresponds to the legislative initiative capacity that some political systems grant to the executive power, allowing it to approve express legislation without parliamentary debate. The moment when the edicts are prepared is undoubtedly when the different elites attempt to take advantage of the situation to further their interests.

### *Appointments*

The choice of who holds key positions in government cabinets and on advisory bodies is also one of the most common mechanisms and one with the greatest capacity to introduce individual interests in public policies and attempt their capture. This mechanism has a direct relationship with political co-optation and is also linked to some forms of clientelism. However, it is important to distinguish between the appointment of political officeholders and that of senior civil servant staff in the administration. Depending on the particular political system in each country, both this procedure and the hierarchical levels that are assigned by the executive branch are different. But while political officeholders can be rebuked by parliaments and are the object of public scrutiny, senior staff members usually enter the administration in a more paced way and follow a professional career. In this regard, various authors indicate the continuity of senior staff as a demonstration of a society’s democratic quality.<sup>182</sup> Here it is important to emphasize that on occasion the choice of who to fill some senior positions of a technical and independent nature – which are sometimes a result of clientelism – may even be more relevant than who becomes a minister, depending on the type of public policy that is the target of capture. The choice of a business representative or a trade unionist as a consultant may modify the course of a social or economic policy or even provide a change in the position of the association, interest group or trade union in question.

## **AGENDA-SETTING MECHANISMS**

Everyone in our societies is aware of the obvious importance of information, knowledge creation and the mass media. These mechanisms serve to set the terms of the debates in public opinion and the social constructions around them. They are the main tool for legitimizing different actions and different actors. Control over different information transmission channels and the creation of knowledge is an essential element in capture processes.

### *Control over the creation of knowledge*

Control over the creation of knowledge and the ability to shape the discourse and narrative on matters that are key for the reduction of inequality in a particular

context (whether local, territorial, national, regional or global) is, in all probability, one of the most important mechanisms in existence.<sup>183</sup> In this way, the power to legitimize visions, opinions, criticism, etc. of an economic model, a political reform or an investment plan, among others, affects the public policy cycle from the moment the ideas are debated. A significant number of studies has analysed the phenomenon of the elites' influence through the capture of ideas; in other words, the creation, dissemination and proliferation of certain ideas or beliefs.<sup>184</sup>

Jon D. Wisman states that 'the elite's superior influence over the generation and character of ideology has played a usually decisive role in the maintenance of their ability to appropriate most of society's surplus (...) to generate an ideological system that convinces not only themselves but all beneath them of the moral and functional appropriateness of the existing social order'.<sup>185</sup> Ideology as a power resource, its creation and use give control over other power resources. They make possible and, in the end, legitimate changes in the rules of the game in favour of or against a specific group or the public interest.

The question to ask is how control over ideology and knowledge creation can actually be demonstrated. In spite of being abstract concepts, there are mechanisms to do this. Specifically, it is necessary to analyse the main think tanks, media ownership, advertising on owned media, who funds new content and generates opinion, who the main opinion leaders are, who gives grants and finances the country's leading universities, the interests of private foundations, etc.

Finally, it is worth emphasizing the growing importance of having control over the public's personal data and what major technology companies concentrate this control. Control over this type of information becomes a very useful mechanism for private companies, allowing them to adapt the content they transmit and thus control the flow of information users receive as well as the information that the users generate. As Evgeny Morozov says, 'if we are moving toward a sort of information society, perhaps it should concern us that its key resource – information – has been privatized even before there was a chance to have a suitable public discussion'.<sup>186</sup> However, this mechanism is not used only for private ends. Some governments are also making an effort to control their citizens' data and use the information in their favour, while others are attempting to regulate the information generated as well as the companies in the sector.<sup>187</sup>

### Media concentration

The concentration of media ownership makes the capture of ideas possible and can become a mechanism used by different types of elites (with private or political interests) to interfere with the fairness of electoral processes. The elites that have control of the media can use them to favour a particular candidate or political party in their own interest, with the expectation of having an open, fluid access channel to significant government institutions in the future and thus drive policies that benefit them and block those that harm them.

As an example, Durand states that 'the media component (communicational) of the economic elites plays a key role in the processes of political influence in modern societies'.<sup>188</sup> For its part, the organization WAN-IFRA (World Association of

“ These mechanisms serve to set the terms of the debates in public opinion and the social constructions around them. They are the main tool for legitimizing different actions and different actors. ”

Newspapers and News Publishers) indicates that in Mexico subtle censure through official advertising continues to be a serious problem. According to this organization, 'there continues to be millions in spending (...) that promotes politicians or partisan agendas without any proof of their positive impact on public debate.'<sup>189</sup>



## INFORMAL MECHANISMS

Finally, it should be explained that, in all cases, the elites' influence does not only work by means of formal channels and institutions but also and fundamentally by means of informal institutions and organizations. The informal organizations are the result of 'implicit, unwritten relationships among actors to generate networks of trust that operate fundamentally through mechanisms of reputation and collective sanctions. These networks complement the formal institutions',<sup>190</sup> and may even replace them. Some authors have analysed the interaction between informal and formal institutions. In this regard, Helmke and Levitsky suggest there are four types of informal institutions, based on their relationships with formal ones: (i) **complementary** (they determine behaviour in such a way that they neither violate existing formal regulations nor produce substantially different effects); (ii) **accommodating** (they create incentives for behaving in a way that alters the substantial effects of formal regulations but without being directly in violation of them); (iii) **substituting** (used by actors who seek results compatible with formal regulations and processes, but in contexts in which the formal regulations are not routinely applied); and (iv) **competitive** (they structure incentives in such a way that they are incompatible with formal regulations. In other words, to follow one regulation they have to violate another one).<sup>191</sup>

Informal mechanisms and institutions often determine how effective formal institutions can be. At the same time, in some cases, the informal mechanisms may be the result of a particular historical legacy and the features of a specific context. As an example of an informal institution, in areas of some countries such as Bolivia, Ecuador, Mexico, Peru or Guatemala in which the state judicial system is not present, 'local communities resolve conflicts through indigenous justice or through other informal judicial systems'.<sup>192</sup> However, a clear example of capture using informal mechanisms and institutions is one that happens in contexts where criminal organizations or mafias control the institutions and the cycle of public policies, winning public works contracts, changing laws, etc.<sup>193</sup>

The informal structures produced and used by the elites to channel their power and exercise their influence are critical for understanding the nature of the policies that arise from formal institutions and their effectiveness. Therefore, ignoring existing informal institutions means losing a lot of information about the elites' influence processes and how they define the nature of certain institutions and capture their public policies.

The study of informal institutions' and mechanisms' political impact has produced very significant case studies, mainly in developing countries although not exclusively so. The importance of informal mechanisms and institutions is revealed in cases such as that of the mafia's control in Italy or that of gangs in U.S. prisons.<sup>194</sup>

 The elites' influence does not only work by means of formal channels and institutions but also and fundamentally by means of informal institutions and organizations. 

