



The fight against corruption and global capital. The experience of Romania

Globalization and the principles of the "open economy"

One of the modern political trends - the fight against corruption, oddly enough, is only one of the tools for redistributing resources. Today we will analyze the example of Romania, which in fact hides behind the bright anti-corruption processes of this country.

National state in the late XX - early XXI centuries faced challenges of globalization. These challenges are due to the erosion of national sovereignty, which was a reliable basis for the independent development of nation-states. As a consequence, the former principles of the world order are collapsing: the state ceases to be a guarantor of the implementation of the principles of people's sovereignty on its territory, since part of the functions and influence are transferred to supranational structures. A striking example of the presence of such a challenge is felt in Romania: in a country that has become classically under the influence of transnational capital. As a consequence, there is a prolonged political crisis, which is not simply an internal confrontation between various institutions of power and political forces, but also a serious confrontation of part of the Romanian elite with attempts at external influence and control.

This opposition is objective and understandable, because the global capital sees its most important task as the elimination of national restrictions on the way of obtaining its profit, by "taking away from society its material resources." The point is that transnational capital is existentially an enemy of the national state and, first of all, of the social nation state: the social state restrains the predatory ambitions of transnational entrepreneurs.

Institutionalization of such confrontation - the national, social state and transnational capital began to occur after the Second World War. The key elements for the new order was the principle of a free market economy, which was first enshrined in the agreement on the establishment of the Organization for European Economic Cooperation in 1948.

In 1964, in Geneva at the first session of the United Nations Conference on Trade and Development, this principle was formulated for the entire world community: "international trade must be mutually beneficial and conducted on the basis of the most-favored-nation treatment." The document states that: this principle is fundamental in forming the openness of national economies, which in turn contributes to: deepening international specialization and co-production; rational allocation of resources depending on the degree of economic efficiency; dissemination of world experience; increased competition between domestic producers, stimulated by competition in the world market. In fact, thanks to this principle, a larger capital devours a smaller barrier due to the protective reduction that the national states display.

The extreme manifestation of the concept of an "open economy" is the Washington Consensus, which smoothly migrated from Latin America to the countries of Eurasia and Africa. The Washington Consensus is a set of recommendations of international financial organizations, primarily the IMF and the World Bank, which should be followed by national economies. Recommendations include the following activities: maintaining a minimum budget deficit; Priority of health care, education and infrastructure among government spending; reduction of marginal tax rates; liberalization of financial markets to maintain a real interest rate on loans at a low but positive level; free exchange rate of the national currency; reduction of import duties; reduction of restrictions on foreign direct investment; privatization; deregulation of the economy; protection of property rights.

The effectiveness of this method is very controversial: from 1965 to 1995. The IMF through the mechanisms of lending to national economies forced 89 countries to implement these principles. By 2010 in 48 such countries the situation has not improved and has not worsened. In 32 countries, the economic situation has worsened.

