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## Different Levels of Corruption Influence on the Main Components of the Macroeconomic Environment

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### Abstract

A country that isn't able to control and eliminate the problem of corruption suffers important losses at the economic and social wellness level. The aim of this study is to analyze if the components of the macroeconomic environment are influenced by corruption and to show the nature of this influence. Analyzing the corruption data from Corruption Perceptions Index 2013 and the data for the Government budget balance, Gross national savings, inflation, Gross general debt and Country credit rating from The Global Competitiveness Report 2013-2014, the results are expected to reveal the existence of strong, but different connections between these variables.

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### 1. Introduction

In the actual economies, the public role multiplies and its importance in the economic environment amplifies. The local, national and global programs for the illness control, against the pollution and violence, the judicial, monetary and environment protection regulations, good quality governance, the individual and collective security, the actions for influencing competitiveness (legislation, context-conditions, economic politics) represent significant categories of ways of public actions. Without these elements, the market isn't able to function in an efficient and proper manner and to generate healthy and qualitative results. The unity between the public sector and the market is organic and the manner of action of the public actors and of the citizens with key roles in the social, economic and political reality that

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inevitably relate with the public zone are essential factors for the macroeconomic annual results of a state. In these conditions, the accent put on the correctness of the public actors is logically explicable and the discussion about the impact of it on the macroeconomic environment is justifiable. The public institutions model the market using the norms from its basis of function, watch to the conformation of the economic actors to these norms and correct the functional market mechanism. In the situation in which the self-interest is over the social interest, these functions degenerate and income inequality, illegitimate economic biases, disadvantageous conjunctures generating negative externalities inevitably appear. In this context, the corruption phenomenon appears and eludes the rules, the transparency and the impersonal and impartial aspect of public actions, but, also, the responsibility for all these irregularities, being the opposite of the public integrity concept.

**2. The macroeconomic environment stability**

The macroeconomic environment points on the stability and dimensions of some different aspect from the national level. Gross Domestic Product is the main variable to which almost all the variables that describe the macroeconomic environment are related. In this context, Government budget balance, Gross national budget and Gross general debt are calculated as percentages of GDP. Near by these three components, inflation and country credit rate are component parts of the macroeconomic environment, as Schwab (2013) in The Global Competitiveness Report reveals.

The first dimension, Government budget balance (*gov\_budget*), is measured as the Government budget balance as a percentage of GDP in The Global Competitiveness Report 2013-2014. The second, Gross national savings (*gross\_nat*), represents the Gross national budget as a percentage of GDP; Inflation (*inflation*) is the annual percent change in consumer price index; General government debt (*gen\_gov*) is also seen in relation with GDP, being Gross general debt as a percentage of GDP; near them, Country credit rating (*country\_credit*) is seen as being the expert assessment of the probability of sovereign debt default on a 0-100 (lowest probability) scale (Schwab, 2013).

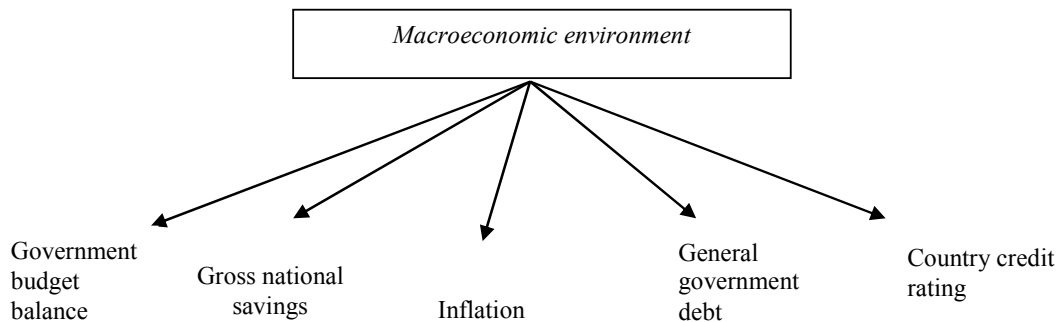


Figure 1: The components of the macroeconomic environment stability  
 Source: The Global Competitiveness Report 2013-2014, authors' processing

“It is important to note that this pillar evaluates the stability of the macroeconomic environment, so it does not directly take into account the way in which public accounts are managed by the government” (Xavier et.al., 2012, p. 5). This fact gives the opportunity to put into relation the corruption phenomenon as a wrong way to manage the public accounts by the government officials that attend their own interest and not the general and national one with the third pillar of the Global Competitiveness Index – Macroeconomic environment. The stability of the macroeconomic environment is an important factor for the creating of wealth and for the common well-being because, for example, high-interest payments on past debts, or contrary, the low ones harms the economy or, contrary, helps it to realize a real progress. Also, inflation plays a very important role for the activity of firms that cannot operate in a proper way when inflation rate is high.

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