
Romania's Corruption Barometer: Putting the Public Sector on a Scale

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Diverting public resources or the use of public office for private gain, benefits a powerful few while imposes costs on the large majority of the society. In 2014, Romania, along with Bulgaria, Greece, and Italy were ranked the most corrupt nations out of 31 EU and Western European states in the Corruption Perceptions Index, a position Romania has remained in the last 3 years, scoring 43 out of 100 points. Transparency International relies on the perception of experts rather than measuring actual corruption experiences. Thus, this study is set out to capture the experience and perception of the general citizenry. This study finds robust evidence that corruption reacts to standard economic incentive, while the effects of anti-corruption policies often weaken as public officials, politicians and businessmen often find alternate strategies for rent seeking.

Keywords: Bureaucracy, Corruption Perception, Rent-Seeking, Romania.

JEL Classifications: D72, D73, K42

Introduction

What does a number mean to you? Each year the Transparency International scores countries on how corrupt their public sectors are

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seen to be. The Corruption Perceptions Index (CPI) sends a powerful message to governments and they are forced to take notice and act. People living in these countries get to live daily with the reality of these numbers. On the 28th position in 2014, Romania was ranked the most corrupt nation out of 31 EU and Western European states along with Bulgaria, Greece, and Italy in the CPI (Transparency International, 2014), a position Romania has remained in the last 3 years, scoring 43 out of 100 points. This score indicates the perceived level of public sector corruption on a scale of 0 (highly corrupt) to 100 (very clean).

Although the fight against corruption has intensified lately by the National Anticorruption Directorate known as “DNA” in Romanian; corrupt politicians and businessmen still find their way to outsmart the system. This was the case of the former Prime Minister Adrian Nastase, who wrote books to reduce his prison sentence. Adrian Nastase was not the only one with a “Get out of jail” card; George Copos, George Becali, Ioan Niculae and Gica Popescu also had theirs close to their chest. Amendments to the law in 2013, allows prisoners to benefit from reduction of 30 days of sentences for each paper published in jail. This led to a situation in which tycoons and politicians jailed for corruption to enter into a frenzy of writing in abundance. Perhaps, the designers of the Monopoly board game could consider replacing the card “out of jail” with one that says “I wrote a book in detention”. The number of books written in prison grew compared to previous years, according to ANP statistics indicating that a total of 97 books were written by people serving custodial sentences in 2012 and 2013 (Nineoclock, 2015). In 2014, 76 books were published by inmates, saving themselves a total of 2,280 days behind bars. And as of June 2015, 81 books are already written.

The anti-corruption campaign in Romania is a paradox, with both inspiring and tragic elements. Oftentimes, specific power structures and government architectures provide an easier means for corrupt politicians, businessmen, or military officials to exploit the system (Becker, 2015). Corruption is threatening economic growth for all; unfortunately it is widespread especially in public procurement and contract biddings. Therefore, it is essential to identify where corruption is blocking good governance and accountability, in order to break its corrosive cycle (Huguet, 2009).

Literature Review

The word corrupt was first used by Aristotle and later by Cicero who added the terms bribe and abandonment of good habits (Llaca, 2005). Corruption is a marvel with several appearances. It is characterized by a range of economic, political, administrative, social and cultural factors, both domestic and international in nature. It is not an inborn form of behaviour, but rather a symptom of wider dynamics. Corruption is the consequence of the interactions, opportunities, strengths and weaknesses of the socio-political systems. It opens up and closes down spaces for individuals, groups, organizations and institutions that populate civil society, the state, the public sector and the private sector. It is, above all, the result of dynamic relationships between multiple actors. (DFID, 2015).

In economic terms, corruption can be seen as an action to secretly provide a good or service to a third party, so that he or she can influence certain actions which benefit the recipient “corrupt”, a third party, or both, in which the corrupt agent has authority (Senior, 2006). It is also explained as a species of rent-seeking, which in the functionalist school is further theorized in terms of potential benefits to ‘getting things done’. Corruption is a variant of economic choice, and like any other economic choice is determined by its price on the market’ and corrupt incentives are the nearly inevitable consequences

of all government attempts to control market forces – even the ‘minimal’ state. (DeLeon, 1993). Corruption affects economies at a number of levels. It increases transaction costs; reduces efficiency of public services, distorts the decision-making process, and weakens the social values. Corruption discourages investment activities, therefore costing economy the growth it might have otherwise enjoyed. Its negative impact on democratic institutions and related loss of individuals’ expression is difficult to quantify, but no less important: its presence impends fundamental human and political rights as much as it threatens economic rights.

