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## ASSESSMENT ON THE “INSTITUTIONAL ECONOMICS” OF CORRUPTION. BUSINESS AND DEVELOPMENT IN ROMANIA, BETWEEN FORMAL AND INFORMAL PRACTICES

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### Abstract

This paper intends to draw the attention on the very subtle consequences of the corruption in the operational field, the deviation from the institutional arrangement *in use*. We will not insist for example on the subject according to which “the public domain”, as expression of the “joint property”, but also of the “tragedy of the commons” may be considered in a *meta-institutional* sense as corrupt. Anyhow, many enough differences of operational corruption require the use of institutional compared opinions about “corruption on a background of corrupt institutions” vs. „corruption on a background of healthy institutions”. The first part of the study will present briefly an institutional perspective *a priori* the corruption and its impact on the economic climate, drawing the attention on the distortions this one causes to the *durability of the overall economic performance*. The second part will present a synopsis of the “tense relationship” existing in Romania between the actually productive business environment and the legal, political and administrative environment which tolerates / temps perverse practices, either for the eviction or capture of the relevant political decision, underlining the relationship between the phenomenon of corruption and the economic performance in our country.

**Keywords:** Institutions, Business, Corruption, Economic Development

**JEL Classification:** D23, O17, K20, O57

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### Introduction

The phenomenon of corruption is one of the greatest enemies for the nations’ accumulation of wealth, as well as for the resilience of the economic development, as principle organizing such procedure; however, such diagnosis cannot be reached without presenting the issue within a proper institutional context, all the more so as the intention is to define *systemically* the nature of the corruption. It is not the same whether we refer to any *structural predilection* of human being to “elude the rules of the social game” - the most synthetic definition of the incriminated phenomenon, in our opinion - or only to the

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*rational exploitation* - where the rationality is redundantly related to the structure of the human action - of certain instabilities when defining and applying the rules of the game.

We cannot say, without being suspected to have passed value judgments, that the man, even as a "fallen being" from a theological and ethical point of view, would have any universal predisposition to evil. The structural reasoning, of the "natural law", proves that to meet to a largest extent certain needs that are increasingly complex is more likely to happen in a world where social cooperation acquires stability anchors. And "the social *cooperation* within the *division* of labor", the superb dialectics of the society, is the most productive arrangement in terms of its premises for prosperity, but only if and as long as people and their extensions (meaning their private property) are in the same time and mutually deemed *de jure* and respectively treated *de facto* as inviolable.

A society unanimously corrupted is logically unconceivable, as long as the support of the material resources for survival can accept the deviation from the "fair rules of the game" only as an accident. To include a parasitical behavior in the order obviously requires an organism which is initially healthy and quite functional afterwards. But, on the other hand, no society exists in which an ideal version of the rules of the game, which are in compliance with the "human nature" and which the (unadulterated) sciences of political philosophy and political economy proved to be beneficial, has been thoroughly instrumented. There are good, socially fecund rules cohabitating all over the world with unhappy, perverted rules, as there are also various temptations to elude both of them.

We may say that there are two large categories of corruption. Firstly, it is the category that is seen through *formal* institutions which are corrupted, arbitrary, perverted compared to the reference of the peaceful and prosperous order of the universal respect for individual, and proprietary; the perversion is legal, imposed by dictate and force, or insinuated through the imperfect democratic mechanism. It is a "legal elusion" of the *natural* rules of the game, which is specific to several societies found in various forms of historical disarrangement: "socialism", "fascism", "transitions". And then it is the corruption operationally speaking, as deviation from the usual "order", good or bad. It may be institutionalized, but *informally*. Its illegal nature is unambiguously pointed out, is tolerated/encouraged in subtext and "selectively" combated.

Extending this deviation from categorizing the phenomenon of corruption in the overall social dynamics, it should be mentioned that *as a rule* this is associated to the State mechanism of regulating the economic activity (and not only this one). In a broad sense, we may speak about corruption also in the (purely) private environment, where the same *principal-agent* tension, being present in the governance of all organizations, is exploited in an opportunist manner. The difference is that the non-coercive arrangements have larger space (unless third party/pubic regulations artificially narrow it) for movement in the sense of discouraging such deviations (by explicit contractual design or by spontaneous mechanisms, such as reputation, competition and cooperation within and between the organizations etc.).