The " Open Economy" and Romania

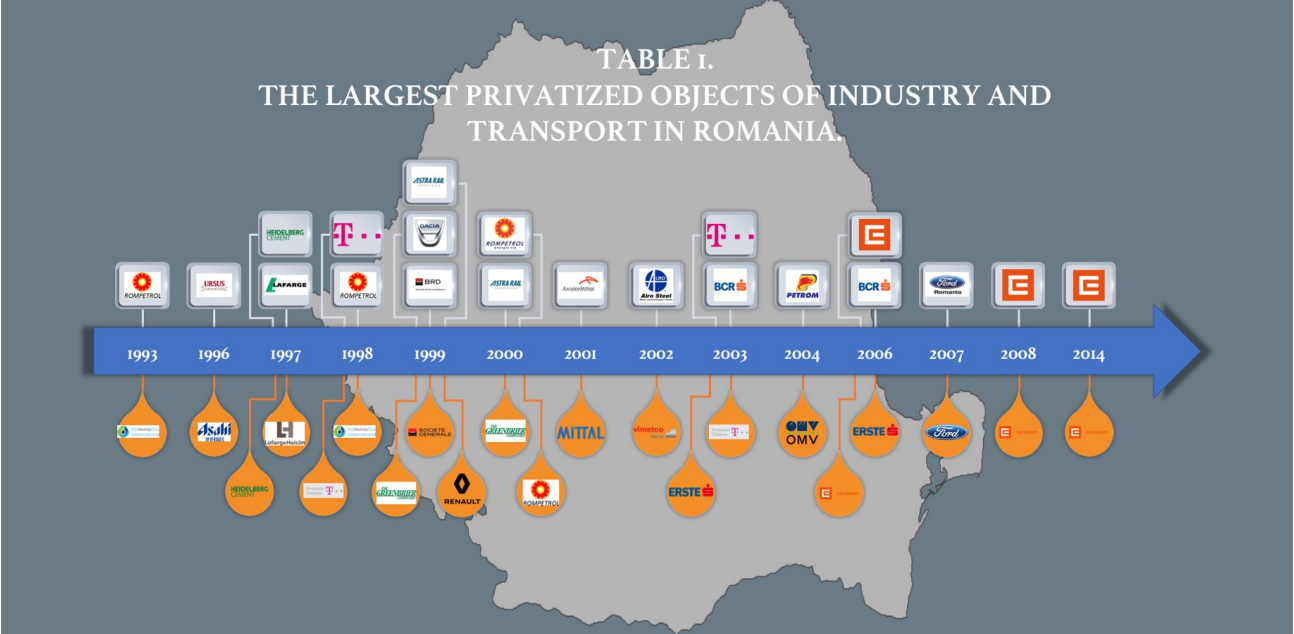
The reform of the national economy in Romania on the principles of an "open economy" was the main requirement of international organizations at both levels: global - the UN, the IMF and the

World Bank, and the regional - the governing bodies of the EU (European Commission, European Parliament), the European Bank for Reconstruction and Development - EBRD) .2 The process of building an "open economy" in the late 1980s - early 1990s touched all the countries of the collapsing "socialist camp."

The foreign companies have privatized the most highly profitable and strategically important sectors of the economy: banking, oil production and refining, steel, mechanical engineering, transport, telecommunications, wholesale and retail trade networks, etc. Following the recommendations of the IMF and the World Bank, in 1997 foreigners were allowed to "invest" in agriculture, which, in fact, was the start of the hidden privatization of land resources.³

Over 17 years of socio-economic transformation, including Romania's years in the EU since 2007, the country has not managed to break out of the poorest countries of the united Europe. In 2009, labor productivity in Romania was 3.5 times less than in Germany, surpassing the same indicator only in Bulgaria:

"Orientation to the maximum possible attraction of private capital and minimizing the regulatory role of the state did not allow the formation of a full-fledged market system over the years of reforms. Formally, the legal change of owners did not lead to a revival and increase in the efficiency of the economy. Moreover, there was a case where new owners not only expanded production, but, on the contrary, brought enterprises to bankruptcy. The result of this "development" was a significant reduction in the standard of living of workers, the deepest social stratification of society, "4 believes the Russian researcher O. Lushnikov.



The World Bank experts confirm the previous conclusions, but they are optimistic about not only the economic prospects of the country's development, but also its social sphere: "Economic growth in Romania was one of the highest in the European Union since 2010, with an average growth rate of 2, 8% in 2010-2017, but despite 11 years of membership in infrastructure C, the country is in a bad condition, which constrains investment and productivity in such industries as agriculture and tourism. The private sector, being dynamic, is small, with limited access to finance, especially for micro, small and medium-sized enterprises. "

To a large extent, these are the reasons that exacerbate the general social and humanitarian problems in the country, moreover, they cause the expansion of social and regional differences within the country.