Oftentimes, specific government hierarchy and architectures provide an easier means for corrupt officials to exploit the system. While the results of corruption are clear, the real extent of the problem is harder to pin down. This is why the CPI was created. Based on expert opinion, the index measures the perceived levels of public sector corruption in countries worldwide, scoring them from 0 (highly corrupt) to 100 (very clean). Covering 177 countries, the 2014 index paints a worrying picture. While a handful perform well, not one single country gets a perfect score. More than two-thirds score less than 50. As a consequence, scholars have questioned the validity of the index, given the vague and covert nature of corruption. Perceptions do not seem to be good enough; it is often based on ‘group think’, hearsay, or generalized sentiment rather than specific personal experiences. The most fundamental charge is that the CPI reflects the prejudices of outsiders who misunderstand local customs (Ivanov, 2007). For instance, Western businessmen in Russia, as caricatured by (Burgess, 1997) are hardly a reliable source for the index’s input. A study of Swedish businessmen in Eastern and Central Europe found that Transparency International perceptions of local bribery were shaped by ‘conventional images of Eastern Europe’ (Wasterfors, 2004). Therefore, some might conclude that the CPI is more about public relations than about scientific measurement. To smooth out random

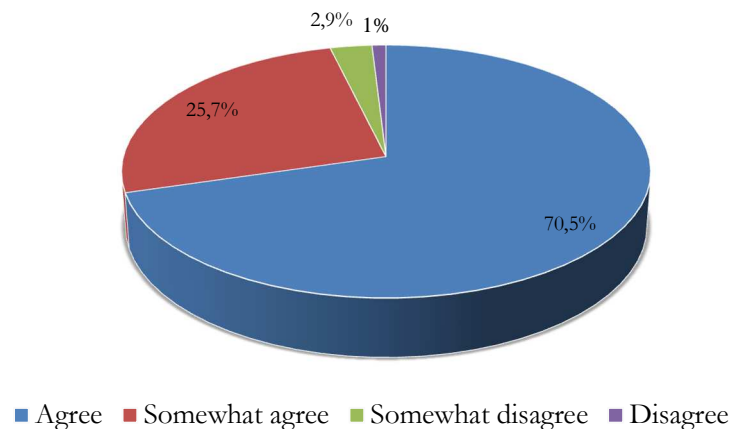
fluctuations, the CPI averages data over three uninterrupted years, and may consequently reinforce stereotypical opinions, acting as a self-fulfilling prophecy (Sik, 2002). For the reason of scholars' argument about perception, this study has chosen to survey only everyday Romanians in measuring the level of corruption.

Methodology

This study is made of quantitative research, carried out through online direct survey method, based on a sociological questionnaire. The survey was conducted from April 15th, 2015 to June 5th, 2015. The responses were collected from 210 random voluntary respondents from 10 counties in Romania, who have the minimum of Baccalaureate as level of education. Of this random population, 88 respondents (41.9%) are male and 122 (58.1%) are female. The highest age of respondents is 45 years. Age group 26-35years made of 53.8% while 18-25 years are 37.5% of the respondents. In all the four levels educational attainment of respondents, the highest percentage is that of respondents holding a Master's degree (56.2%). Of this number (118), 59.3% are female and 40.7% male. Whereas 27.6% are holders of Bachelor degree, female constitute 65.5% and male 34.5%. And 9.5% hold Baccalaureate degree. The study contains 37 questions, from which we analyzed 32 relevant questions and 5 profiling questions as revealed in the following tables and figures.

Following the data collected from respondents, it is not surprising after 3 years of being ranked as the most corrupt country in the EU by Transparency International, majority of the respondents (70.5% agree and 25.7% somewhat agree) also concur that corruption is a common practice in Romania (see figure 1). Meanwhile, majority of the respondents (61%) are confident in the ability of the anti-corruption agency in fighting corruption.