# METHODOLOGY



## FOR EXPLAINING THE CAPTURE MECHANISMS

To understand *how* policy capture happens or is avoided, it is necessary to identify and give a detailed explanation of the collusion between the elite or group of elites (channelled through

specific mechanisms, vehicles and strategies, both formal and informal) and the relevant public institutions in the policies cycle.

### DESCRIPTION AND ANALYSIS OF THE CAPTURE MECHANISMS

#### RESEARCH QUESTIONS THAT SHOULD BE ANSWERED IN THIS PHASE:

- What are the principal mechanisms, vehicles and strategies through which influence is exercised? The answer to this question is key for the entire development of the research into the case(s). It is necessary to describe how the elite or group of elites has captured or attempted to capture the policy; in other words, the mechanism used.
- How do the mechanisms, vehicles and strategies used to exercise influence interact? It is possible that the elites do not use just one mechanism to achieve the capture, but rather the conjunction of several of them. Even though these mechanisms may function independently, it is probable that they respond to some type of strategy even when it is not agreed upon or there is no evidence to that effect.
- What government institutions and what decision-makers are influenced by the elite or elites? How does that influence affect the anticipated behaviour of decision-makers and institutions?

- What aspect of the policies and governance cycles is manipulated (or subject to attempted manipulation) due to the capture? It should be recalled here that the capture may take place at any phase in the cycle (see Figure 2).
- Is the subject of the public policy something that the media is covering? If so, describe what coverage has been given and how the topic has been approached.
- What obstacles and opposition did the elite or group of elites encounter and how did it handle them? Who opposed the elites and who supported them (institutions, organizations, civil servants, citizens)? What attitude did the elite or group of elites have when faced with the responses received from other actors? Was it obliged to withdraw or modify its plans? How did all this affect the capture process?

#### RESOURCES FOR THE RESEARCHERS:

- Suggested method: *Process Tracing Analysis* (PTA).



## PHASE 6

# WHAT ARE THE EFFECTS OF THE CAPTURE?

## CAPTURE EFFECTS ANALYSIS FRAMEWORK

The consequences of capture are multiple. Some authors group them into five categories.<sup>195</sup>

- Reduction of government income.
- Increase in social, economic and gender inequality.
- Brake on economic growth and investment.
- Strengthening of transnational crime, terrorism, corruption and conflict.
- Erosion of the democratic construction of political institutions and the credibility of the democratic processes.

This document focuses – although not exclusively – on how capture can lead to the systematic limitation or obstruction of opportunities for population groups different from the elites, creating a situation favourable to maintaining or deepening inequality. This effect is achieved by distorting the expected functioning of the political institutions within the state, also in democratic contexts. Thus, not only may the abusive influence of the extractive elites produce **unequal social results**; it may also **pervert and weaken the democratic institutions that guarantee the rule**

Not only may the abusive influence of the extractive elites produce unequal social results; it may also pervert and weaken the democratic institutions that guarantee the rule of law.

**of law**, as well as **disrupting the public policy cycle in general**. In other words, the elites' power of influence, which results in policies that worsen inequality, weakens democratic governance and provokes a representation crisis, in what can be called a hijacking of democracy.

Thus, when states' incapacity and ineffectiveness in the face of the illegitimate influences of the powerful also translate into **political disaffection**, the elites can gain doubly, while the democratic system takes a proportionally similar loss. This contributes to large segments of the population (not only the elites) subsequently rejecting proposals such as tax reforms, land redistribution policies favouring smallholder families or subsidies for young, poor women, among many other public interventions designed to reduce inequality. This, in turn, may entail the population's **challenge of the political system's legitimacy and validity**. On occasions, on the other hand, a flagrant, repeated and antiquated capture may cause a public reaction and a mobilization for thorough-going changes in the state structures, aiming to achieve a fairer and more equal society.

The capture's effects on inequality may manifest in two often-complementary ways:

- In specific public policies (for example, a policy for a mining concession or a tax reform), where it is possible to quantify their potential impact by area.
- In the construction of a society's hegemonic narratives and rhetoric, which can even affect how a socioeconomic reform should be addressed or the consideration of whether the actions of a public organization are suitable or not.

At this point, it is important to emphasize that the effects of certain public policies' capture will not normally be reflected automatically. Rather, there is a time lapse to consider when examining the effects on inequality and, therefore, in many cases it will be necessary to talk about potential effects. In an income transfer programme, for example, it is possible that these effects will be more direct, as they can be clearly quantified, but in an agrarian reform the impact will be much less evident in the short term.

With regard to the specific effects of capture on inequality, it is important to not focus solely and exclusively on inequality's classic economic dimension (income-wealth), but to understand it in a broad, multidimensional way. The effects of the capture on inequality can be felt in many other areas. It is important for the researchers to investigate the effects on all of them and on the interaction between them. In this sense, an approach that can help with this work – and which will avoid having a limited focus on inequality – is the Oxfam and LSE Inequality Framework that Oxfam Intermón is developing together with the London School of Economics and Political Sciences International Inequalities Institute and the School of Oriental and African Studies (SOAS) of the University of London. In this project they identify seven areas that affect inequality, from a multidimensional perspective such as the one recommended. These are:

- **Life and health:** inequality in the capability to be alive and live a healthy life.
- **Personal safety and legal security:** inequality in the capability to live in physical security, knowing that you will be protected and treated equally and fairly by the law.

- **Education and learning:** inequality in the capability to be knowledgeable, to understand and reason, and to have the skills to participate in society.
- **Financial security and decent work:** inequality in the capability to achieve financial security, be productive and enjoy decent work.
- **Comfortable, independent and secure living conditions:** inequality in the capability to enjoy comfortable, independent and secure living conditions.
- **Participation, influence, and voice:** inequality in the capability to participate in decision-making, have a voice and influence.
- **Individual, family and social life:** inequality in the capability to enjoy individual, family and social life, and to express yourself and have self-respect.

Finally, the most concrete effects on inequality as well as those that are more linked to changes in the existing narrative can be complementary or independent, but in both cases it is essential to explain the impact that the capture has on people's real lives. The incorporation of human stories contributes to showing the consequences of capture in a clear, personal way. It is the researchers' job to reflect this in their work.



## METHODOLOGY

### FOR EXPLAINING THE EFFECTS ON INEQUALITY

The final stage in the research is the capture's or attempted capture's impact on inequality. As has been mentioned above, the effects of capture may be felt in two different directions, which are not necessarily mutually exclusive. First, with more tangible and measurable effects on public policies in certain areas that affect inequality; and second, with more intangible effects linked to changes in the narrative and imaginaries of the analysis context.

Based on what has been analysed throughout the previous phases, the researchers will be able to identify the potential effects on inequality that the capture has created (successfully or not), in economic, political and social terms. In either case, it is pertinent to include real stories with a human face, demonstrating the effects of the capture on people's lives.