We may distinguish two categories of corruption<sup>2</sup> near the State structures. The first category is the *defensive corruption*, as a defense reaction of the citizens to the State's appropriation, by political power means, a portion of their lawful property. They choose the

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<sup>2</sup> According to Rothbard (1977:78).

method to elude an unfair law by paying, in their capacity as private persons, a “price” that is lower than the official one, to the State officers. Of course, the latter one’s action remains blamable, as they unlawfully acquire a portion of a property that is not theirs *de jure*.

The second category is the *offensive corruption*, and its source resides in the special temptations to use political means. Thus, using different means - *lobby*, special favors, money, etc. - it is attempted to include legal barriers on the way of the potential or actual competitors’ activity. This is the equivalent to a special privilege, a monopoly, granted to the one who gets State capture. A wide range of professions exists and the access to it is regulated by law; those who meet the requirements enjoy the privileges of monopoly. In other words, the access to the market is hindered, the incomes collected being higher than otherwise, without being capable of assimilation by the State apparatus, but beneficiaries of the same<sup>3</sup>.

## 2. Aprioristic and Empirical Aspects of the Corruption Analysis: Institutional Economics

### 2.1. Rules of the Game and Game of Rules

The rules of the game governing the relations on the market in the society necessarily orientate the actions and efforts of the players - individuals, economic, political organizations - for reaching their different individual targets. The institutional deficiencies - compared to the private property order - generally attract the orientation of the efforts by *rent-seeking* activities, to the detriment of the entrepreneurship focused on innovation, on discovering, creating and capturing profit opportunities, under fair competition conditions. The proper explanation of this institutional “suboptimal” blocking cannot be formulated without invoking the *political power* and its implications. The manner used by the institutions “to work” reflects in real life, and often decisively, certain arrangements that structure the political power in society.

The establishment and amendment of external institutions (for example the legislation) are exclusive emanations of the political processes, found under the wide influence and pressure of the groups of interests. Inevitably, *the governmental policies and the external institutions in the real world are likely to protect someone’s (economic) interests to the detriment of somebody else interests*. The consequence is the erosion of the competitive process, resulting in the reduction and even cancelation of the benefic effects of such process. The instauration of an arrangement of rules which induces arbitrary and discrimination, namely exploitation, motivates additionally the groups of privileged people to act towards the preservation of the *status-quo*.

The “democratic” approach of Mancur Olson (1965), the political *lobby* and the *rent-seeking* reasoning, unlike the *profit-seeking* on the free market, are related to the

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<sup>3</sup> For example, by Law no. 38/2003 on taxi transportation and rental transportations, the free access on the market of the taxis was restricted by requiring a taxi transportation authorization, issued by the local public administration authority. The taxi drivers who succeed to obtain such authorization are protected from the additional competition exercised by the potential bidders on the market. They gain from this privilege to the extent that bribery - if paid - does not include already the entire updated value of the future estimated flow of additional monopoly incomes; in other words, in case it is an entrepreneurial error of the applicants for authorizations or of the State officers.

organization of the groups of interests, which in time became common elements of the contemporary society. Olson uses the concept of "*institutional sclerosis*" to assign, in such conditions, the emergence and persistency of some dysfunctional, inefficient<sup>4</sup> institutions. *State capture* indicates the materialization of the *rent-seeking* behavior. Most often, such phenomenon is deemed to be the direct consequence of the groups of interests' capacity to obtain, from the political power, various economic privileges. Practically, the holders of the political power (temporary, but cyclic, in democratic conditions) "trade" the power they have just like the old time monarchs who granted arbitrarily licenses and monopoly rights.