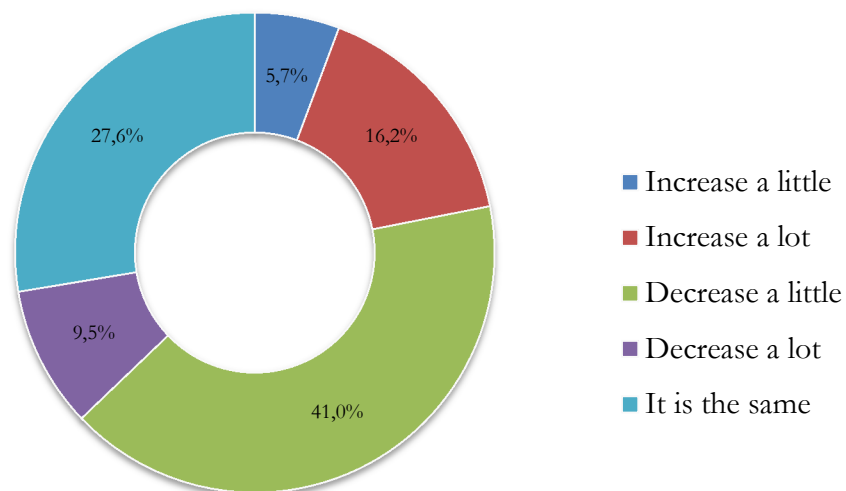
Figure 1

Corruption, a common practice in Romania

Source: Author's estimation

Given the respondents confident level, if we have to divide them into 3 groups – optimistic (decrease a little and decrease a lot), pessimistic (increase a little and increase a lot) and indifferent (it is the same); at 50.5% for the optimistic respondents, we can say that the fight against corruption is fruitful. However, if corruption is to be totally wiped out or brought to its barest minimum in Romania, then there is still much work to be done.

Figure 2
Changes in the Romanian level of corruption in the past 3 years

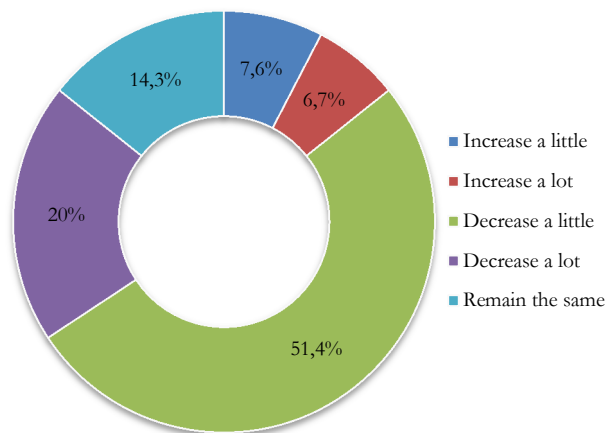


Source: Author's estimation

If we compare the trend of corruption in the last 3 years, then we can understand how the respondents foresee the future. The governments' body language might as well be the reason why people are not optimistic. With 51.4% responding that corruption will decrease a little, there is still a lot of work to be done by the government in making appropriate laws and supporting the anti-draft agency to fight corruption.

Figure 3

Expectation of corruption level in the next 3 years

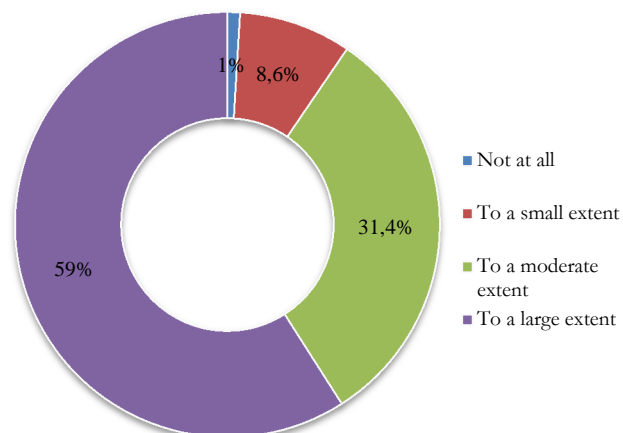


Source: Author's estimation

Corruption has become a parasite, eating deep into the fabric of Romania's economy. A significant number of Romanians consider corruption a common practice in the country. The impact of corruption on one's personal life or business is seen to be large.