## DESCRIPTION AND ANALYSIS OF THE CAPTURE'S EFFECTS

### RESEARCH QUESTIONS THAT SHOULD BE ANSWERED IN THIS PHASE:

- Is it possible to clearly identify the effects of the capture of the public policy in question? What dimension of the seven categories identified by the *Oxfam and LSE Inequality Framework* is most affected? Life and health; personal and legal safety; education and learning; financial security and decent work; comfortable, independent and safe living conditions; participation, influence and having a voice; or individual, family and social life?
- If the effects cannot be clearly identified, is it possible to draw conclusions on what types of potential effects the capture of the public policy in question may entail?
- Has the process of public policy capture generated debate in society and in the political parties that has produced any change in the perception of the priorities that public policies should address? If so, are these changes reflected in the public policies analysed or, even, in the capture process itself? Has it caused changes on a legislative level?
- Based on the above responses, are the media outlets or primary public opinion generators of the context analysed incorporating (or have they already incorporated) a change in narrative about this point?
- Is the affected population or even some of the elites in the context organizing change proposals to improve the situation? And protests with regard to the topic?
- With regard to the population groups affected (and already identified in previous phases), are there specific cases in which the population's living conditions are affected? If so, elaborate on these stories to strengthen the message.
- Does the capture of the public policy in question affect the functioning of the democracy? Is there a risk of it being hijacked?



## PHASE 7

# RECOMMENDATIONS



## METHODOLOGY

### FOR PREPARING RECOMMENDATIONS

The final phase is more oriented toward political action than the research itself. Its objective is the presentation of possible change propositions on both a political and social level, to thus put an end to the capture and alleviate its effects. This is when all the elements analysed throughout the investigation should come together to identify possible solutions in the face

of this phenomenon. This way, the recommendations will be on target: for the public policy cycle and its protection from abusive interference by certain elites who control strategic power resources in a society; focused on the painstaking tracking and establishment of accountability and transparency mechanisms in the public tendering processes or those

involving reconstruction after an environmental or humanitarian disaster; pursuing the monopolistic concentration of certain sectors, identified based on an analysis of networks; proposing reforms in the selection of transparency commission members or demanding that they function better, etc.

In this final phase, it is essential to take the factors identified as favouring or limiting the capture into account, in order to construct the recommendations as specifically as possible. The results of phase 4, identification of the factors favouring or limiting the capture, are, undoubtedly, those which will offer the greatest number of alternatives for proposing courses of action.

The recommendations should not only target political structures or achievement of political action or advocacy objectives in a particular context; they should also be designed to be able to build citizen mobilization campaigns. However, the central goal of the recommendations is to achieve concrete changes in all the actors involved in the political process and, more generally, in the population affected by the capture.

#### RESEARCH QUESTIONS THAT SHOULD BE ANSWERED IN THIS PHASE:

- Are there preventive elements that can be incorporated into the recommendations to avoid future cases similar to the one analysed?
- What are the areas of work identified as key for being able to correct and revert the capture that took place?
- Who are the actors who can take the initiative with regard to these changes?
- How can the recommendations be channelled toward different groups of actors (government, civil society, private sector, elites, etc.)?
- If there are indications that the international community could also play a relevant role in turning back the capture process, can international organizations, foreign governments or other foreign actors be involved in the recommendations?
- Might there be the risk of a more cross-cutting phenomenon in some aspect of the public policy capture analysed that would contribute to the capture of the state? If such a risk is identified, there should be recommendations addressing it included.

# APPENDICES

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## APPENDIX 1 RISK ANALYSIS AND MANAGEMENT

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The topic of capture directly involves power relationships and the establishment of the rules of the game in a particular context. Its analysis is, therefore, research work during which mechanisms, dynamics, relationships, networks, interests and even individuals may be revealed that act in order to maximize their gains to the detriment of those of other people in a way that is not always visible or even legal. Consequently, the risk factor that such work entails cannot be ignored. This should be seen as a priority for the researchers, work teams and allies, whether internal or external. Assessment of this point should not be limited to the period leading up to the investigation; it must be estimated once the work has been finished and the results published. Political capture is one of the lines of work that entails the most risks for Oxfam, and minimisation of risks must be a priority.

### A. A risk analysis must be made before beginning the investigation:

- **Risk analysis in the capture case data collection process.** It is important to evaluate the advisability of using certain data, their source and its anonymity (or not), the possibility of doing thorough interviews with persons affected by the capture as well as with the elites themselves, the credibility of the narrative developed, etc.
- **Risk analysis in the advocacy strategy based on the already-systematized case study.** The case studies investigated should go beyond the research itself and serve to catalyse more ambitious projects to construct positions and demands, political advocacy, public campaigns, etc. whose foremost objective is to achieve changes in policies that improve the lives of the most vulnerable people. Therefore, from the very first moment a case study is contemplated it is critical to plan the strategy beyond the research, anticipating the objectives desired in the short and mid-term. Thus, if the research is going to be the starting point of a public campaign this fact must be taken into account. Additionally, the target audience and the goals must be considered, as must the allied actors and their role, the most appropriate messages, etc. It is also essential to make a good cost-benefit analysis of this advocacy work.
- **Clearly establish the boundary between legitimate influence and capture.** Poor use of the capture concept is counterproductive and can be used to denounce the activities carried out by certain actors who are not elites, and are not seeking to promote their private gain to the detriment of the general good.

### **B. Once the research has been done, risk management must be handled:**

- **Managing the risks of publication and the communication strategy.** Other questions to consider include the impact on reputation if there is an organization involved, possible libel actions, etc.
- **Risk management in the political advocacy and public campaign** (where applicable).

In some cases, work should be done on past events where the risk is potentially lower and public information may be more accessible. On the other hand, working on cases that are yet to come may entail risks not only regarding the sources of information, their reliability and quality, but also with regard to the contents to be published. So a cost-benefit analysis must be a priority, and the research work carried out must always maintain the objective of achieving a relevant change whose benefits outweigh the potential risks.

As part of a risk mitigation strategy and to ensure the research results are as solid as possible, alliances with actors from different areas are recommended, such as the academic sector, trade unions, social movements, the public sector, journalists or the media.

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## **APPENDIX 2 PREMISES**

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The analysis of the capture processes and the methodology suggested are based on a series of basic premises and a methodological approach that establish the key starting points for carrying out research on the capture phenomenon.

### **Premises:**

- **The context matters.** Without an understanding of the characteristic factors of the context in which the capture takes place, the analysis cannot be correct or achieve the minimum depth necessary.
- **Understanding the nature of the elites and their networks is essential.** If there is no identification of who the elites are and how they create alliances that perpetuate their privileged position, the analysis will remain incomplete and the results will be incorrect.
- **Capture is inherently relational, multidimensional and dynamic.** The capture process takes place based on relationships amongst different actors; it is often linked to multiple matters; and it affects different geographical levels as well as evolving over time.
- **Capture comes into conflict with the general good.** The capture process is at odds with the quest for the general good, as it mainly benefits those extractive elites that capture to the detriment of the general population.
- **The effects on the common good or the particular interest of a segment of the population should be identifiable.** This identification of the effects may be quantitative (for example, the amount of financial resources diverted for this purpose) or qualitative (for example, changes in the prevailing narrative that affect the reduction of inequality and/or enjoyment of rights).