## 2.2. Development's "Sustainability", Under Siege

As an illustrative phenomenon for the institutional inefficiencies, corruption amounts to a series of transaction costs that are used for reasons of economic optimization. But it is easy to understand that the mobilized resources are circumvented through corruption instead of being used in productive allocations<sup>5</sup>. In this sense, "corruption can be seen as a tax, thus contributing to increased costs and to the uncertainty of entrepreneurial activities. Worse than if a fee, corruption is not transparent or predictable and does not always lead to the achievement of expected results" (Dang 2012:8). Hence, according to some authors, the negative effect of corruption on the business environment can be more drastic than the tax burden, because it is projected in a more uncertain framework. Under such circumstances, not the corruption itself, but its institutional sources must be of scientific and reformist concerns.

Specialized literature is full of studies that investigate the negative consequences of corruption. For example, Graeff and Svendsen (2012:1) show how corruption alters the efficient allocation of resources, having a restrictive effect on the accumulation of wealth: entrepreneurs are forced to bear higher costs for transactions and thus are being prevented from using the same resources for productive aims. Also, Li and Zahra (2012:98) point out that corrupt practices discourage investments, reduce the effectiveness of public policies and of business environment. In other words, when the success of entrepreneurs is based on the relationships with the representatives of the State and not on meeting the requirements of the market, they will no longer be encouraged to develop productive activities and to innovate, and on medium and long term they will refrain from investing.

Other studies focus on the negative effect of corruption on international trade and attracting foreign investments. Kaditi (2010:7) explains that investors coming from countries with a lower level of corruption choose not to invest in economies where corrupt practices are common, while Zelekha and Sharabi (2012:22) show that the absolute level of corruption in a country generates spillover effects in terms of business practices in partner countries. From this point of view, corruption is one of the institutional constraints that decreases investments and turns the business environment into a less attractive one.

The latest empirical approaches, such as those made by Graeff and Svendsen (2012:15) show that corruption, at least at EU level, is perfectly synonymous with slowing the

<sup>4</sup> To the same effect, North (1990:48) showed numerous times that "the formal rules are conceived, at least to a large extent, in order to satisfy rather the private interests, than to sustain social welfare".

<sup>5</sup> Therefore, the ability to interact with public officials without having to perform "unofficial payments" is one of the key factors for a favorable business environment, and one of the most common indicators used mostly for international comparisons of the quality of institutions (Krkoska and Robeck, 2008:576).

economic growth. In this context, corruption would be one of the favorite explanations for differences in economic development between Scandinavia and Eastern Europe. To this effect, the authors mention the need of EU to adopt a set of measures against corruption, especially for the newest member countries in Eastern Europe.

The area for the analysis of the institutional quality regarding corruption necessarily incorporates very diverse results in the field of institutional reforms. Although corruption can be seen as the outcome of the institutional deficiencies, studies place corruption among determinant variables of economic performance (Table 1).

**Table no. 1. Relation between the level of corruption and the economic performance**

Country	Position in the attractiveness of the business environment top (Doing Business Report, 2010)	Position in the perception of corruption top (Corruption Perception Index)
Singapore	1	4
New Zealand	2	1
U.S.A.	3	20
Hong Kong, China	4	14
Denmark	5	2
Great Britain	6	13
Ireland	7	18
Canada	8	10
Australia	9	11
Norway	10	9
<b>Romania</b>	<b>55</b>	<b>71</b>

Source: World Bank, Doing Business Report 2010, [www.doingbusiness.org](http://www.doingbusiness.org); Transparency International, Corruption Perception Index, 2009, [www.transparency.org.ro](http://www.transparency.org.ro).

Note: The hierarchy in the top regarding the perception of corruption is made from the lowest to the highest level.

