

THE ROLE OF INSTITUTIONS IN STIMULATING ECONOMIC DEVELOPMENT IN ROMANIA

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Abstract

In recent years, scientific literature highlights from different perspectives (economic, geographical, historical and political) the connection between institutions and economic development. There have been numerous empirical studies which revealed a positive relationship between institutional quality and economic growth, but there were also studies which concluded that states should have a minimum level of economic development to properly exploit the institutional matrix. The institutions that stimulate development are those that encouraging individual and collective freedom, favors adaptation to change, assimilation of innovation, expansion of common knowledge, capital accumulation, increasing the government performance through a lower bureaucracy, a high degree of cooperation and flexibility, low levels of corruption etc. In other words, institutions and rules of law are the criteria and means to diminish potential conflicts and building a social order.

Currently, in the context of economic and social crisis, Romania is in an institutional impasse. This impasse can be overcome if we are considering issues relating to law, guarantee civil rights or property, state behavior, sanctioning abuses etc. The measures taken were often deficient, fact which strengthens the idea that if a major importance is not given to the establishment of viable institutions, which to act responsibly in the economy, then it will be permanently generated only costs that affect the degree of economic development.

Based on these assumptions, the purpose of this paper leaves to the need to understand better how to use institutions in Romania to create a proper environment for development. Thus, we will realize an empirical analysis which to emphasize the place of our country at European level concerning the institutional trust. The research results will guide us in understanding the capacities of economic enhancement of our country, through the identifying of problems and, based on these aspects, drawing in conclusions some countermeasures.

Keywords: *institutions, economic development, trust, corruption, institutional quality*

JEL classification: *O10, O43*

1. Some considerations on institutions

Recent approaches in the literature of specialty highlights the major impact of the formal and informal institutions (law, legislative regulations, private property, contract, free market, religion, culture, traditions etc.) on economic growth¹. According to the vision of contractarianism, institutions have emerged through a social contract between citizens and state, which had as main goal to lead the reducing of abuses, protection and social order. This social order may be installed only in the conditions of the existence of an institutional quality to

¹ See for details: Acemoglu, D., Johnson, S. (2005), *Unbundling institutions*, Journal of Political Economy, 113(5), 949–995; Casson, M., Della Giusta, M., Kambhampati, U. (2009), *Formal and Informal Institutions and Development*, World Development, Elsevier, vol. 38, no. 2, pp. 137–141

generate a high confidence in both individuals and institutions. In many states, this goal is hard to be achieved because is not realizing an effective cooperation, without corruption acts and thus, requires a profound institutional change. The specificity of the institutional change process finds its explanation mainly in the informal institutions and their role in strengthening the capitalist system. From this perspective, change is associated with a high level of uncertainty resulting from the disappearance of a certain order and the creation of an institutional vacuum: on the one hand, institutions of the past are no longer appropriate to the new realities and should disappear, and on the other hand, do not know much about new institutions that need to replace them and, especially, they do not develop overnight. The structure and the economic transformation differ from country to country. Although there are some common elements between them, we can truly understand the unique properties of each only if we do comparisons with other countries². The knowledge of the institutional matrix offers serious clues about the sources of inertias and difficulties encountered when some of its components are in disagreement with the progress's requirements. It helps us to understand why institutional change in Romania is a thorny process, difficult to achieve (it seems, the most difficult) and as much as the governments want to accelerate the cadence of institutional mutations, the show offered is that of the fight with inertia; with inertias acquired during decades and that belong either to a revoluted system that we manifest serious intentions to free ourselves from or to older times but which have become components related to the organics of the being, penetrating our mind's corners, acquiring the status of behavioral norms and chasing us even when we formulate questions and when we offer answers related to our future³. Consequently, in general, a mutual relationship, of reciprocal strengthening is established; the developed countries become stronger because development means supports of institutional efficiency while, the poor countries remain in a poverty trap due to the fragility of formal institutions.

When we speak about institutions, we refer to something more extensive than merely a set of legal entities easy to identify, such as parliaments, central banks or syndicates. The institutions represent a network of formal and informal rules meant to introduce order in the

² Kornai, J. (2007), *The Great Transformation of Central Eastern Europe: Success and Disappointment*, Economics of Transition, 14(2), 207-244, in Marelli, Enrico, Signorelli, Marcello, *Institutional Change, Regional Futures and Aggregate Performance in Eight EU's Transition Countries*, Quaderno, no.37, p. 8.