In the International Monetary Fund, two factors are seen as a prerequisite for overcoming the crisis phenomena in the Romanian economy: privatization, still remaining in the state ownership of energy and transport enterprises, as well as continuing the fight against corruption in various fields - from economic policy to educational policy of the state: "Despite this progress, serious problems remain and public policy is at risk of deterioration. Romania's incomes are below the EU average, and the poverty level is one of the highest in the EU. Private investment remains below the pre-crisis level. The implementation of public investment (with the support of EU funds) has slowed, and the quality of infrastructure is low among Romanian partners. State-owned enterprises continue to dominate in some key sectors (energy, transport), but, as a rule, are inefficient and require improvement. Finally, measures to improve public administration must continue to increase efficiency and reduce corruption."

External pressure in the "anti-corruption" issue

The attention of Romania's international partners to the problem of corruption is not accidental and is part of their systemic globalization policy: "Corruption weakens financial organizations and systems, hinders foreign investment and violates international capital flows. In order to overcome precisely these threats to economic growth and financial stability, the IMF cooperates with member countries in an effort to strengthen state institutions and legal frameworks," states the employee of the IMF Foreign Relations Department A. Thomson.

The fight against corruption, the creation of effective mechanisms for overcoming it, was one of the first requirements of international organizations throughout the post-socialist period of Romania's existence, and also one of the main conditions for the country's accession to NATO and the EU. At the same time, the pressure on the country in this issue was carried out both through official agreements of Romania with the governing bodies of the EU and NATO, and through the activities of numerous international organizations, both inside the country and abroad.

In April 2017, the IMF published its next report on Ukraine, which says that between 1995 and 2005, in this country there was a stable economic growth and the impact of corruption begins to affect only since 2005. This study makes another paradoxical conclusion: "Now that most countries finally face the advantages of traditional macroeconomic reforms, the fight against corruption can have a stronger impact on growth (economical)."

One can't fail to pay attention to the logical sophistication with which the IMF experts ascertain the common fact: it is precisely the implementation of "traditional macroeconomic reforms" that actualizes the need to conduct an anti-corruption struggle, the success of which leads to economical growth.

A logical question arises: if, as the experience of Ukraine's development in 1995-2005 shows, economic growth is possible without strict adherence to IMF recommendations, then what is the goal of implementing "traditional macroeconomic reforms"? The answer is obvious in hundreds of country reports, the IMF and the World Bank, including those we already quoted, is the formation of the country's "investment attractiveness" for foreign investors.

Next, we need to find an answer to another question that arises from the above sentence: if the fight against corruption is actualized by liberal market reforms, then what is the nature of the emergence of corruption itself? If we draw conclusions from the IMF documents, then the institutional strength of the national state is corruption.

From the point of view of the national economy, corruption is of two kinds: "home" - which leaves capital inside the country, enriching the local elite, and "import" - which exports capital from the country, providing income to external interests.

A vivid example of "home" corruption is the dictation of Park Jeong Hee in South Korea: Pak regularly forced industrial conglomerates-chaebols to allocate money for party needs. In exchange,

they received cheap soft loans and preferences in business. At the same time, all the money remained in Korea.

That way, we can conclude that corruption, which is offered to fight in the IMF and the World Bank, is nothing more than a mechanism to maintain the competitiveness of national business. Then, the fight against corruption is nothing more than a desire to destroy such a mechanism.

A special place in the generation of corruption is the functioning of bureaucratic structures. Many researchers state that in Europe, one of the most serious obstacles to economic growth is the bureaucratization of decision-making procedures.

According to the English historian J. Kigan and the Australian political scientist K. Minogue, in the European Union "national self-determination and the use of power are replaced by rational procedures, through supranational bureaucracy, supranational legal systems and institutions."

A significant amount of regulatory documents, supervisory European bodies, national and supranational harmonization bodies - all this creates obstacles in the functioning of not only national, but sometimes transnational business. But if multinational companies have a developed system of lobbying their interests, then small national players are in a situation known to be losing.