### 3. Institutional Quality of the Business Environment. “Corrupt Romania”

#### 3.1. Brief Note on the Analytic Method

To better capture the static and dynamic differences in the institutional capacity of the business environment in the EU countries, I consider two groups of countries, which are distinguishable in terms of the institutional system, as well as economic development. Thus, the first group will include countries in Central and Eastern Europe (CEE) and the second group will include developed countries in Western Europe (WE). In order to illustrate developments as comprehensive as possible and conclusions as relevant as may be, each group will contain five countries - all EU countries. The first group consisting in Central and Eastern Europe countries (CEE) will be composed of Bulgaria, Estonia, Poland, Romania and Hungary, meaning former socialist countries whose economies have been or still go through institutional changes and which recently joined EU (in 2004 or 2007). The second group consisting in Western Europe (WE) countries will include France, Germany, Italy, UK and Spain - old EU states (since 1951, 1973 or 1986), which are also the most developed countries in Europe.

Obtaining a more comprehensive view of the institutional capacity of the business environment has attracted the need to consider a timeframe as wide as possible, with a reference range from 2005 to 2011. On the one hand, this timeframe emerged from the availability of indicators taken into account, and, on the other hand, from the need to illustrate, at least for Romania, possible adjustments between pre- and post-stage of EU accession.

Institutional capacity of the business environment will be highlighted by CIMA indicator, which will contain eight institutional factors illustrated by specific analysis areas, namely:

1. Protection of property
2. Ease of doing business
3. Imposing contracts
4. Paying taxes
5. The burden of regulations
6. Obtaining permits
7. Corruption
8. Institutional constraints on trade and investments

In essence, the analyzed areas show both economic and institutional factors that the entrepreneurs identify, in the reasoning of the transaction cost savings, as institutional constraints that burden business operation and economic performance. The higher the resources used by entrepreneurs for institutional, bureaucratic and administrative compliance, the lower will be the productive performance.

The considered areas used in this analysis illustrate the most important institutional variables affecting the economic activity, in general: starting with the basic rules concerning the protection of intellectual property rights and ending with the ease of setting up a company or of closing a business, and also starting with the costs (for time and money) involved in obtaining authorizations and ending with the ease of paying tax burdens, etc.

Within the quantitative analysis, each area will be evaluated for each year, by calculating a distinct coefficient, hierarchical disposed on a scale from 0 to 10, where 0 is equivalent to the weakest and 10 corresponds to the best value.

Moreover, in order to generate comparative analyses including the group of countries (CEE and WE), the arithmetic average - for each year and each area studied - will be also determined for both groups of countries separately. Furthermore, calculating these averages will also led to graphical highlight according to the considered criteria during the analyzed timeframe. This analysis will indicate the economic gap between Romania and each of the other groups of countries.

### **3.2. Corruption: Compared Analysis within the EU**

Various international reports show that the Romanian economic life of the post-communist transition has been circumscribed, especially at the beginning, to an alliance of interests between the State apparatus and a category of “employers” trained mainly with the help of “public money”, namely a system of “*customer related capitalism*” which is only the continuation of the old “*family socialism*”<sup>6</sup>.

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<sup>6</sup> In Russia, for example, the informal communist institutions mingled perfectly with the “institutional sclerosis” à la Mancur Olson. Braguinsky and Yavlinsky (2000) show that Russia’s road from a plan

Regarding the corruption chapter, Romania gets to be monitored not only in the sphere of public debates, but also according to the findings of the researches in the field<sup>7</sup>. For example, a study by *Transparency International* of 2009 shows that 22% of Romanians admit to have paid bribes to the doctor, 13% gave money to the police, 8% to magistrates and 6% to teachers<sup>8</sup>. Also, a study of the National Anticorruption Directorate (DNA) conducted in 2010 shows that the real sources of corruption are manifested in the legal institutions because, according to statistics of the Public Ministry, only 1.3% of cases are sent to court for corruption offenses. In this respect, the courts are playing a key role in reducing corruption.

On what concerns the level of corruption perception, of all countries included in the analysis, Romania and Bulgaria have the lowest scores. Romania's values are for each year, with approx. 1 point lower than the CEE average and by almost 3 points lower than those obtained, for example, by Estonia - country ranked first in the CEE group. Nevertheless the difference between Romania and the average of WE is a major one. Hence, in comparison with countries that are members of the European Union for a long time, Romania and Bulgaria are still affected by corruption (Table 2).