Figure 4

How corruption affects personal life and the business environment

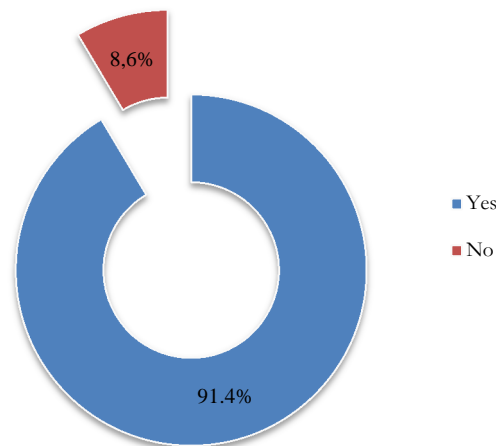


Source: Author's estimation

Be that as it may, the definition of corruption is still somewhat unclear depending on the situation. According to 57% of the respondents, helping a friend to get a job, or influencing a project bidding process to benefit a choice candidate or giving presents / money to civil servants to obtain public services is considered corruption to a large extent. Approximately 26% says it is corruption to a moderate extent, while 11% think it is only to a small extent.

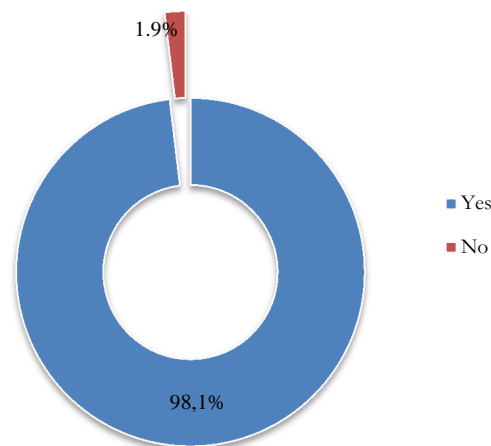
Distributing gifts during political campaign rally is seen by a large majority as an act of corruption, therefore, it might be safe to say that private individuals financing political parties is categorically an act of corruption. This shows that in the public eye, people donating money for election campaigns in return for favors or political appointments can be guilty or considered contributors to corrupt practice.

Figure 5
Distributing gifts or money in election campaign



Source: Author's estimation

With no doubt, Romanians have more or less the same attitude towards the role of politicians, civil servants, and big businesses in corruption. Irrespective of where the money is going, almost everyone agreed that diversion of state fund from one project to an unauthorized one, or to favor another group of people is illegal and should be condemned.

Figure 6**Diverting state funds to other constituents**

Source: Author's estimation

At the micro level, corruption imposes additional costs on growth for companies, especially in terms of their performance and productivity. Eighty one percent of respondents agreed or somewhat agreed that politicians have no real will to fight corruption as they benefit from its practice. Large businesses just like their political partners are seen alike, since approximately 44% respondents somewhat agreed and another 28.6% agreed that large businesses are one of the main sources of corruption (see table 1). In a free market economy, one will expect policies to favor all the market players, but large businesses know better. It is for this reason that Peter Eigen, Chairman of

Transparency International in 2002 argued that corrupt political elites in the developing world, working hand-in-hand with greedy business people and unscrupulous investors, are putting private gain before the welfare of citizens and the economic development of their countries.