³ Pohoată, I. (2006), *Nevoia de a studia instituțiile și instituționalismul (The need to study institutions and Institutionalism)*, Academica, Bucharest, p. 36

economic and social life and to edify a mechanism of applying and monitoring these rules in view of efficiently using the available national resources. The institutions form the environment that can influence positively or negatively the course of economic and social activities of a one country. We mention that by formal institutions, we understand property rights, law's authority, free market, contract, which consolidate the state of law and ensure the law's ruling, a moral political class, and a strong and independent justice. Through these institutions, we can eliminate social conflicts and, instead, promote cooperation relations that economize the resources and allow directing them towards useful, productive activities. The formal institutions are responsible for ensuring the normal functioning, without market obstacles. The effective and efficient functioning of market institutions is determined not only by the capacity of economic operators to organize themselves and operate in the competition environment, but, to a larger extent, by the capacity of governmental entities to establish and apply the rules of the game, to bring the necessary corrections to these rules when it is appropriate⁴. Besides the formal institutions, there can also be informal institutions, made up of customs, traditions, way of life, cultural inheritance etc. These differ from country to country and from individual to individual, being much more difficult to change and having a more reduced influence on development. In order to have efficient economic processes, we must discover the inconsistencies that lead to the market failures and to the faulty allocation of resources, and then to find means of eliminating them. D. North, the most important exponent of the new wave of institutionalists, emphasizes that institutions represent the rules of the game in a society, configuring the relationships between people, being designed by people who act rationally and that are lacked of constraints: "institutions are a set of rules, compliance procedures, ethical and moral standards, designed to limit the behavior of individuals acting against the law"⁵.

Although institutions matter a lot in the real economic world and are susceptible of analysis with the economic theory instruments, however, the approaches until the present, as extent and thoroughness, are far from highlighting the valences of this research field. The main cause is not represented by the researchers' incapacity to understand the institutions' role in

⁴ Iancu, A. (2008), *Convergența instituțională și integrarea în UE (Institutional convergence and the integration in EU)*, Romanian Academy, National Institute of Economic Research, Bucharest

⁵ North, D. (1990), *Institutions, institutional change, and economic performance*, Cambridge University Press, Cambridge, pp. 201–202. Also, see: North, D. (2005), *Understanding the Process of Economic Change*, Princeton University Press

economy, but especially by the difficulties regarding the processes' measurement, expressing them in the quantitative indicators and reduced possibilities to aggregate the partial indicators into synthetic, rigorous, significant and credible indicators.

2. Institutions and economic development

A development theory is incomplete without a theory of institutions. Gravitating around this idea, the following question was often asked: which institutions are important in generating economic performance? In this sense, the significance of formal institutions was mostly highlighted since they establish the framework where the economic activity is carried out and provides the norms to regulate the production and exchange of goods. There is diversity between the countries as regards the economic growth, structure and efficiency of mentioned institutions. At a large scale, it is known for a fact that the property has a deep impact on innovation and entrepreneurial behavior. The significant growth of market economies since the industrial revolution has represented not only benefits in efficiency but moreover innovation rated unequalled in history. Property gives entrepreneurs the freedom to try new things, to earn profits, based on the previous economic calculation, which compensated the risks and investments it assumes. Moreover, there cannot be a competitive behavior without dispersed power and responsibility. When the property rights are sure, the individuals have stronger incentives to attain profit earning, improving productivity, capitalizing innovations, achieving qualitative goods, signing contracts, solving the eventual disputes, investing both in the physical and the human capital⁶. Only on a free market can we achieve a reallocation of property rights, based on voluntary exchange, towards the most efficient uses and relative correct calculations of transaction costs. Moreover, on a free market, the necessary connection between the healthy currency and the private property institutions is established, idea supported by the most important representative of the Austrian School of Law and Economy, Ludwig von Mises. The markets evolve when people are free to use and develop the goods and contractual rights. The private property institution determined that the allocation of resources is made in a reasonable manner, taking into account the needs of the future generations as well. The neoinstitutionalists

