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Aspects of underground process in Romania

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Abstract

We witness more and more often a diversification of the elements of underground economy, as potentiated by the effects of the global economic crisis. If in the previous years we have witnessed manifestations related to tax evasion, gambling or bribery, nowadays the aspects of the underground economy are represented by organizing criminal activities after the model of legal businesses (reception, production, transport, recovery, protection sectors) and white-collar crime. Sometimes these activities of organized crime surpass the capacity of the state to limit them as the specialists in the tax and legal areas prefer to offer their services to private employers who afford to pay them more than the state. Last but not least the globalization has created conditions in which money, weapons or human trafficking runs optimally between international groups of organized crime through the easy access to international networks of data or transport. Moreover, organized crime groups became focused on the control of financial institutions or banks, under the cover of which they could transfer huge amounts of money. In this respect, it appears that besides its positive features, globalization has created an environment in which organized crime groups have easily extended beyond state borders becoming real transnational crime industries.

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1. Introduction

One can easily see that in the developing countries the evolution of the informal sector (Rădulescu D.L., 2007) was determined by other causes than in the developed countries. Initially the informal sector was fueled by the collapse of the dictatorial regime, which created a power void at central and local level, where at least regarding the large corruption the possibilities of implementation were extremely limited. Underground economy was a partially accepted phenomenon at the level of small scale corruption understood as offering little “gifts” to public service clerks or even doctors.

Nonetheless, underground economy represented the last means to allow subsistence (Cazenave J., 1993) if the formal state system failed to provide for almost anything. In this case we do not refer to industrial goods but also to those necessary to make a living like food or medicine. This situation gave rise not only to the preconditions of an underground economy but also to its being objectively necessary as sole distributor of certain goods.

Subsequently, the collapse of the communist regime was followed by a transition period (Schneider F., Enste D.H., 2005) towards a market economy which meant the implementation of a totally different system than before. This system was not only unknown to the larger masses but also blamed as an absolute evil of the capitalist society. The mentality acquired over the years in communism, as well as the acceptance, sometimes, of severe moral compromises in order to obtain benefits in the single partied society has enabled the hijacking of the transition process from its finality.

As a consequence, transition has become a manifestation with strange effects, understood differently by the masses and implemented in the sense of strengthening the economic resources of those already part of the previous regime's system. This chaos was apparently not only maintained naturally but also artificially with the purpose of leading astray the attention from the great corruption cases. Moreover, when these were unveiled, usually by the media, the reaction of the state was much delayed which triggered an apparent lack of reaction in the civil society as well.

Regarding the evolution of the underground economy towards the transition to the market economy, this is characterized by subsistence economy in a large traditional sector (Rădulescu I.G., 2007) where the state is almost absent. Apparently the existence of underground economy increased economic development under tax restraints at the level of real economy. We thus envisage a new paradigm of development in the perspective of opening new markets, with a continuous increase in the corruption phenomena, insufficient legislative regulations and the proliferation of criminal structures.

Historically, in Romania, corruption phenomena have existed from immemorial times, even from the emergence of the first forms of state organization. Numerous researchers declared that the evolution of underground economy was mainly due to an unfortunate position geographically, economically, politically and socially. As a consequence, the 17th and 18th centuries are known for a very frequent change of Romanian leaders, who because of the country's location - at the crossroads of Europe and Asia - were at the disposal of the Ottoman Empire. This fealty influenced the possibility to obtain the throne and the noblemen bought their way to the throne from the Turkish sultans. As a consequence, over the years, the principle according to which advantages could be obtained by offering gifts to those in positions of authority. Not even the subsequent closeness of some Romanian intellectuals to the mentality of western countries where they used to study had any major impact on the larger masses.

Maintaining a system of underground economy has continued during communism and took amplitude in the transition to the market economy, contradicting the more or less expressed efforts assumed by the political regime. The measures necessary to combat this phenomenon have been implemented with priority because of the insistent requests of EU officials especially after Romania started negotiations to join the European structures.

2. Forms of underground economy

Globalization has been felt at the level of national states including in the upward evolution of the majority of underground economy forms. This trend has caused disappearance of boundaries between national and international level and intertwining in political, economic or social national issues. Some forms of underground economy like tax evasion and corruption have kept their importance as before but they were seconded by new forms like moonlighting, drug trafficking and terrorism.

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