

## Institutional System Response Mechanism towards Corruption: A Point of View

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### Abstract

*In Romania, a lot of practices proper to corruption became widely common and are integrated in a real national bureaucratic culture. Romanian citizens seem to accept and tolerate informal payments in order to obtain the desired or the necessary services. Public officials are doing well, impersonal and they don't realize they affect social welfare. That's why fight against corruption must involve complex actions performed on many areas. Such action must be focused on measures that reduce the opportunities for corruption and increase the probability of detection and punish the offences.*

**Key words:** corruption, corruption mechanism, institutional system, illegal behaviour

**JEL Classification:** H50, K42

### 1. Corruption sources

First, it is important to understand the complexity and the mechanisms of corruption itself. Corruption does not comply with the fundamental principle of not involving personal business with public affairs. "Corruption in the public sector can be viewed as occurring when politicians and/or public servants improperly and unlawfully enrich themselves or those close to them by the misuse of the public power entrusted to them - the misuse of public power for private profit"<sup>6</sup>. This definition may refer to many corruption sources because public officials are doing well, impersonal and they don't realize they affect social welfare. That's why corruption approaches divide this area in two main categories:

- *Street, little or tolerated corruption:* It is practiced by underpaid public officials whose living is depending of gifts and bribery given by individuals who want to accede easier to public services (medical, educational etc.), to use some opportunities (concerning a job, for example), to avoid a penalty and many others like these.

- *Political or grand corruption:* It is practiced by public officials who are involved in the process of public political decisions and are driven by the desire to obtain important economic values from public contracts as "percentages" from governmental sales, often paid into foreign bank accounts. The political corruption affects many areas of government activity:

- Contracting and procurement services;
- Import and export licenses;
- Fiscal system and personal duties collection;
- Infrastructure agreements;
- Local police and services.

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<sup>6</sup> Tanzi V. (1994), Corruption, Government Activities and Markets, IMF Working Paper, August.

These types of corruption are proper to many countries, independently of its population, economic development level or social needs. The only different matter is referring to degrees and dynamic of corruption. Corruption opportunities are given by lack of judicial system, inaction of notified bodies, political opportunism and many others. The inclination to a corruptible behaviour is increased by low income levels, civic attitude, individual perception and country tolerance of such practices.

In Romania, all these practices became widely common and are integrated in a real national bureaucratic culture. Romanian citizens seem to accept and tolerate informal payments in order to obtain the desired or the necessary services.

## **2. What are the costs of corruption?**

Corruption distorts individual choice. It affects public decisions regarding public goods and services. The main corruption effects on population welfare are the following:

- Inappropriate financing of public projects leading to a huge resources waste that could be used to improve social services;
- A diminish of the total amount available for public purposes;
- An increase of goods and services costs and a decrease of their quality;
- Promoting not sustainable projects concerning unproductive investments;
- A loss of productive efforts;
- An increase of transactions and administration prices;
- Inflated prices for goods and services;
- Imposed monopolies;
- Purchasing of unusual, unnecessary and expensive goods through governmental contracts prevailing money and not real human needs;
- An increase of foreign banks gains and a failure of public political objectives;
- A loss of governmental respect, authority and legitimacy.

We have to underline that where the corruption benefits are significantly, the consequences are huge.

## **3. The main causes of institutional corruption**

There are many causes that generate the corruption behaviour. We want to mention only a few of them including:

- Wide discretion and little accountability of public officials.
- Inappropriate policy environment (distorted prices).
- Lack of checks and balances (weak “watchdog” agencies and institutions, including Parliament).
- Weak enforcement mechanisms (lack of judicial independence; weak prosecutorial institutions).
- Low salaries in public sector<sup>7</sup>.