In the public space, the strengthening of the fight against corruption was associated with the requirements of the European Union to Romania in connection with the aspirations of the latter to enter the Schengen zone. At the meeting of D.Cholosch with German Chancellor A. Merkel in January 2016, the Romanian representative noted: "Romania made significant progress in the fight against corruption in recent years, and progress began to be felt within society. The government is determined to continue this positive trend, and we expect that the future report on the mechanism of cooperation and verification of the European Commission's justice reflects these positive developments, including the decision that the EU member states should take in connection with Romania's accession to the Schengen. "

On May 30, 2018, the MEPs also spoke in favor of extending the Schengen agreement to Romania and Bulgaria: "If the Schengen disappears, the EU will disappear as we know it now," said the European Parliament deputy from Czechia J. Stetina. Nevertheless, this issue has not been resolved for two years already, although even the Euro-optimist D.Cholosz declared repeatedly in June 2016 that Romania is fulfilling its obligations, and the decision to include Romania is not accepted: " Indeed, this is a little annoying for Romanians, because there is an opinion that double standards are applied to the member states (EU). "

There is reason to believe that the reason for the lack of a decision to include Romania in the Schengen agreement is not that the country does not fulfill its obligations, but rather is connected with the expectation of privatization of the remaining energy and transport companies in state ownership. This was stated by experts of the World Bank in their recommendations. With this issue links the prospects for the development of commercial Romanian-German relations and the head of the Romanian branch of the German Chamber of Commerce and Industry. In his opinion, "the main challenges for Romania lie in the area of tax burden, good educational policy, public procurement and the implementation of long-term infrastructure projects. And here we are talking not only about highways, but also about the environment and energy infrastructure. If this happens, it will be good for the whole country. "

Thus, the requirements of international trade and financial institutions, in general, and the governing bodies of the European Union, in particular, with regard to strengthening the fight against corruption, are directly linked to Romania's access to economic exploitation by transnational business. The fight against corruption has a double meaning:

- as an instrument of diplomatic bargaining, through which international organizations force Romania to make greater and greater concessions;

- as a tool to reduce the competitiveness of national capitalists in Romania, even in the domestic market. At the same time, the National Anti-Corruption Department plays a crucial role, which carries out a "sweep" of the local political and economic elite.

Corruption and the fight against it: practical implementation.

In 2002, a special decision of the Government of Romania in the structure of the Ministry of Justice created the Judicial anti-corruption presence (in the room - Parchetul Național Anticorupție). Despite this, in December 2004, the European Commission noted the poor performance of this agency and ordered the creation of effective mechanisms for fighting corruption in the shortest possible time. As a result, the Romanian Parliament approved the position of Minister of Justice Monica Macovei, who was entrusted to deal with this issue.

Before M.Makovei became Minister, she managed to establish herself as President of the Association for the Protection of Human Rights - the Helsinki Committee in Romania (APADOR-CH), as well as work in international missions in Kosovo, Bosnia and Herzegovina, was a member of the Board of Trustees Central European University, as well as the Council of the Platform for European Memory and Conscience. In 1999, she became one of the founders of the Romanian branch of the international organization Transparency International. After leaving the ministerial post, since 2009 Makovei is a member of the European Parliament.¹⁶ With the active assistance of M. Macovei as a member of the European Parliament, an Association Agreement between the EU and Moldova was signed. In addition, in 2014 she ran for President of the country, but lost the race to K. Juhannis.

While in office as Minister of Justice, M.Makovei developed the National Anti-Corruption Strategy, within the framework of which it was proposed to create a specialized anticorruption investigative body directly subordinate to the president of the country.

In 2005, the National Anti-Corruption Department was established (hereinafter referred to as NAU, in the room - Direcția Națională Anticorupție). In addition, by 2007 the Romanian Ministry of Justice has made a number of important changes: the reform and computerization of the judiciary, the launching of a system of random distribution of cases among judges, and a new statute for magistrates (judges and prosecutors, including a provision on the incompatibility of their posts with intelligence and national security service), the legislation for the investigation of ministers' affairs has been improved, the National Agency for Integrity has been created, such a phenomenon has been criminalized to "conflict of interests".