## Methodological approach

- **Analytic flexibility.** Flexibility here is understood to mean that the researchers must be able to adapt this analytical framework and method to their context without any kind of limitations. Thus, it is hoped that this proposal will be valid for both developed and developing countries; for consolidated democracies or those under construction.
- **Go from the general to the particular and the particular to the general.** In other words, knowledge will be built from the general (theoretical discussion and comprehensive perspective of the capture phenomenon, the extractive elites, etc.) to the particular (case studies) and from the particular (case studies) to the general (theory and recommendations).
- **There must be data and information that are reliable, true and checkable available.** Without this, it is impossible to back up the investigation on the capture process and justify the change recommendations.
- **The risks to be taken by the research team must be minimized in every stage of the research process.**

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## APPENDIX 3 SOCIAL NETWORK ANALYSIS

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*Social Network Analysis* (SNA) is an innovative method that makes it possible to analyse data in a relational way, seeing reality as a whole and providing information about the network structure and the role played by the actors within the network. Unlike other analyses, the SNA has a component that is more descriptive as opposed to testing hypotheses, but the graphic representation (the sociograms) makes it possible to uncover relationships that would not be identified otherwise. The two basic concepts in SNA terminology are the 'nodes' (actors), which are connected with one another through the 'ties' (relationships between actors).

Network data are a representation of conventional data but are analysed differently. Rather than analysing actors by their features, they are analysed by the ties they establish with other actors. These ties or relationships are as important as the actors themselves or more so. The analysis of social networks, therefore, means focusing on the importance of the actors and their relationships in a holistic way, and not focusing on the individuals who constitute this relationship.

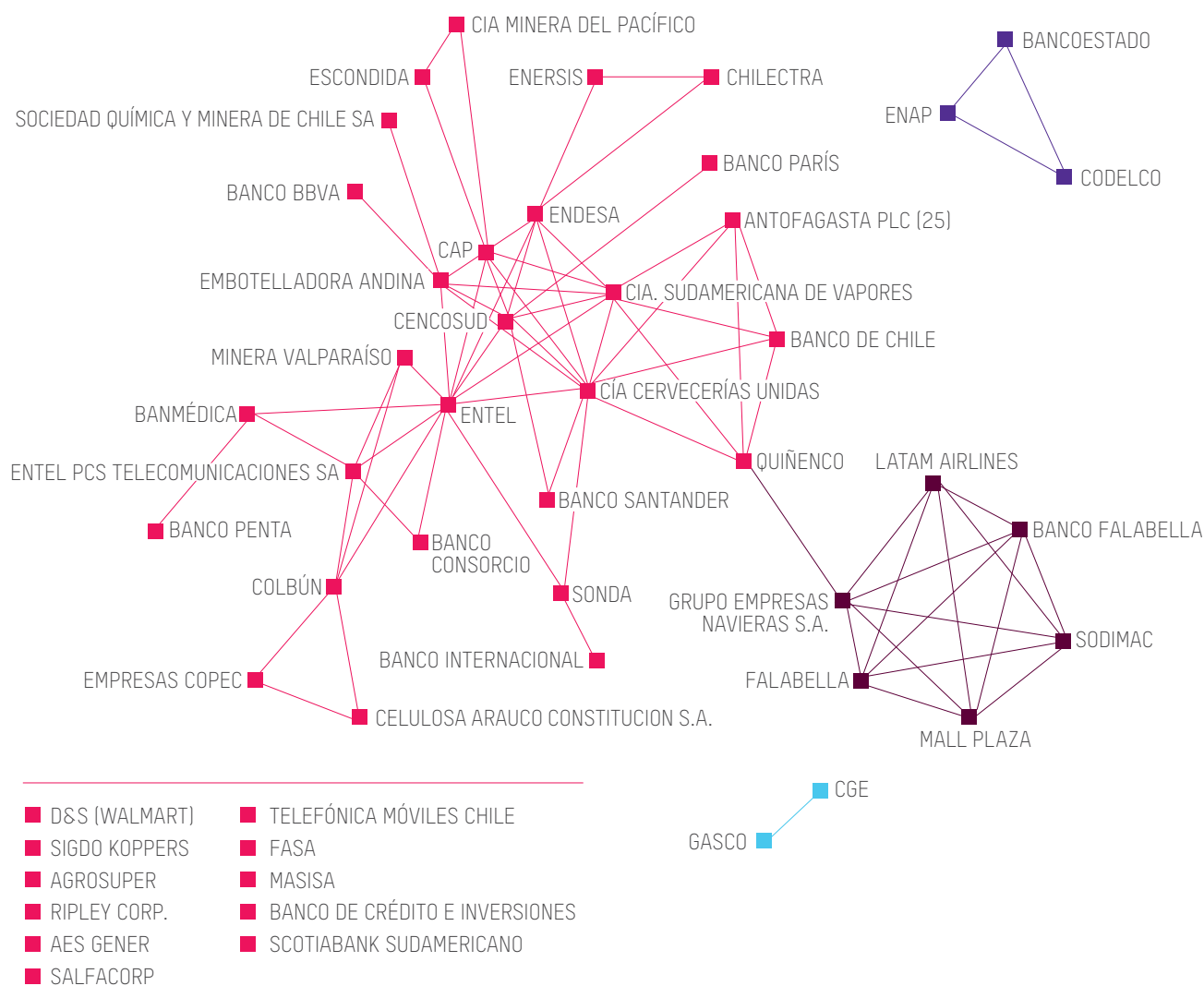
By identifying the ties and the importance of the nodes in these relationships, it is possible to answer questions such as: How dense is the network (how many ties are there)? What nodes are central in the network? What distance is there between the nodes on average or individually? Are the nodes cohesive or fragmented, creating sub-networks?

The above questions are very significant, as they make it possible to have an overview of the context and the role played by the actors within it broadly. This facilitates a more detailed analysis and the possible preparation of more specific strategies that will have a greater impact on the context analysed. At the same time, not only do the graphic results extracted have a clear visual impact: they make it possible to have a clearer, more accurate picture of the context, as certain relationships can be highlighted through colours, shapes, sizes, etc.

One of the core features of network analyses is that through analysing relationships among actors, it shows the power that exists in the network analysed, although the authors who work on network analysis prefer to refer to the degree of centrality within a network. This way it is possible to analyse what actor (node) occupies a central position in the network because they have more ties with other nodes than others do (degree variables); what node

is closest to others and can gain access to them more easily (closeness), or what node may facilitate the contact between nodes that have no direct tie (*betweenness*).

The following image provided by Dr Julián Cárdenas, shows the largest companies in Chile that have the same shareholders who control more than 5% of the shares.



The graph reveals four clear networks: the large central and left one, a second one connected to the central one through the Grupo Empresas Navieras S.A., one with a triangular shape and three companies, and lastly a linear one with two companies. Analysis of the central, largest network shows the centrality of the company ENTEL, with high degree, closeness and betweenness. In this specific case of Chilean shareholders, the information obviously has to be accessible in order to be able to produce these graphics.

SNA is used across various disciplines, but in recent years it is gaining relevance in the social sciences. Along these lines, NGOs have recently begun using it and in the case of Oxfam it was used in the document *Understanding networks. The application of Social Network Analysis methodology in the South Caucasus context* and the project 'Empowering civil society networks in an unequal multi-polar world'.