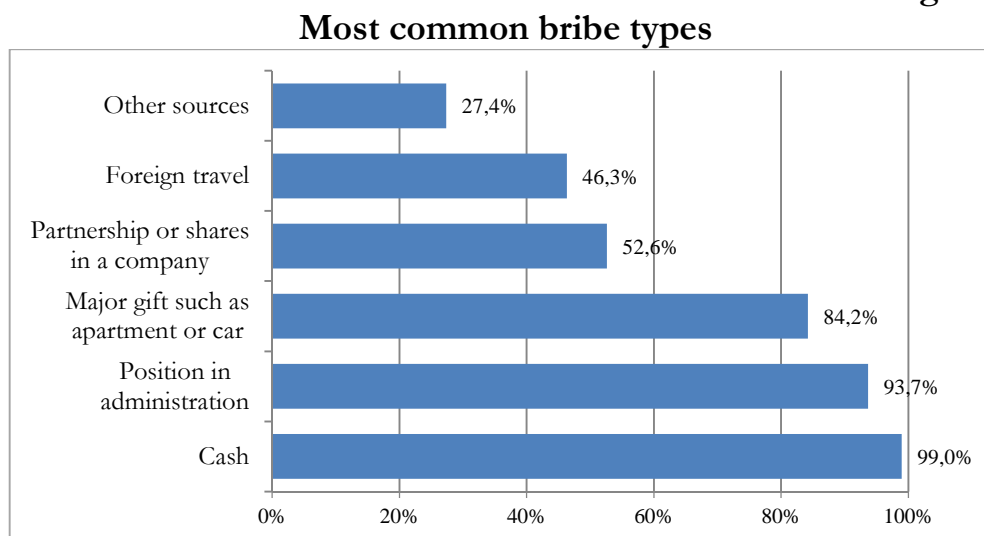
Table 1
Business and Political corruption

Questions	Agree	Somewhat Agree	Somewhat Disagree	Disagree
Do you agree that politicians have no real will to fight corruption as they may benefit from it?	114 (54.3%)	56 26.7%	25 11.9%	15 7.1%
Do you agree that small and medium businesses are more negatively affected by corruption than large businesses?	112 (53.3%)	64 30.5%	22 10.5%	12 5.7%
Do you agree that large businesses are one of the main sources of corruption?	60 28.6%	92 (43.8%)	42 20%	16 7.6%

Source: Author's estimation

This study also tests the knowledge and awareness of the respondents concerning the forms of corruption. Grand corruption has been understood as one that pervades the highest levels of a national government, be it a case involving high level public officials or private practitioners, as a consequence, leading to a far-reaching wearing down of confidence in good governance, the rule of law and economic stability. The most popular type of corruption reported among

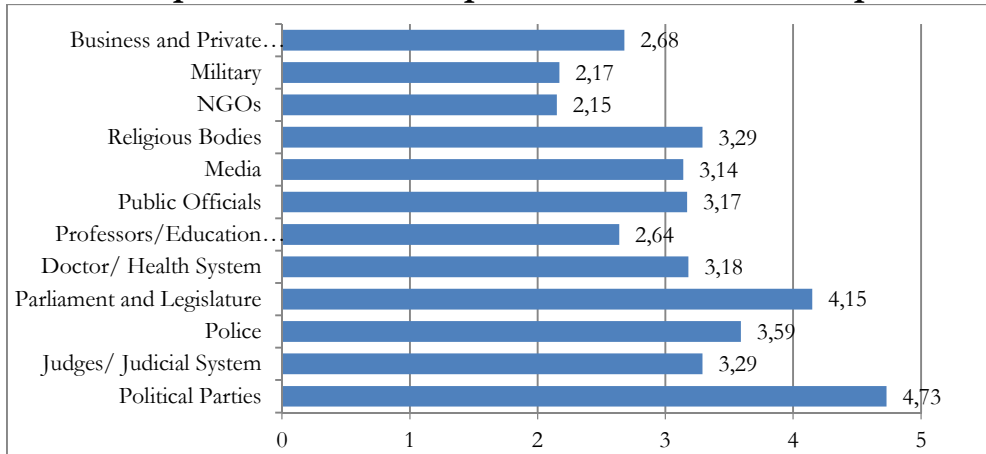
Romanians is cash, closely followed by position in administration, while gift such as apartment or car stay on the 3rd place as revealed in figure 7.

Figure 7

Source: Author's estimation

In order to show the level of institutional corruption, the below institutions were ranked from (1-5); (1) as less corrupt and (5) most corrupt. Political Parties were ranked with 4.7 stars, parliament and legislature had 4.2 stars, police 3.6 stars, and surprisingly judges / judicial system and religious bodies were tagged together with 3.3 stars, while Doctor/ Healthcare system and Public officials were given approximately 3.2 stars(see figure 8).