**Table no. 2. Corruption, 2005-2011**

Corruption		2005	2006	2007	2008	2009	2010	2011
	Bulgaria	4,00	4,00	4,10	3,60	3,80	3,60	3,30
	Estonia	6,40	6,70	6,50	6,60	6,60	6,50	6,40
	Poland	3,40	3,70	4,20	4,60	5,00	5,30	5,50
	Romania	3,00	3,10	3,70	3,80	3,80	3,70	3,60
	Hungary	5,00	5,20	5,30	5,10	5,10	4,70	4,60
<b>Average CEE countries</b>		<b>4,36</b>	<b>4,54</b>	<b>4,76</b>	<b>4,74</b>	<b>4,86</b>	<b>4,76</b>	<b>4,68</b>
	France	7,50	7,40	7,30	6,90	6,90	6,80	7,00
	Germany	8,20	8,00	7,80	7,90	8,00	7,90	8,00
	Italy	5,00	4,90	5,20	4,80	4,30	3,90	3,90
	United Kingdom	8,60	8,60	8,40	7,70	7,70	7,60	7,80
	Spain	7,00	6,80	6,70	6,50	6,10	6,10	6,20
<b>Average WE countries</b>		<b>7,26</b>	<b>7,14</b>	<b>7,08</b>	<b>6,76</b>	<b>6,60</b>	<b>6,46</b>	<b>6,58</b>

Sources: *Corruption Perception Index - Transparency International*. Scores show the perception degree of corruption in the civil servants and politicians, as calculated by *Transparency*

to the market is modeled by the groups of interests, by the communist nomenclature and the mafia structures, which "capture" the political power and the economic reform contents. Thus, the fear of having an "oligarchic capitalism" (p. 170) instituted in Russia, namely a system of institutionalized corruption and organized crime, reminiscent in the Latin-American model in the '70s and altered, due to the same reasons, other "democracies" in the region too.

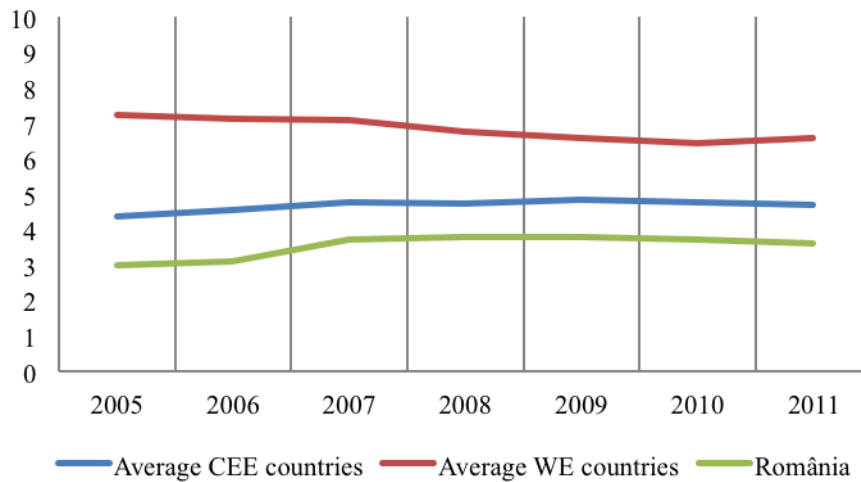
<sup>7</sup>The need for an offensive against corruption is also confirmed by studies conducted in Romania, the corruption being mentioned as one of the main difficulties in doing business (Nicolescu et al., 2011).

<sup>8</sup>According to a CSPO survey commissioned by the *Association for Implementing Democracy*, a Romanian gives, on average, a 600 Lei bribe per year. According to the survey, 13% of the population aged over 18 years admitted to have bribed in the previous 12 months and almost three quarters (73%) of the population believes that you can not succeed in Romania without resorting to less legitimate means, such as bribery or influence trading.

*International* on the basis of surveys and assessments provided by different independent organizations. Scale of values is between 0 (completely corrupt) to 10 (total absence of corruption).