As was mentioned earlier, the preparation of an SNA is not particularly difficult, but it does require some knowledge of statistics to make the database, and training in the use of the network analysis preparation programme.

The manual *Introduction to social network methods* by Robert A. Hanneman and Mark Riddle, available online, is a good, useful approach to this analysis method.

## APPENDIX 4 PROCESS TRACING ANALYSIS

The *PTA* or Process Tracing Analysis is a qualitative method that seeks to extract evidence and causes based on the analysis of facts. These facts are drawn from a specific timeframe and described. The PTA seeks to identify the causal mechanisms and the chains of causalities that are produced between a specific cause (public policy on education) and an effect (increase in school enrolment).

This method is used in a large number of disciplines within the social sciences and is very useful for corroborating the relationship between certain variables and the consequence analysed. It is important to incorporate as many variables as possible to be able to corroborate the validity of some and discard the relevance of others. This way, as mentioned earlier, timelines should be constructed and include the most outstanding elements that occurred that had an impact on the case in question. In other words, the central moments on the timeline analysed must be sought.

One of the capture analysis examples mentioned in this document that uses PTA as an analysis method is the one done by Francisco Durand in his work *Cuando el poder extractivo captura el Estado. Lobbies, puertas giratorias y paquetazo ambiental en Perú*.

In order to learn more about PTA, please also see:

- Derek Beach (2017). *Process-Tracing methods in Social Science*.  
<http://politics.oxfordre.com/view/10.1093/acrefore/9780190228637.001.0001/acrefore-9780190228637-e-176>
- David Collier (2011). *Understanding process tracing*. En *Political Science and Politics* 44. P. 823-830

# NOTES

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- <sup>1</sup> Niccolò Machiavelli (2011). *Discourses on the First Decade of Titus Livius*. In *El príncipe. Del arte de la guerra. Discursos*. Madrid: Gredos. P. 307
- <sup>2</sup> Ricardo Fuentes-Nieva and Nicholas Galasso (2014, January). *Working for the Few*. Oxford: Oxfam International <https://www.oxfam.org/en/research/working-few>
- <sup>3</sup> Alina Rocha Menocal (2017). *Mind the Gap: Can Democracy Counter Inequality?* in *The Global State of Democracy 2017. Exploring Democracy's Resilience*. IDEA. 160–99.
- <sup>4</sup> World Bank (2017). *Governance and the Law. World Development Report*. Washington DC: World Bank.
- <sup>5</sup> Although there are various types of capture, this document focuses on the capture of public policies relevant to the fight against inequality.
- <sup>6</sup> Braulio Gómez and Manuel Trujillo (2016, December). *Urnas vacías en los suburbios de las ciudades*. Observatorio Social de La Caixa. <https://observatoriosociallacaixa.org/-/urnas-vacias-suburbios-ciudades>; Rocha Menocal. *Mind the Gap: Can Democracy Counter Inequality?*; Larry Bartels. Rich People Rule! Washington Post, April 8, 2014, sec. Monkey Cage. <https://www.washingtonpost.com/news/monkey-cage/wp/2014/04/08/rich-people-rule/>; World Bank (2017). *Governance and the Law*.
- <sup>7</sup> It should be mentioned that there are various studies underway on capture, whether within the framework of the Oxfam confederation's international *Even it Up!* campaign or under other organizations' academic scope. Therefore, this is a methodology under development, and flexibility and the ability to adapt to different situations are part of its essence.
- <sup>8</sup> Political policy understood as that which 'attempts to solve a social problem defined politically as a matter that should be handled in the public sphere'. Joan Subirats et al. (2008). *Análisis y Gestión de Políticas Públicas*. Hospitalet de Llobregat: Editorial Ariel.
- <sup>9</sup> Fuentes-Nieva and Galasso (2014, January), *Working for the Few*; Rosa María Cañete (2016, June). *Privileges that Deny Rights. Extreme inequality and the hijacking of democracy in Latin America and the Caribbean*. Oxfam. <https://www.oxfam.org/es/informes/privilegios-que-niegan-derechos>
- <sup>10</sup> For example, the role of the religious elites over the course of history must be taken into account, and how their influence has determined certain policies of various governments for centuries.
- <sup>11</sup> 'Political arena' is understood to mean 'the space in which different groups and actors interact and bargain over aspects of the public domain, and in which the resulting agreements eventually also lead to changes in the formal rules (law)'. World Bank (2017). *Governance and the Law*. P.7.
- <sup>12</sup> World Bank (2017). *Governance and the Law*.
- <sup>13</sup> 'Region' or 'regional' refer to groups of countries in a specific geographical area such as Latin America and the Caribbean, the Maghreb, Southeast Asia, etc.
- <sup>14</sup> Max Ehrefenreud (2016, 14 June). *What Impact Do Higher Taxes Have on Inequality?* World Economic Forum. <https://www.weforum.org/agenda/2016/06/what-impact-do-higher-taxes-have-on-inequality/>; OECD (2012). *Income Inequality and Growth: The Role of Taxes and Transfers. OECD Economics Department Policy Notes*. Paris: OECD. <https://www.oecd.org/eco/public-finance/49417295.pdf>
- <sup>15</sup> Cañete (2016). *Privileges that Deny Rights*.