Figure 8

The perceived level of public institutions' corruption

Source: Author's estimation

Although there are hardly proves that the percentage of citizens directly involved in corruption has gone down, this survey suggests that Romanians do not condone corruption at any level. Approximately 62% of the respondents disagree that the only way to overcome bureaucratic hurdles or unjust regulations is to pay bribes. Therefore citizens should be responsible for fighting and reducing corruption (see table 2).

Table 2

Overcoming bureaucratic hurdles

	Agree	Somewhat agree	Disagree	Somewhat disagree	Weighted Average
Do you agree that some level of corruption should be acceptable?	16 (7.6%)	40 (19%)	134 (63.8%)	20 (9.5%)	2.75 / 4
Do you agree that the only way to overcome bureaucratic hurdles is to pay bribes?	24 (11.4%)	44 (16.2%)	130 (61.9%)	22 (10.5%)	2.71 / 4
Do you agree that citizens should be responsible for reducing corruption?	144 (68.6%)	54 (25.7%)	6 (2.9%)	2 (1%)	1.32 / 4

Source: Author's estimation

In that case, all hands must be on deck and the anti-corruption agency (DNA) has to step up their effect for corruption to be wiped out of Romania or at least to be brought down to its barest minimum.

In appraising the performance of the DNA, the positive filling of the people is not surprising after a number of high profile politicians and businessmen they put in jail. The number of respondents who indicate confidence is high. Nevertheless, DNA still needs to improve on

people's perception concerning their way of enforcing law and the people they go after. This is because; the number of people who are of the opinion that DNA is a partial law enforcement agency is growing.

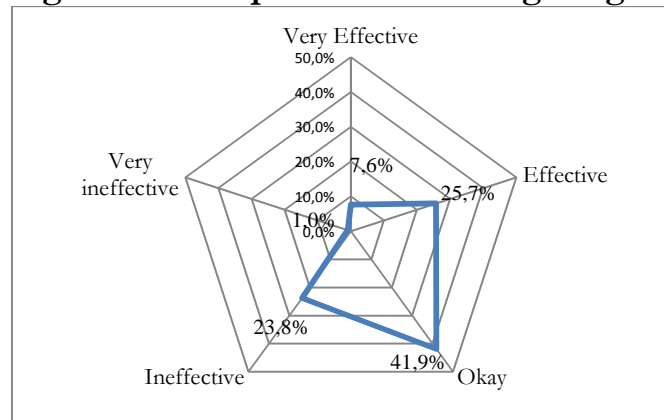
Table 3
Confidence in the National Anticorruption Directorate (DNA)

	Fully confident	Somewhat confident	Somewhat not confident	Not confident	Weighted average
Do you have confidence in the ability of DNA to fight corruption?	16 (7.6%)	128 (61%)	38 (18.1%)	28 (13.3%)	2.37 / 4
Are you confident that DNA is an impartial law enforcement body?	22 (10.5%)	112 (53.3%)	38 (18.1%)	38 (18.1%)	2.44 / 4

Source: Author's estimation

Lack of trust, reduced legitimacy and lack of confidence in public institutions can be both a cause and an effect of corruption. The fight against corrupt officials and businessmen does not seem to be convincing enough. Forty two percent of respondents only gave DNA a pass mark, while about 26% think the institution is effective in its fight.

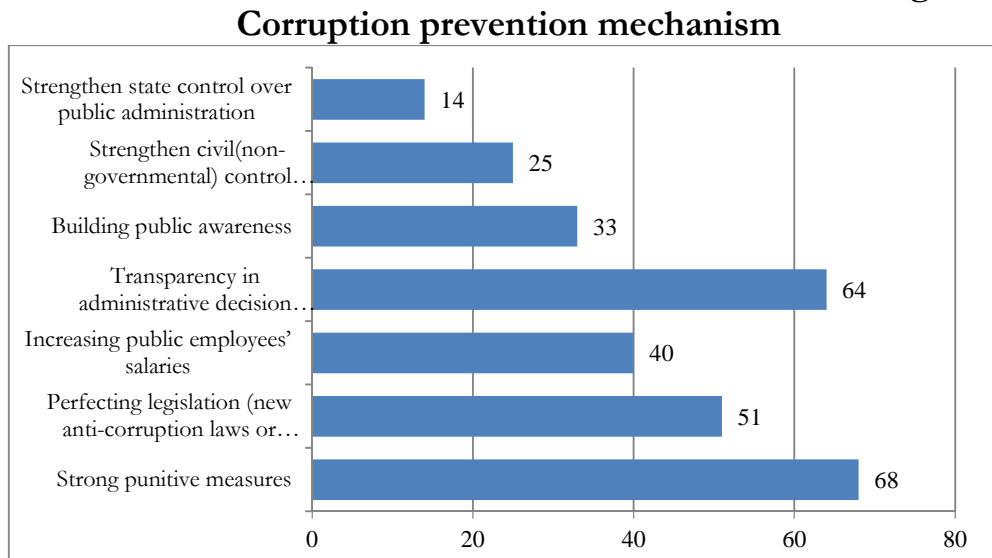
Figure 10
Evaluating the DNA's performance in fighting corruption