The average of WE countries is, throughout the analyzed timeframe, higher than the average of CEE group. Italy is the only country in the WE group which has been recording, for three consecutive years, values even lower than the CEE average. For example, from 2005 to 2007 the least corrupt country in the WE group is the United Kingdom, being overtaken by Germany in the rest of the timeframe and the lowest score is scored by Italy - seen every year as the most corrupt of all countries covered by selective analysis of the WE group. In this regard, it is notable that throughout the obtained scores, Italy is rather approaching the ECE group average, while Estonia recorded scores significantly approaching the average of WE (Figure 1).

Figure no. 1. Corruption, 2005-2011



Sources: Own representation, based upon *Corruption Perception Index - Transparency International*. Scores show the perception degree of corruption in the civil servants and politicians, as calculated by *Transparency International* on the basis of surveys and assessments provided by different independent organizations. Scale of values is between 0 (completely corrupt) to 10 (total absence of corruption).

As for the analyzed area regarding corruption, the above chart illustrates the development of both categories of countries and Romania's position.

The above chart illustrates clearly and particularly in relation to other areas of analysis, major quality institutional gaps in terms of corruption, both between WE and CEE countries, but also between the average performance of these groups of countries and Romania. For example, it may be noted that the average of CEE has a relatively linear evolution, without registering remarkable progress, while WE group of countries show a slightly downward trend. However, is clear the gap of CEE group towards the WE



countries, the difference being, on average, approx. 2 points. The same applies to Romania, located in a gap of approx. 3 points from the average WE group of countries.

Another important matter concerns the divergent trends of development for both groups of countries, mainly during 2005-2009. Thus, while WE countries have descending trends, the CEE average slightly increases. As a matter of fact, corruption has been a highly incriminated issue in the case of CEE countries, including at the European Union level and the measures foreseen to this regard, especially in the immediate post-accession period, led to a slight improvement in this criterion.

In a comparative analysis based on the institutional quality indicator, the Romanian business environment has, within the study period, important differences in institutional quality, and for some institutional factors, certain vulnerabilities.

For example, compared to most countries in the WE group, Romania presents major gaps over 1.5 points. Within the WE group, only the Italian business environment shows an institutional quality that can be considered closer to Romania's performances. For that matter, within the WE group, the institutional quality of the business environment reaches the highest levels in the United Kingdom and Germany, as Romania's gaps from these countries are over 2 points.

Table 3 presents the values recorded in Romania in terms of institutional quality, throughout the entire studied period and for each of the eight areas of analysis. The CIMA evaluation offers, for this purpose, an overview of the institutional quality of the business environment in Romania and as well a basis for inter-country comparison.

**Table no. 3. Institutional quality of the business environment in Romania, 2005-2011**

<b>ROMANIA</b>	2005	2006	2007	2008	2009	2010	2011
1. Property protection	5,12	5,22	5,28	5,16	5,29	4,83	4,83
2. Easiness of doing business	5,50	7,46	7,32	7,49	7,49	7,25	7,20
3. Imposing contracts	5,21	5,21	5,40	4,85	4,85	4,85	4,85
4. Taxes	4,40	3,08	2,79	4,18	4,33	4,24	4,26
5. Burden of regulations	3,50	4,12	4,01	3,32	3,20	3,00	3,00
6. Obtaining permits	6,11	6,15	6,39	6,43	6,44	6,62	6,13
7. Corruption	3,00	3,10	3,70	3,80	3,80	3,70	3,60
8. Institutional constraints on trade and investment	5,02	5,92	6,70	7,30	7,29	8,13	8,38
<b>CIMA Indicator</b>	<b>4,73</b>	<b>5,03</b>	<b>5,20</b>	<b>5,32</b>	<b>5,34</b>	<b>5,33</b>	<b>5,28</b>

Source: Own calculation, based upon CIMA index developed in Marinescu (2013).