⁶ Boudreaux, K., Aligica, P.D. (2007), *Paths to Property. Approaches to Institutional Change in International Development*, The Institute of Economic Affairs (IEA), London, pp. 29-30

consider that the market is a complex institutions that demands, in order to function correctly, an organization based on some known rules: at the level of countries in course of development, it is firstly imposed to create an economic-social framework favorable for markets, afterwards they must adopt creative destruction, suggested by J. Schumpeter, by which everything old and unprofitable must be replaced by new productive activities that support an adequate economic growth. Another formal institution, that of contract, is especially important since the property rights are certain and the contracts are complied with, investments grow. The formal institutions imposed in a society are good when the result is the emergence of trust between strangers.

In essence, the institutions who favor development are those encouraging collective and individual freedom, favoring the adaptation to change, assimilating innovation, extending the common knowledge, accumulating social capital, emphasizing the performance of governing through a more reduced bureaucracy, a high degree of cooperation and flexibility, small corruption levels etc. In other words, the institutions and rules of law are the criteria and means for diminishing the potential conflicts and consolidating a social order. According to Freedom House and Heritage Foundation, the countries should take into account the quality of their institutions no matter the system they choose to rely on – German, Japanese or American – and correlate the formal institutions in a well-defined set, since these rationales will facilitate the path towards prosperity. To be prosperous, a nation should be primarily to protect and strengthen institutions.

The identification of institutions and the differences between the countries represents the first step in understanding the manner in which an economy grows, stagnates or declines. The second step is that of knowing the manner in which business activities adapt commercial or change contracts to specific institutional environments. A thing is certain : if the institutions of the state of law, who are meant to control and sanction the abnormalities of persons, companies or organizations from the game rules, are weak, then the market economy functioning occurs chaotically, producing ample negative effects, from massive stealing and other frauds, to wasting the resources and increasing social inequalities. To the extent that institutions concentrate their efforts to non-productive activities, making abstraction of the creative sphere, then, certainly, there are institutional rules incompatible with the economic performance. The differences between the formal institutions represent the main source of discrepancies between the countries as regards prosperity. However, we demand ourselves how we can obtain appropriate

institutions? A possible answer is suggested by the institutionalist message which is a very clear one: in order to generate economic performances, it is necessary to transform the institutional framework or architecture of a social system in a certain direction. The systems effectively combining institutions in order to foresee relatively low transaction costs, which promote voluntary exchange, reduce insecurity, grasp and distribute relevant information, encourage innovation, grow coordination and cooperation and control conflicts, determine better conditions for supporting economic growth⁷. We mention that there is no universal model to follow as regards development but only alternative models specific to each institution, given by the historical time, geographical space and state of things from different countries, the conditions appropriate to a subsequent ascension. The change must be switched to the formula of sustainable development and capitalized as support generating modernization. In this sense, focusing the transforming effects on individual is essential⁸. The changes can be slower or more sudden, according to the start positions in the transition process. Referring to this subject, there have been a series of opinions expressed in different studies. Some claim that the experience accumulated in the last years, no matter whether it is analyzed informally or with the help of data, tables and regressions, support the idea according to which the most successful transition economies are those with comprehensive and stabilized reforms. Others emphasize the fact that the role of initial conditions in explaining the growth variations is surprisingly small. The difference between the performance of countries from the Central and Eastern Europe is best explained through the differences of structural reforms than the initial conditions. However, the majority of theses from the specialty literature assert the opinion according to which the initial unfavorable conditions should not become an excuse for the lack of action. *First*, their negative effects decrease along time. *Secondly*, the empirical studies suggest, clearly, that these effects can be compensated by a not too fast progress in the direction of reforms. *Thirdly*, the most important fact is indirect: initial unfavorable conditions result from a less political will and capacity for reform and less reform means less growth.

We must mention that although the west European economies have implemented and were aware of the importance of institutions for development, those situated in the centre and

⁷ Steiger, O. (2006), *Property economics versus new institutional economics: alternative foundations of how to trigger economic development*, Journal of Economic Issues, 26: 40.1

⁸ Dinu, M. (2006), *Ieșirea din alternativă (Exit from alternative)*, Theoretical and Applied Economics, no. 10, Bucharest, p. 97

East of Europe cannot import their institutional structures since these states are either too weak to act as guarantee of these rights and institutions, or are too rapacious regarding the imposed requirements⁹.