- <sup>16</sup> Financialization of the economy is defined as ‘a process whereby financial markets, financial institutions, and financial elites gain greater influence over economic policy and economic outcomes. Financialization transforms the functioning of economic systems at both the macro and micro levels. Its principal impacts are to (1) elevate the significance of the financial sector relative to the real sector, (2) transfer income from the real sector to the financial sector, and (3) increase income inequality and contribute to wage stagnation’. See: Thomas I. Palley (2007). *Financialization: what it is and why it matters. Working Papers WP153, Political Economy Research Institute*. Amherst: University of Massachusetts.
- <sup>17</sup> Janine Wedel, Nazia Hussain and Dana Archer Dolan (2017, April). *Political Rigging. A Primer on Political Capture and Influence in the 21st Century*. Oxfam America.  
<https://www.oxfamamerica.org/explore/research-publications/political-rigging/>
- <sup>18</sup> T. Chodor (2015). *American Hegemony under challenge. In Neoliberal Hegemony and the Pink Tide in Latin America*. International Political Economy Series. London: Palgrave Macmillan; Christopher Layne. (2005). *China's Challenge to US hegemony*. (2008). In *Current History* 705.
- <sup>19</sup> See for example the *Asian Infrastructure Investment Bank*. See: Vanguardia Dossier (2016). *China la nueva ruta de la seda*. N°60.
- <sup>20</sup> Democratic governability understood as that which ‘means that the powerful actors resolve their conflicts and accept and comply with the decisions of the executive and legislative branches, both of which originate in an electoral process that took place in an environment of political freedoms and fundamental rights, where public or private formulas that violate the citizens’ fundamental rights or other constitutional guarantees are forbidden, with everything guaranteed ultimately by an independent, impartial judicial power’. Joan Prats. (2001). *Gobernabilidad democrática para el desarrollo humano. Revista Instituciones y Desarrollo*, n°10
- <sup>21</sup> World Bank (2017). *Governance and the Law*.
- <sup>22</sup> Rocha Menocal (2017). *Mind the Gap: Can Democracy Counter Inequality?*
- <sup>23</sup> Charles Lindblom (1977). *Politics and Markets*. New York: Basic Books; Larry M. Bartels (2008). *Unequal Democracy*. Princeton: Princeton University Press.
- <sup>24</sup> Pew Research Center (2017, October). *Globally, Broad Support for Representative and Direct Democracy*. Washington DC: Pew Research Center, <http://www.pewglobal.org/2017/10/16/globally-broad-support-for-representative-and-direct-democracy/>; Corporación Latinobarómetro (2017). *Latinobarómetro Informe 2017 Anual, Latinobarómetro*. Santiago de Chile: Corporación Latinobarómetro, <http://www.latinobarometro.org/latNewsShow.jsp>
- <sup>25</sup> Corporación Latinobarómetro (2017). *Latinobarómetro Informe 2017*.
- <sup>26</sup> Isabel Ortiz *et al.* (2013, September). *World Protests 2006-2013*. New York: IPD - FES NY.  
[http://policydialogue.org/publications/working\\_papers/world\\_protests\\_2006-2013/](http://policydialogue.org/publications/working_papers/world_protests_2006-2013/)
- <sup>27</sup> Wedel, Hussain and Archer Dolan (2017). *Political Rigging*; Naná de Graaf (2012). *Oil Elite Networks in a Transforming Global Oil Market. International Journal of Comparative Sociology*.
- <sup>28</sup> George Stigler (1971). *The Theory of Economic Regulation. The Bell Journal of Economics and Management Science*, 2(1). P.3 and 5.
- <sup>29</sup> Paul M. Johnson (2005). *Captured Agency: A Glossary of Political Economy Terms*, access on July 12, 2017, [http://www.auburn.edu/~johnspm/gloss/captured\\_agency](http://www.auburn.edu/~johnspm/gloss/captured_agency)
- <sup>30</sup> Janine Wedel (2014). *Unaccountable. How Anti-Corruption Watchdogs and Lobbyists Sabotaged America's Finance, Freedom and Security*. New York: Pegasus Books.
- <sup>31</sup> Joel Hellman and Daniel Kauffman. (2001). *Confronting the Challenge of State Capture in Transition Economies. Finance & Development*. Washington DC: IMF. <http://www.imf.org/external/pubs/ft/fandd/2001/09/hellman.htm>
- <sup>32</sup> Hellman and Kauffman (2001). *Confronting the Challenge of State Capture in Transition Economies*.
- <sup>33</sup> World Bank (2017). *Governance and the Law*.
- <sup>34</sup> Wedel, Hussain and Archer Dolan (2017). *Political Rigging*.
- <sup>35</sup> John Crabtree and Francisco Durand (2017). *Perú: Élite del poder y captura política*. Lima, Peru: Red para el Desarrollo de las Ciencias Sociales del Perú.
- <sup>36</sup> Manuel Villoria (2016). *Transparencia y regulación del lobby en Europa y España. The Economy Journal*.  
<http://www.theeconomyjournal.com/texto-diario/mostrar/714154/transparencia-regulacion-lobby-europa-espana>

- <sup>37</sup> Although this is a simplification in and of itself, as it would be beyond reach to speak of capturing a whole state. Rather, this refers to specific areas of the state that are relevant in the process of creating, formulating and implementing public policies to combat inequality. There are different definitions of 'state'. This document uses this one: the state is 'an institution, which in turn encompasses other institutions, where there is a convergence of legitimacy, whether of the ultimate exercise of public power or violence. The state is a power resource, but it is also an organizational structure of other social and economic relationships and, above all, a resource channelling system, whether we speak of concentration or distribution'. Ferran Izquierdo Brichs (ed.) (2010). *Poder y regímenes en el mundo árabe contemporáneo*. Bellaterra: CIDOB.
- <sup>38</sup> The document *Privileges that Deny Rights* prepared by Oxfam for Latin America and the Caribbean, speaks of the hijacking of democracy as 'the process in which an elite co-opts, corrupts or distorts the nature of democratic institutions to induce the creation of policies that maintain the privileged position of said elite in society. It represents the perpetual accumulation of wealth, income and power in their hands, and the use of the state for the benefit of the few and not for the citizens in general'. Cañete (2016). *Privileges that Deny Rights*.
- <sup>39</sup> However, the extractive elites do not only capture specific policies through their abusive influence on the public policy cycle. What is called ideological capture or narrative capture may also take place. This plays a vitally important role in maintaining or reinforcing inequality. For example, through an elite controlling a particular discourse, the population may accept that inequality is inevitable, a necessary sub-product of economic growth. In this sense, the creation of the narrative and of knowledge, as well as who controls its creation and dissemination (whether through the media, think tanks or universities) is very important for understanding much of the dynamics deriving from capture processes, as well as their origin and possible justification. Finally, it is important to note that on most occasions ideological or narrative capture is a means to achieve and justify certain public policies that are not the best for the common good.
- <sup>40</sup> For the Pakistan case, see: Asim Ijaz Khwaja and Atif Mian (2005). *Do lenders favor politically connected firms? Rent provision in an emerging financial market*. *Quarterly Journal of Economics* 120 (4); for the Tunisia case, see: Bob Rijkens, Caroline L. Freund and Antonio Nucifora (2014). *All in the family: State Capture in Tunisia*. Policy Research Working Paper 6810. Washington DC: World Bank.
- <sup>41</sup> To see the difference between the two concepts, see, for example, <https://www.thebalance.com/tax-avoidance-vs-evasion-397671>
- <sup>42</sup> Joel S. Hellman, Geraint Jones, and Daniel Kaufmann (2000). 'Seize the State, Seize the Day' *State Capture, Corruption, and Influence in Transition*. Policy Research Working Paper. Washington DC: World Bank. [http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/seize\\_synth.pdf](http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/seize_synth.pdf)
- <sup>43</sup> BBC Redacción (2017, 14 July). *Los Presidentes y Expresidentes Latinoamericanos salpicados por el escándalo Odebrecht, 'La mayor red de sobornos extranjeros de la historia'* BBC Mundo. <http://www.bbc.com/mundo/noticias-america-latina-38905411>
- <sup>44</sup> Wedel, Hussain and Archer Dolan (2017). *Political Rigging. A Primer on Political Capture and Influence in the 21st Century*.
- <sup>45</sup> UDLAP (2016). *CESIJ - Universidad de Las Américas Puebla (UDLAP)*. CESIJ - Centro de Estudios Sobre la Impunidad y Justicia. <http://www.udlap.mx/cesij/resultadosigi2015.aspx>
- <sup>46</sup> World Bank. *Helping Countries Combat Corruption: The Role of the World Bank*. The World Bank Group. A world free of poverty. Access on July 12, 2017, <http://www1.worldbank.org/publicsector/anticorrupt/corruptn/cor02.htm>
- <sup>47</sup> Kevin D. Williamson. Masters of the Game. National Review. Access on 15 January, 2018, <https://www.nationalreview.com/magazine/2016-11-07-0000/political-elites-influence-republicans>; The Economist. *The Outsize Influence of the Gun Lobby*. The Economist, 28 November, 2017, <https://www.economist.com/blogs/democracyinamerica/2017/11/small-group-committed-citizens-0>; Bartels, *Unequal Democracy*
- <sup>48</sup> To better understand this differentiation, see: Ferran Izquierdo and John Etherington (2017). *Poder global. Una mirada desde la sociología del poder*. Barcelona: Edicions Bellaterra.
- <sup>49</sup> There are various publications that collect the different views of the concept of 'elite' and its relationships with other concepts such as hegemony, covering the theories of Weber, Dahl, Marx, Gramsci, the Frankfurt School, Laclau, Nancy Fraser, etc. See, for example: Oscar Mejía, Carolina Quintana (2008). *La categoría de élites en los estudios políticos. Una exploración metodológica*. Bogotá: Universidad Nacional de Colombia.
- <sup>50</sup> IDS. Gramsci and Hegemony. *Understanding Power for Social Change*. IDS at Sussex University, access on 13 March, 2017, <https://www.powercube.net/other-forms-of-power/gramsci-and-hegemony/>
- <sup>51</sup> Gaetano Mosca (1939). *The Ruling Class*. Westport: Greenwood Press.