In 2006, NAU was headed by D. Morar, who stayed at his post until 2013. From 2013 until now, NAU is headed by L. Kovesi. The current head of NAU, like Makovei, has worked as a prosecutor: 1995-2005 - worked in different positions in the prosecutor's office of the city of Sibiu, from 2005 to 2012 - served as the Attorney General of Romania. Having taught their "own" person to the post of the head of NAU, global interests took care of giving her the widest possible powers: conducting and monitoring the investigation, functioning of the judicial police, experts in economics, finance, IT, the ability to monitor suspects. The investigation can be started on the basis of reports: from individuals, from government bodies, commercial structures, public organizations.

In its report on anti-corruption measures in the EU countries, the European Commission describes the work of this agency as follows: "The specialized prosecutor's office for combating medium and high level corruption, NAU has built up a visible track record of non-partisan investigations and prosecutions with respect to allegations of corruption at the highest level of government, justice and other sectors, such as tax administration, customs, transport, construction, health, etc. Over the past seven years NAU More than 4700 defendants, 90.25% of his indictments were confirmed by the final verdict of the court. Almost 1,500 accused were convicted, while almost half of them held very high posts. "

In Romania, the presumption of innocence for officials has virtually been abolished. Thanks to the work of the media and grant organizations against the backdrop of the deteriorating social

situation of the population, it is possible to maintain the relevance of the topic of fighting corruption at the national level. Inside the country NAU activity is widely welcomed, not only among the civil sector, but also among ordinary citizens. According to the sociological survey conducted by INSCOP in March 2016, 59.8% of citizens of the country trust NAU, with the parliament - 12.6%, the government - 22.6% .

Activity NAU meets fierce resistance among the political elite of Romania. In an interview with "The Guardian" in November 2015, L. Kovechi noted that "big problems for prosecutors come from politicians": "Every two weeks they come with a new bill trying to change the legislation. Trying to limit our ability to investigate. They are trying to amend the Criminal Code. Trying to deprive us of our tools to limit our investigation capabilities. What is curious: they never try to improve legislation, so that we can help more! "

Short statistics on four years of NAU work:

- 2014 - 1138 people,
- 2015 - 1,250 people (including Victor Ponta, 5 ministers, 21 parliamentarians, the amount of damages to the state - 194.37 million euros;
- 2016 - 1270 people were brought to trial, including 3 ministers, 17 parliamentarians, 47 mayors, 16 municipal employees, 21 company executives, the amount of damages to the state - 226 million euro;
- 2017 - 997 people were involved, including the President of the Chamber of Deputies, 6 parliamentarians, 3 ministers, 49 mayors, 6 municipal employees, 11 company executives, the amount of damages to the state - 159.5 million euro.

Table 5. Convicted entrepreneurs in Romania.

A person	Commission of crime	Social status. Type of offense	Term	Date of judgment
Dorin Kokosch	2008-2010	"The Microsoft Case". Purchase of software at an inflated price.	2 years 4 months imprisonment	2016.10.03
Nikolae Dimitriu	2008-2010	"The Microsoft Case". Purchase of software at an inflated price.		
Mircea Băsescu	2011-2016	Influence trade.	4 years imprisonment	2016.06.16
Gruay Stoika	2013	President of "Grampet Group". CEO of the company. Grup Feroviar Român. Use of influence.	2,5 years imprisonment , 90 days of community service	2016.02.23

Mihai Toader	2008	Purchase of software at an inflated price.	8,5 years imprisonment	5	2015.10.1
John Nikulae	2009	The richest man in Romania. Financing of the presidential campaign.	2,5 years imprisonment	2	2015.04.0
Dan Voiculescu	2003	The senator. Trade in political influence.	10 years imprisonment	8	2014.08.0
Ion Dumitru	2000s	Director of the company "Romsilva". Buying bulldozers in Ukraine at an inflated price.	3 years of probation	7	2013.06.0
Gigi Vecali	1998	A wealthy entrepreneur. Fraud with the land.	2 years imprisonment	0	2013.05.2
Marius Lokik	2009	Businessman . Bribing Senator Catalina Voychu (PSD)	7 years imprisonment	2	2012.04.2
Costel Kashuneanu	2009	Businessman . Bribing Senator Catalina Voychu (PSD)	7 years imprisonment	2	2012.04.2
Ionel Manzog	2000s	Director of the power plant in Turceni. Fraud with the land.	5 years imprisonment	1	2011.04.1
Dumitru Dragomir	2009-2014	Former chairman of the Professional Football League. Tax avoidance.	7 years imprisonment	3	2016.06.2
Gabriel Popoviciu	2000-2004	A wealthy entrepreneur. Fraud with the land.	9 years imprisonment	3	2016.06.2
Ilya Karabulè	2012-2013	A wealthy entrepreneur. A bribe giving.	6,5 years imprisonment	8	2016.03.0