Currently, the majority of European states with a level of development comparative to Romania's are in an impasse. This impasse can be overcome if we take into account aspects regarding the legislation, guaranteeing the citizens' or property's rights, the state's behavior, sanctioning the abuses¹⁰. The facts show us that the developed European economies have been aware of the importance of welfare and protection of institutions, which explains their prosperity and the existence of a solid institutional framework, with high incomes, relatively certain property rights, this determining a diminishing of transaction costs and expropriation cases. In these states, the formal institutions have reduced insecurity, have provided information and have put contracts into application. In exchange, the post-communist European economies have ignored the institutions' roles in development, generating a defective institutional framework, with high transaction costs, uncertain property rights, not clearly imposed laws, barriers in the way of products' entry on the market, corruption and immoral activities, waste of available resources, uncompetitive services, high social costs, subverting property, weakening the enforcement of contracts, decreasing the foreign investors' interest for the business environment. Thus, the poverty heightens and that rod which contaminates with inefficiency is extended.

3. Trust in individuals and institutions - the optimal path to development

The empirical studies emphasize the fact that there are multiple correlations between the level of trust between individuals and the welfare of a country (expressed in GDP), its growth rhythm and the economic climate. More exactly, there is a direct causality between trust and prosperity. Jean-Philippe Platteau says that practices, rules, public agencies, and a moral environment, which are supporting trust are determined, among others, by the cultural features of societies in which they have developed through their particular histories¹¹. In any country, it would be preferable to have a positive correlation between institutional quality, generalized trust,

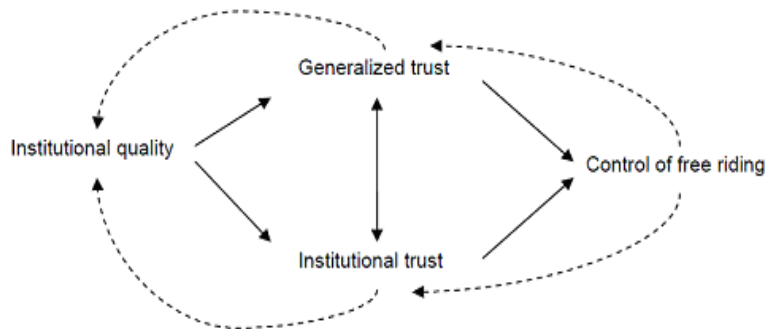
⁹ Pranab, B., (2005), *Institutions matter, but which ones?*, Economics of Transition Volume, 13 (3): 499–532, p. 512

¹⁰ Hasan, R., Devashish. M., Ulubasoglu, M. (2007), *Institutions and Policies for Growth and Poverty Reduction: The Role of Private Sector Development*, Asian Development Review, pp.74-75

¹¹ Platteau, J. P. (1994), *Behind the market stage where real societies exist*, Journal of Development Studies, 30(3), 533–577.

in order to combat corruption and abuses. In this context, the trust in institutions exists in a significant proportion only in the condition of a very high quality¹². In *fig.1*, we represent the causal relations between these:

Fig. 1 The interdependence trust - institutional quality



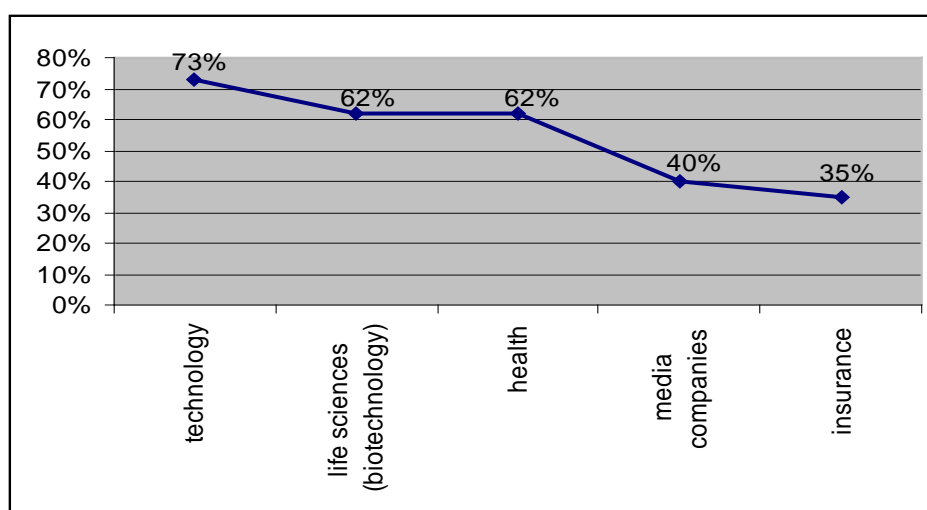
Moreover, investments are stimulated by trust, risk and costs are reduced, thus generating the economic growth. On this line, P. Zak and S. Knack, in the paper *Trust and Growth*, analyzes 55 countries, including Romania. The results show that in what is concerning the degree of confidence, we are on the bottom of the list, with 16% confidence degree. Norway opens the list with 65% confidence level¹³. Being affected the trust between individuals and institutions, differences in economic growth occur. If, for example, less than 30% of individuals trust each other - as in many developing countries, where millions of people live with less than 2 \$ per day - living standards are unlikely to be improving and poverty will increase. Also, in these countries, there is a low probability that governments act to increase confidence: some countries may be trapped in a limited trust, named “poverty trap”. The same authors mentioned, in the paper *Building Trust: Public Policy, Impersonal Trust and Economic Development*, reach the following conclusion: trust grows together with the perfecting of formal and informal institutions and with the salaries growth and decreases through the heterogeneous component of population and polarization (incomes heterogeneity).

¹² For details, see Andreas Duit, *Institutional quality, trust, and free-riding norms in 68 countries*, Working Papers 2010:1 Department of Political Science, University of Stockholm

¹³ See Zak, P.J. si Knack S., *Trust and Growth*, The Economic Journal, 111:295-321, 2001. The researches of P. Zak and S. Knack have explained the vast gap that exists in trust among different countries and have showed which the relationship between trust and economic growth is. The authors have emphasized that confidence in a country depends on five primary factors: income per capita, income distribution, government efficiency, social cohesion and education. Their most important result is that the degree of economic, social and politic confidence of a country has a great impact on the development of a society. High confidence means high investments, formal institutions and social homogeneity, all these leading to growth.

They believe that inadequate institutions reduce the degree of protection of property rights and this fact is followed by losses for the companies¹⁴. On trust in institutions, it counts as a significant proportion as is associated with strong economic growth and development, especially private investment. The trust is reducing transaction costs. Renowned Edelman Trust Barometer survey in the first half of 2009, which was attended only by persons aged between 35-64 years, highlights the fact that Europeans are not too confident in institutions and organizations¹⁵. At the level of various industry sectors in European space there are various degrees of confidence:

Graph 1 Degree of trust among different sectors of industry at European level



Source: after Edelman Trust Barometer, 2009

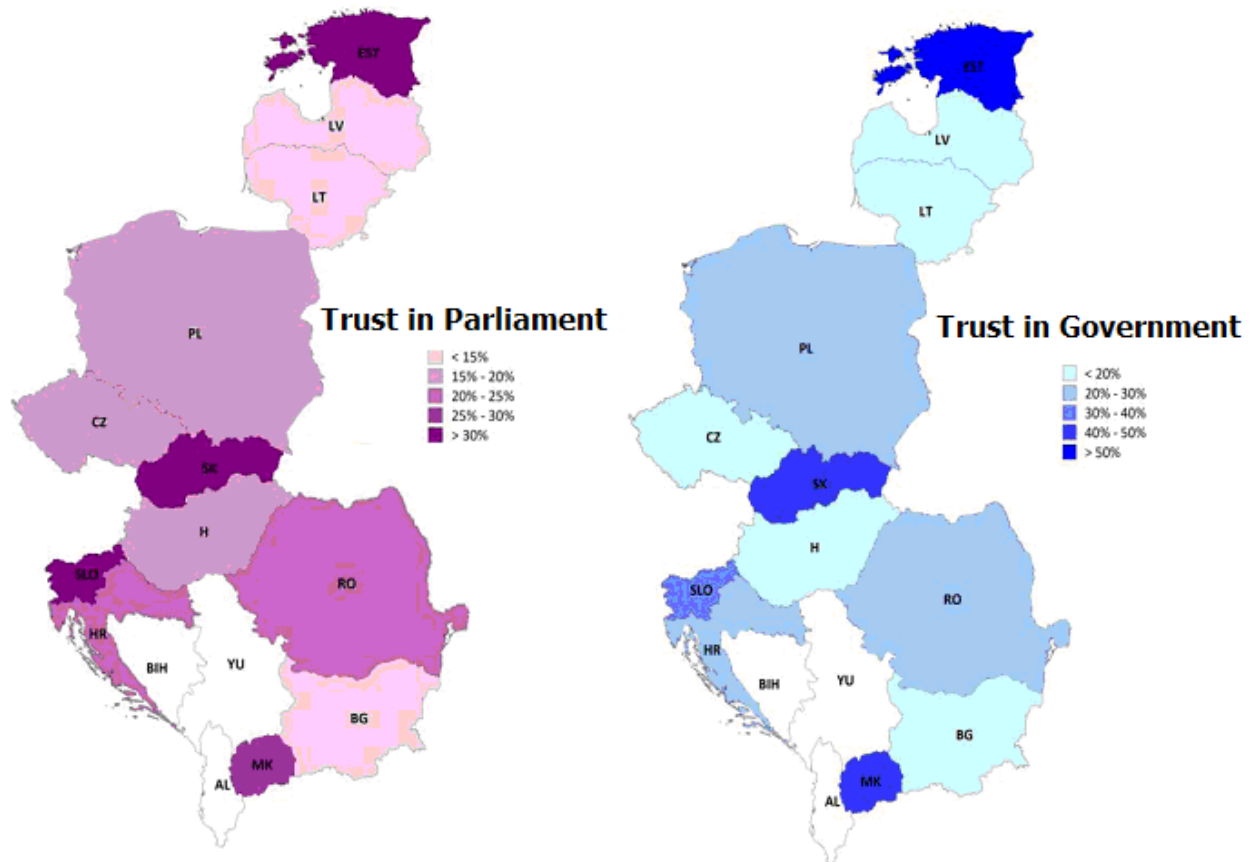
Largest share in what is concerning the trust is held by the technology sector (73%), followed by life sciences (62%) and health (62%).

In what is concerning the confidence in state institutions (Parliament, Government) in Romania the situation is not a normal one. We see in the map below (*fig. 2*) that the confidence of people in Parliament is between 20-25% and in Government between 20-30%, compared to other countries like Slovakia and Estonia, which enjoyed a greater than 50% confidence.

¹⁴ See Zak, P. J, Knack, S., (2002), *Building Trust: Public Policy, Impersonal Trust and Economic Development*, Supreme Court Economic Review, no. 10, pp. 91–107

¹⁵ Many consider *institutions* and *organizations* to be identical but there are differences between them. An institution is any generally accepted procedure, governing the process of interaction between members of a society. Organizations, in turn, are subcomponents of the institutions and if we were to express in terms of D. North, institutions are “rules of the game in a society” while “organizations are the players”. Organizations are entities created by political and economic entrepreneurs to examine the incentives offered by institutional framework.

Fig. 2 Trust in the main state institutions in Central and Eastern Europe, 2008



Source: http://www.iccv.ro/valori/newsletter/NLVR_NO_5.pdf

So, trust in institutions is not so good in our country and therefore urgent measures are required to be taken on this line, especially on the fight against corruption. Country Reports prepared by the EU institutions draw attention to this issue. Corruption is generating many negative effects in an economy and that is why we consider appropriate to empirically analyze the connection that is created between trust in institutions / individuals and the degree of corruption.

Methods and data

In our approach, we considered the dependent variable „trust in institutions / individuals" and the independent variable, „the degree of corruption." Analysis was conducted on European countries, for the year 2009.

Data for the analysis were collected from sources such as: *The World Value Survey*, *The European Values Study*, *World Bank*, *Transparency International's 2009 Corruption Perceptions Index (CPI)* and are presented in **Annex 1**. Dependent variable values were based on a study realized by L. Hamilton, in which were addressed to respondents (1115 persons from each country analyzed) the following question: “Generally, you think you can trust most institutions / individuals or we should take care when working with them?”. Answer possibilities were: 1) Most people/ institutions can be trusted and 2) We must be very careful when cooperating¹⁶.