Source: Author's estimation

The main prevention mechanism for corruption overtime has always been strong punitive measures and transparency in administrative decision making, this is also evident according to one of three respondents as revealed in figure 11. A quarter of the respondents also suggested perfecting legislation (new anti-corruption laws or adoption of international laws) as a solution for preventing corruption.

Figure 11



Source: Author's estimation

In a world where writing books can get you out of jail, it should not be surprising that corrupt officeholders are exploiting the loopholes in the established law to their advantage. This is not to conclude that the government is not making some efforts. As a matter of fact, respondents believed that some integrity mechanisms are implemented. But often, they remain ineffective; and their operation is hindered by private interests. Given that portions of the state are controlled by private interest groups; reform is hindered by private interests, rendering most integrity mechanisms non-existent or ineffective. Thus, the government's motivation and capacity to implement reforms can be considered to be mixed.

Therefore, it should not be surprising that the slowing speed of reforms affecting the government institutions is echoed in the citizens' perceptions concerning the effectiveness of anti-corruption measures or prevalence of corruption in society. The need to embrace laws,

strategies, policies, and forms of organization to meet the challenges brought by the crisis cannot be uncertain, but the measures used, lack of earlier consultation and the impact valuations made previous well-meaning policies have contrary unanticipated effects strongly challenged.

Table 4

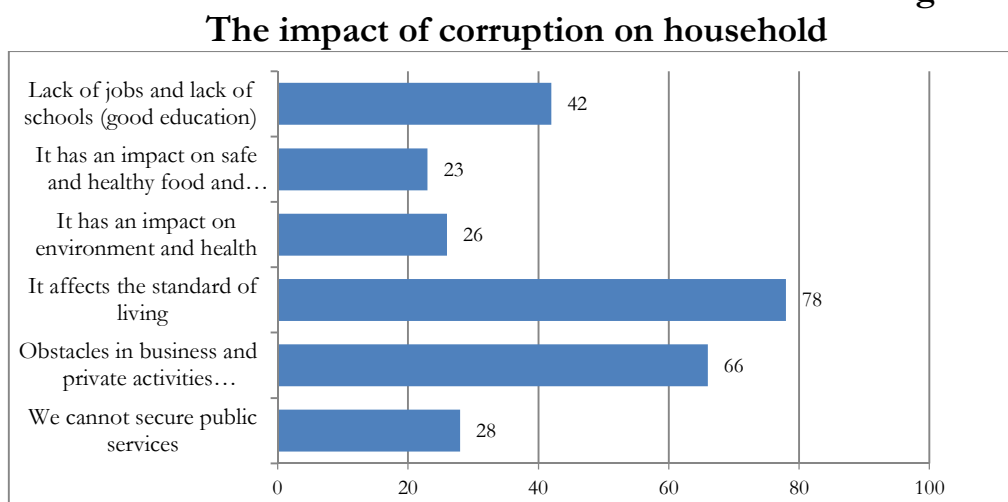
**Extents at which there are legal or political penalties for
officeholders who abuse their positions**

	As a rule, corrupt officeholders are prosecuted rigorously under established laws.	As a rule, corrupt officeholders are prosecuted under established laws but also slip through political, legal or procedural loopholes.	Corrupt officeholders are not prosecuted adequately under the law but occasionally attract adverse publicity.	Officeholders can exploit their offices for private gain as they see fit without fear of legal consequences or adverse publicity.
All Data	32 (15.2%)	116 (55.2%)	50 (23.8%)	12 (5.7%)

Source: Author's estimation

This study has evaluated general impressions of the impact of grand corruption. A large number of respondents (in fact one of three) believed that grand corruption had very strong negative impact on them or their families. Another 42% experienced some degree of negative impact along with their family. As revealed in figure 12, corruption has negative effect on the citizenry both in term of inequality and the provision of basic services; hence it affects poor people disproportionately.