These scores indicate that regulatory burden and corruption are, in both relative and dynamic sense, the areas with the worst performance over all time periods. The evolution of institutional quality for these two areas is, as shown above, relatively constant without major breakthroughs. In fact, the only notable progress, in the case of corruption, can be noticed during 2006-2008, due to European pressure in the context of the EU accession. However, the European institutional framework is not, *per se*, the most suitable in terms of business incentives. Regarding the burden of regulations, the European model enlists some of the most serious institutional constraints. In terms of regulations, just a year after joining

the EU, Romania has the strongest damaged scores (approximately 0.7), which indicates that the European membership was not and could not be, for this area, a reduction source for the regulatory burden.

Referring to the analyzed area regarding the corruption, the results of the empirical research are fully confirmed by various official European reports as well as by specialized researches of independent institutions. For example, the 2012 European Commission report on the Cooperation and Verification Mechanism shows that, 5 years after accession, the observance of the fundamental principles of the ruling law and independence of the legal system is still a major problem for Romania. Moreover, in accordance with institutional quality scores obtained for corruption, the European Commission states that "Romania's evolution in terms of corruption does not reflect an improvement, but rather a worsening (EC, 2012:11). Such an evolution is illustrated precisely by the analyzed area's scores for corruption<sup>9</sup>. Thus, in the quoted report, the EC recommends to enforce new measures in order to prevent and combat corruption<sup>10</sup>.

And as regards the need to reduce corruption, it is difficult to believe that the political will may limit bureaucracy as long as, according to the Corruption Global Barometer, the highest levels of corruption are seen to occur in the political field or in the fields politically controlled. As Table 4 below shows, the first four positions in the top of the fields most affected by corruption are occupied by the political parties, parliament, police and justice.

**Table no. 4. Fields and activities seen as being the most affected by corruption in Romania**

Field/activity	2004	2005	2006	2007	2008
Political parties	4,2	3,8	4,1	3,9	4,3
Parliament	4	3,6	4	3,9	4,3
Legal system/justice	4,1	3,7	3,9	3,8	4,2

Source: Transparency International Romania, *Corruption Global Barometer 2009*.

**Conclusions**

Difficulties in the operation of the market mechanisms, the economic decline as a result of restructuration, mistakes in managing the reforms, legislative instability, institutional instability, hyperinflation, bureaucracy, corruption, along with a fundamental factor over which all these deficiencies are implanted - bad definition and inobservance of the ownership rights -, "settled down" in Romanian society, represent another sad business card of the business environment and explain the lack of perspective for its improvement.

<sup>9</sup> For example, during the EU accession year, the institutional quality score on corruption was 3.70, and, during the last year of the analysis, this score decreased to 3.60.

<sup>10</sup> The same conclusion comes within the 2011 National Corruption Report of Transparency International Romania. Very recently, according to the Corruption Perception Index's last report in 2012, Romania is the 75th from the total of 183 countries analyzed, while the European average is about 36. Also in the "White Paper" prepared by the Foreign Investors Council it is stated that "the poor quality of legislation, administrative inflexibility and low or no interest to fight corruption has led to, among foreign investors community, a sense that corruption in Romania is encouraged rather than fought." (2011:29-30).

As the authorities have not proved determination in eradicating corruption, for a series of companies it became more profitable to choose the “grey area” of the economy, and sometimes the investments - internal and external - were rather the result of the influence that the companies had on the officials holding key positions or of some occult arrangements. The companies that continued to observe the laws, found themselves in front of an unfair competition situation with the competitors in the underground economy, and then they succumbed, or perverted.

Moreover, the influence of some internal groups using pressure on authorities for protecting their own interests, correlated with the generalized corruption made the capable companies to “add value” to lose trust in their capacity to compete at the same level with the companies protected by interests anchored in the Romanian business environment. The trust in the business environment is based, beyond the legislative stability, on the capacity to compete at the same level with the other players involved on the market.

The Romanian case still presents enough elements to be treated as subject to be “pointed with the finger at” in the European community or international context. But we should not be concerned by the reports towards third parties, as these are only a developer of a reaction adverse to “the durability of development”, in the sense favored under this article. The sustainable development means both predictability and equity (and) for entrepreneurs, as regards the rules of the game which may be subsumed to the structured (structuring) respect of freedom and property.

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