- <sup>52</sup> Wilfredo Pareto (1987). *Escritos Sociológicos*. Madrid: Alianza Editorial.
- <sup>53</sup> C. Wright Mills (1956). *The Power Elite*. New York: Oxford University Press.
- <sup>54</sup> P.B. Baltes and N.J. Smelser (eds.) (2001). *International encyclopedia of the social & behavioral sciences*. Oxford: Pergamon.
- <sup>55</sup> Izquierdo (2010). *Poder y Regímenes En El Mundo Árabe Contemporáneo*.
- <sup>56</sup> World Bank (2017). *Governance and the Law*.
- <sup>57</sup> Joan Prats (2001). *Gobernabilidad Democrática Para El Desarrollo Humano*. P.120.
- <sup>58</sup> Daron Acemoglu and James A. Robinson (2012). *Why Nations Fail. The Origins of Power, Prosperity and Poverty*. Crown Publishing Group.
- <sup>59</sup> Ferran Izquierdo and John Etherington (2017). *Poder Global*.
- <sup>60</sup> Wedel, Hussain and Archer Dolan (2017). *Political Rigging. A Primer on Political Capture and Influence in the 21st Century*.
- <sup>61</sup> CNN (2018, 13 January). *Banco Mundial habría perjudicado intencionalmente a Chile en ranking Doing Business*. CNN Chile <http://www.cnnchile.com/noticia/2018/01/13/banco-mundial-habria-perjudicado-intencionalmente-chile-en-ranking-doing-business>
- <sup>62</sup> Izquierdo (2010). *Poder y Regímenes En El Mundo Árabe Contemporáneo*.
- <sup>63</sup> M. Coppedge (1996). *El Concepto de Gobernabilidad. Modelos Positivos y Negativos*. In Ecuador: Un Problema de Gobernabilidad. Quito: CORDES - PNUD; Susan Strange (1988) *States and Markets*. An introduction to International Political Economy. London: International Publishing.
- <sup>64</sup> Robert Cox (1981, June). *Social Forces, States and World Order: Beyond International Relations Theory*. *Millennium - Journal of International Studies*.
- <sup>65</sup> To learn more about this, see: Joan Subirats *et al.*, *Análisis y Gestión de Políticas Públicas*.
- <sup>66</sup> *Ibid* P. 36.
- <sup>67</sup> Yves Meny and Jean-Claude Thoenig (1989). *Las políticas públicas*. Barcelona: Editorial Ariel.
- <sup>68</sup> Christopher A. Simon (2010). *Public Policy. Preferences and Outcomes*. New York: Routledge.
- <sup>69</sup> Lucy Winchester (2011, May). *Políticas públicas: formulación y evaluación*. CEPAL: Planificación Estratégica y Políticas Públicas, La Antigua, Guatemala. [https://www.cepal.org/ilpes/noticias/paginas/3/43323/LW\\_Polpub\\_antigua.pdf](https://www.cepal.org/ilpes/noticias/paginas/3/43323/LW_Polpub_antigua.pdf)
- <sup>70</sup> Fuentes-Nieva and Galasso (2014). *Working for the Few*.
- <sup>71</sup> *Ibid*.
- <sup>72</sup> PNUD (2017). *Desiguales. Orígenes, Cambios y Desafíos de La Brecha Social En Chile*. Santiago de Chile: PNUD. <http://www.cl.undp.org/content/chile/es/home/library/poverty/desiguales--origenes--cambios-y-desafios-de-la-brecha-social-en-.html>
- <sup>73</sup> John Mole (2003). *Mind your manners: managing business cultures in the new global Europe*. London: Nicholas Brealey Publishing.
- <sup>74</sup> Gerardo L. Munck (2016). *What Is Democracy? A Reconceptualization of the Quality of Democracy*. *Democratization*.
- <sup>75</sup> Rocha Menocal (2017). *Mind the Gap: Can Democracy Counter Inequality?*
- <sup>76</sup> PNUD (2017). *Desiguales. Orígenes, cambios y desafíos de la brecha social en Chile*, 373.
- <sup>77</sup> World Bank (2017). *Governance and the Law*.
- <sup>78</sup> *Ibid*. P. 169.
- <sup>79</sup> Nicholas Shaxson, John Christensen and Nick Mathiason (2012, July). *Inequality: You Don't Know the Half of It (Or Why Inequality Is Worse than We Thought)*. Tax Justice Network. [https://www.taxjustice.net/cms/upload/pdf/Inequality\\_120722\\_You\\_dont\\_know\\_the\\_half\\_of\\_it.pdf](https://www.taxjustice.net/cms/upload/pdf/Inequality_120722_You_dont_know_the_half_of_it.pdf)
- <sup>80</sup> Miguel Armando López Leyva (2012). *Los movimientos sociales y su influencia en el ciclo de las políticas públicas. Región y Sociedad*. [http://www.scielo.org.mx/scielo.php?script=sci\\_arttext&pid=S1870-39252012000300005](http://www.scielo.org.mx/scielo.php?script=sci_arttext&pid=S1870-39252012000300005)
- <sup>81</sup> Almon Leroy Way. Political Power, Influence. Cyberland University of North America, access on August 17, 2017, <http://www.proconservative.net/CUNAPolSci201PartOneC.shtml>
- <sup>82</sup> *Ibid*.