Source: Romanian media.

Acquaintance with accusations on which the representatives of the national business elite of Romania were convicted gives an opportunity to see that the most common among them is "giving bribes", "trading in influence", "buying at an understated / inflated price." By and large, all these

violations are characteristic features of any entrepreneurial activity. At the same time, it is necessary to take into account the political context of these cases. The problem is that a significant part of the above listed and those who have not been mentioned belong to the Social Democratic Party of Romania, which, while adhering to the foreign policy of the course for comprehensive Euro-Atlantic integration and integration into the global economic space, nevertheless upholds the principles of the social state and the national sovereignty, including, in the sphere of economic policy, that is, supports the support of the national manufacturer.

At the same time, a significant part of those politicians and businessmen who support the foreign economic intervention in Romania and facilitate the seizure by foreign capital of key positions in politics, finance and production do not appear in the dock.

Real results of the supranational anti-corruption system.

An example of the application of "double standards" in the field of combating corruption is the history of privatization of Romania's largest metallurgical plant Sidex (Galatz). In 2001, it was purchased by Arcelor Mittal, a member of the Mittal Steel Company N.V., founded and owned by the Indian-British billionaire L. Mittal. The initial value of the plant was estimated at \$ 1 billion. But after the auction, Romania from the privatization of this enterprise was to receive 77 million US dollars. In the end, the state received only \$ 25 million. Moreover, according to the court's decision regarding the dispute between Sidex Galați and the company of L.Mittal, the government of Popescu-Tariceanu paid the billionaire 24 million US dollars. Thus, the Transnational corporation acquired the Romanian metallurgical plant practically for free.

Such a result became possible due to a directly corrupt scheme. Before the parliamentary elections in 1997 in the UK, L. Mittal donated 4 million pounds sterling to the Labor Party fund. After winning the election and after assuming the post of prime minister, T. Blair wrote a letter to the Romanian government, which hinted at the need for privatization of the metallurgical plant in connection with Romania's European integration prospects.

In 2011, the Romanian press experienced a scandal in connection with the previous privatization of five regional electricity distribution companies. According to the estimates of auditors from the Chamber of Accounts of Romania, foreign investors bought the company at a price lowered by 600 million euros. According to Moldovan economic analyst K. Flori, examples of such privatization by European and American investors of Romanian enterprises are several dozen, if not hundreds.

Foreign investors do not bear any criminal or administrative responsibility for the mechanisms of privatization of enterprises in Romania, while thousands of government officials and hundreds of Romanian businessmen turn out to be involved in hundreds of criminal cases brought by the National Anti-Corruption Department: cases of return of property privatized by foreign companies to state ownership are rare. For example, in 2001, the steelmaking plant Resita, which was sold to Noble Ventures from the US a year earlier, was returned to state ownership. For the company, the company paid \$ 4 million, in addition, it planned to invest \$ 67 million in the next three years. But, in fact, the company has taken a course to ruin the enterprise: a decline in production, a drop in product quality, non-fulfillment of orders. The union of workers protested and the state went to a meeting of the plant's staff: privatization was abolished.

All such cases of such low-profit privatization auctions became possible due to direct political pressure on Romania from European and world institutions. Thus, it turns out that the state privatization policy of Romania in 1990-2000-ies. was completely corrupted, and this corruption was imposed on the country by those actors of world politics, who are now developing "mechanisms for countering corruption."