## **4. Institutional System Response Mechanism towards Corruption**

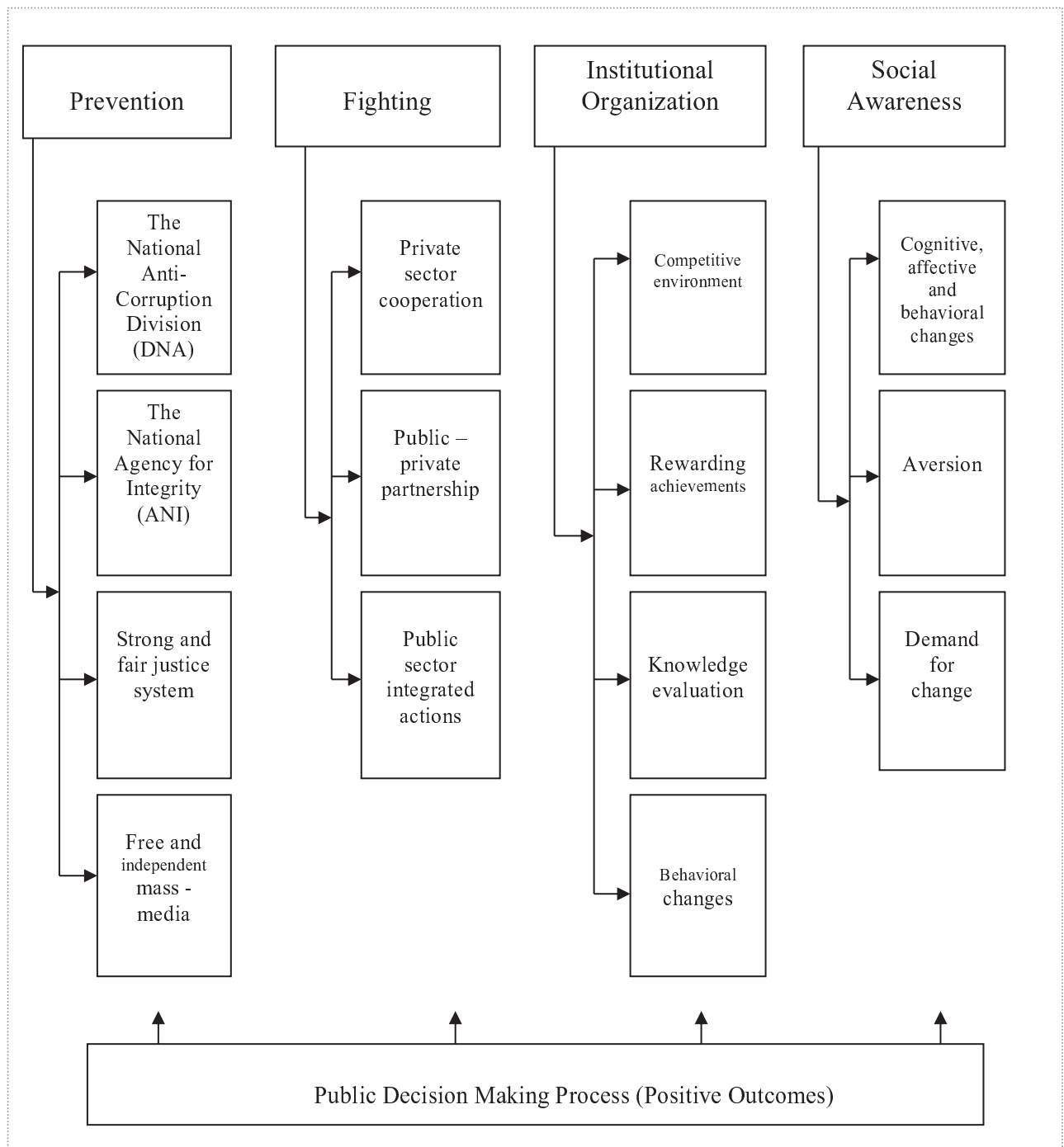
Fight against corruption must involve complex actions performed on many areas (Figure 1). Such action must be focused on measures that reduce the opportunities for corruption and increase the probability of detection and punish the offences.

Systemic corruption needs a special attention because it involves huge economic and social costs as wastage of public resources, inefficient public expenditures, governmental legitimacy reduction, values distortions, inappropriate and non-conforming public

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<sup>7</sup> World Bank's 1997 World Development Report

procurement, low competition, low economic growth and trade, non - efficiency and lack productivity of labour force, an important life quality decline, low level of incomes, no welfare and poor morale.



Any anti – corruption strategy could not succeed without the whole nation support. We refer to civic attitude changes that could be obtained only involving social awareness and civil organizations. Social awareness strategies must emphasize the problems generated by acting corruptibly and civil organizations monitories, detects and publishes their expertise.

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