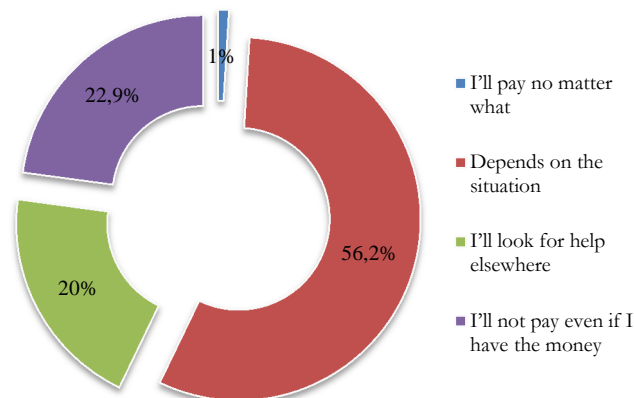
Figure 12



Source: Author's estimation

Some might even augur that corruption has become the way of living in Romania, since it is almost impossible to find a family that at least one of its member has not been involved (either giving or receiving) in a form of corruption in the last 3 years – it is almost a custom to pay or offer a gift to ease a process or get attended to by a medical practitioner, police, teacher, clerk in local administration and even in churches. Depending on the situation, time sensitivity or the degree at which they need help, paying bribe is the way followed according to 56.2% the respondents, in order to get attended to or to resolve a situation. The interesting part of the survey is that, only 1% of the respondents said they will pay bribe no matter what, if they get directly asked by public or private official for a service they are entitled to. This shows that majority of the population are zero percent tolerant to corruption, but situation often compel them to act accordingly (see figure 14).

Figure 14
**Declared reaction of respondents when asked directly for bribe
by a public or private official**



Source: Author's estimation

Conclusion

The fact that the Romanian people have maintained the same views on corruption among politicians, government officials, and private businesses has been verified by other studies over the years. Such views on personal or institutional integrity are based on a combination of personal experience, perception, word of mouth, and mass media reports.

With 52.4% of the respondent's household admitted to have paid or offered a gift in any form to ease a process or get attended to by a medical practitioner, police, teacher, clerk in local administration or other in the last 3 years, it will be safe to say, corruption is a common practice in Romania. It is also glaring that the populist will prefer a situation they will not have to give bribe in order to be attended to. For example, the healthcare system suffers from under-budgeting and petty corruption. It is a common practice to pay doctors and nurses in

public hospitals for the service they are earning income. It is popular knowledge; doctors in Bucharest public hospital receive from 1500RON (\$371) upward on a child delivery. However, the system design discourages reporting such situation due to the low level of investment in the healthcare infrastructure and incentive for healthcare personnel.

Fifty two percent of the respondents admitted to have paid or received bribe in the past 3 years, and grand corruption is negatively affecting the living standard of one of every three Romanians. Respondents again ranked Political parties with 4.7 stars in corruption level, parliament and legislature had 4.2 stars, police 3.6 stars, and surprisingly judges/judicial system and religious bodies are considered more corrupt than the doctor/ health system and public officials. It is for this reason that one of three respondents recommended strong punitive measures and transparency in administrative decision making as deterrence for preventing corruption. The findings of the paper are also in-line with Global Corruption Barometer 2010 of (Transparency International, 2010), that one of three Romanians recognizes that he paid a bribe in 2010. Over 87% of Romanians believe that corruption has increased in Romania in the last three years and 23% of them admitted to have paid a bribe at least once in the last 12 months.

In order to bring corruption to its barest minimum, effective anti-corruption measures supported by other contextual factors, and integrated into a broader package of institutional and public financial management reforms must be fast-tracked.

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