- <sup>83</sup> It may happen that an increase in inequality generates an increase in the population's well-being. See: Rawls, J. (1999). *A theory of justice* (Revised ed.). Cambridge, Mass.: Belknap Press of Harvard University Press.
- <sup>84</sup> World Bank (2017). *Governance and the Law*.
- <sup>85</sup> Jesús Colás Tenas (2015). *La contratación pública en relación con el ámbito básico de transparencia*. In *Buen gobierno, transparencia e integridad institucional en el gobierno local*, ed. Manuel Villoria. Barcelona: Tecnos. P. 398.
- <sup>86</sup> <https://www.transparency.org/glossary/term/transparency> Access on 14 March 2018
- <sup>87</sup> Manuel Villoria and Xavier Forcadell Esteller (2015). *Introducción general*. In *Buen gobierno, transparencia e integridad institucional en el gobierno local*. Barcelona: Tecnos. P. 25.
- <sup>88</sup> With regard to the integration of the different elites that may co-exist in a specific context, Anthony Giddens makes a distinction between the moral and the social. The first refers to the ideas and values that the elites may share as well as the conscious connections among them; the second refers to the contacts established between them. See: Anthony Giddens (1974). *Elites in the British class structure*. In *Elites and power in British society*. Cambridge: Cambridge University Press.
- <sup>89</sup> Naná de Graaf (2011). *A Global Energy Network? The expansion and integration of non-triad National Oil Companies*. *Global Network*.
- <sup>90</sup> Manuel Castells (2009). *Comunicación y poder*. Madrid: Alianza Editorial.
- <sup>91</sup> Julián Cárdenas (2016). *Enredando a las élites empresariales en América Latina: análisis de redes de interlocking directorates y propiedad en México, Chile Perú y Brasil*. *América Latina Hoy*.
- <sup>92</sup> Rubén Juste (2017). *IBEX 35. Una historia herética del poder en España*. Madrid: Capitán Swing Libros; Naná de Graaf (2011). *A Global Energy Network?*; Andrés Villena Oliver (2017). *¿Cómo se gobierna España? La estatura de las élites gubernamentales en 2004 y 2012*. Granada: Comunicación Internacional.
- <sup>93</sup> Cárdenas (2016). *Enredando a las élites empresariales en América Latina: análisis de redes de interlocking directorates y propiedad en México, Chile Perú y Brasil*.
- <sup>94</sup> For example, Oxfam developed a case study applying this methodology: *Understanding Networks. The application of Social Network Analysis methodology in the South Caucasus context* (October 2016).
- <sup>95</sup> Most of the software applications are available on the internet for free use and download. Of those mentioned, experts say that UCINET and PAJEK are the easiest to use.
- <sup>96</sup> Ernesto Stein *et al.* (2006). *La política de las políticas públicas. Progreso económico y social en América Latina. Informe 2006*. Cambridge, MA: David Rockefeller Center for Latin American Studies / Harvard University.
- <sup>97</sup> Gerardo Lissardy (2017, 13 January). *Qué han hecho con sus fortunas los presidentes ricos de América Latina cuando llegaron al poder (y sus diferencias con Trump)*. *BBC Mundo*. <http://www.bbc.com/mundo/noticias-38608689>
- <sup>98</sup> Stein *et al.* (2006). *La política de las políticas públicas. Progreso económico y social en América Latina. Informe 2006*.
- <sup>99</sup> The proportional system is designed to deliberately reduce the disparities between the percentage of national votes obtained by a party and the parliamentary seats they obtain; on the other hand in the majority system the candidate who receives the most votes is declared the winner of the election. See: [http://www.europarl.europa.eu/workingpapers/femm/w10/2\\_es.htm](http://www.europarl.europa.eu/workingpapers/femm/w10/2_es.htm)
- <sup>100</sup> J. Mark Payne, Daniel Zovatto G. and Mercedes Mateo Díaz (2006). *La política importa: democracia y desarrollo en América Latina*. Washington DC: Interamerican Development Bank / International Institute for Democracy and Electoral Assistance (IDEA). <https://publications.iadb.org/bitstream/handle/11319/441/La%20pol%C3%ADtica%20importa.pdf?sequence=1&isAllowed=y>
- <sup>101</sup> Luis P. Arechederra (2012, 22 June). *El dinero fluye sin límites en la campaña presidencial norteamericana*. *ABC.es* <http://www.abc.es/20120622/economia/abci-elecciones-estados-unidos-dinero-201206211958.html>; BBC. (2012, 22 January). *Así se financian las campañas en EE.UU.* *BBC Mundo*. [http://www.bbc.com/mundo/noticias/2012/01/111228\\_eleccioneseeuu\\_financiamiento\\_campana\\_presidencial\\_en](http://www.bbc.com/mundo/noticias/2012/01/111228_eleccioneseeuu_financiamiento_campana_presidencial_en)
- <sup>102</sup> Ben Ross Schneider (2014, 28 January). *Hierarchical Capitalism in Latin America: Business, Labor, and the Challenge of Equitable Development*. *EDGS Working Paper*. Massachusetts: Massachusetts Institute of Technology. [http://www.edgs.northwestern.edu/wp-content/uploads/2014/01/Schneider\\_WP.pdf](http://www.edgs.northwestern.edu/wp-content/uploads/2014/01/Schneider_WP.pdf)
- <sup>103</sup> Stein *et al.* (2006). *La política de las políticas públicas. Progreso económico y social en América Latina. Informe 2006*.

- <sup>104</sup>Theunis Roux (2016, 9 February). *How a Country's Constitutional Court Can Consolidate and Deepen Democracy*. The Conversation. <http://theconversation.com/how-a-countrys-constitutional-court-can-consolidate-and-deepen-democracy-54184>; Marco Gerardo Monroy Cabra (2005). *Necesidad e importancia de los tribunales constitucionales en un Estado social de Derecho*. México DF: UNAM. <http://historico.juridicas.unam.mx/publica/librev/rev/dconstla/cont/2004.1/pr/pr3.pdf>
- <sup>105</sup>OECD (2017). *Government at a Glance 2017*. Paris: OECD Publishing.
- <sup>106</sup>Agnes Cornell and Victor Lapuente (2014). *Meritocratic Administration and Democratic Stability*. *Journal Democratization*.
- <sup>107</sup>Lydia DePillis (2013, 24 December). *Do Ambassadors Matter?* *Washington Post*, sec. Wonkblog <https://www.washingtonpost.com/news/wonk/wp/2013/12/24/do-ambassadors-matter/>
- <sup>108</sup>Agustin Carstens (2005, 27 January). *The Role of Transparency and Accountability for Economic Development in Resource-Rich Countries, Address by Agustín Carstens, Deputy Managing Director, IMF. The Role of Transparency and Accountability for Economic Development in Resource-rich Countries*. Washington DC. <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp012705>
- <sup>109</sup>Friedl Weiss and Silke Steiner (2006). *Transparency as an Element of Good Governance in the Practice of the EU and the WTO: Overview and Comparison*. *Fordham International Law Journal*; IFLA. IFLA -- IFLA Manifesto on Transparency, Good Governance and Freedom from Corruption. IFLA, access on 1 March, 2018, <https://www.ifla.org/publications/ifla-manifesto-on-transparency-good-governance-and-freedom-from-corruption>
- <sup>110</sup>Castells (2009). *Comunicación y poder*.
- <sup>111</sup>Ashley Lutz (June 2012). These 6 corporations control 90% of the media in America. <http://www.businessinsider.com/these-6-corporations-control-90-of-the-media-in-america-2012-6>
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