Thus, the hypotheses are:

H1: the considered variables are dependent (there are links between them);

H2: the considered variables are independent (no links are identified between them).

Research results

After processing, we reached the following results:

	Mean	Std. Deviation	N
Most_people/institutions_can_be_trusted	30,0963	15,19589	27
Corruption	5,9148	2,10415	27

In the 27 countries examined, belonging to the European continent, it is observed in *table 1* that there is an average of trust in institutions and individuals of around 30% and the corruption is on average of 5.9 points (on a scale from 0-10, where 10 represents a low degree of corruption). To explain the relationship between the independent and dependent variable, we used the regression and correlation analysis (ANOVA). Thus, Pearson correlation index, which measures the intensity of the relationship between two variables, reveals that there is a strong direct link between trust in individuals / institutions and the degree of corruption, which are

¹⁶ See Halman, L., *The European Values Study: A Third Wave*, Tilburg University, Tilburg, 2001

influencing each other in 71.90% of cases, (in *table 2*, the value of this index is 0.719, which is close to value 1, which corresponds to a perfect link).

Table 2 Correlations

		Most_people/institutions_can_be_trusted	Corruption
Most_people/institutions_can_be_trusted	Pearson Correlation	1	,719(**)
	Sig. (2-tailed)		,000
	Sum of Squares and Cross-products	6003,790	597,461
	Covariance	230,915	22,979
	N	27	27
Corruption	Pearson Correlation	,719(**)	1
	Sig. (2-tailed)	,000	
	Sum of Squares and Cross-products	597,461	115,114
	Covariance	22,979	4,427
	N	27	27

** Correlation is significant at the 0.01 level (2-tailed).

Also, as seen in *table 3*, the value of the significance level of the variables considered (Sig.) is 0, less than the threshold of 0.05, which means strong links between variables (in our case, a perfect connection), so it can say with 99% probability that hypothesis H1 is confirmed.

Table 3 ANOVA

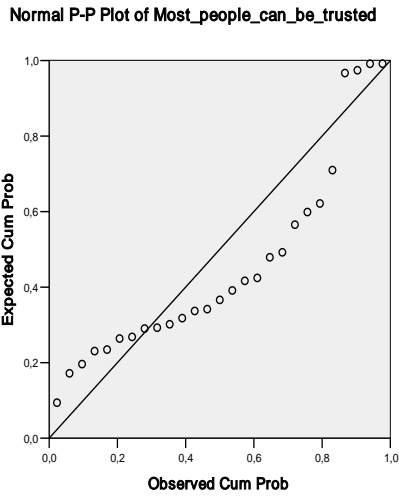
	Cluster		Error		F	Sig.
	Mean Square	df	Mean Square	df		
Most_people/institutions_can_be_trusted	4968,547	1	41,410	25	119,985	,000
Corruption	46,894	1	2,729	25	17,185	,000

Checking the hypothesis of dependence can be also realized graphically using the diagrams P-P Plot and Scatterplot.

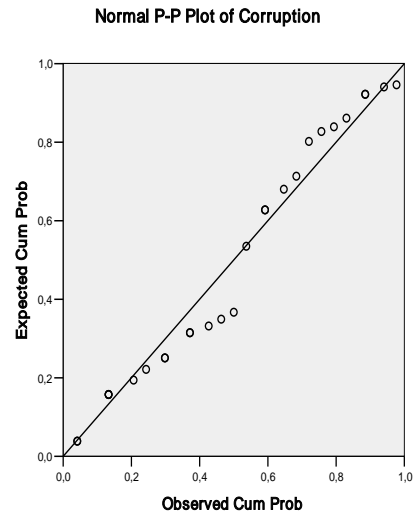
In *graph 2* and *graph 3*, we note that compared with the regression line, which starts from the point of origin, there are deviations on the two variables analyzed. Thus, we find that European countries in which the trust in institutions and individuals is small are more numerous (represented graphically under the regression line), while the number of those that meet a trustworthy over the average level is smaller. The same conclusion remains valid also for the variable referring to corruption.

P-P Plot diagrams

Graph 2



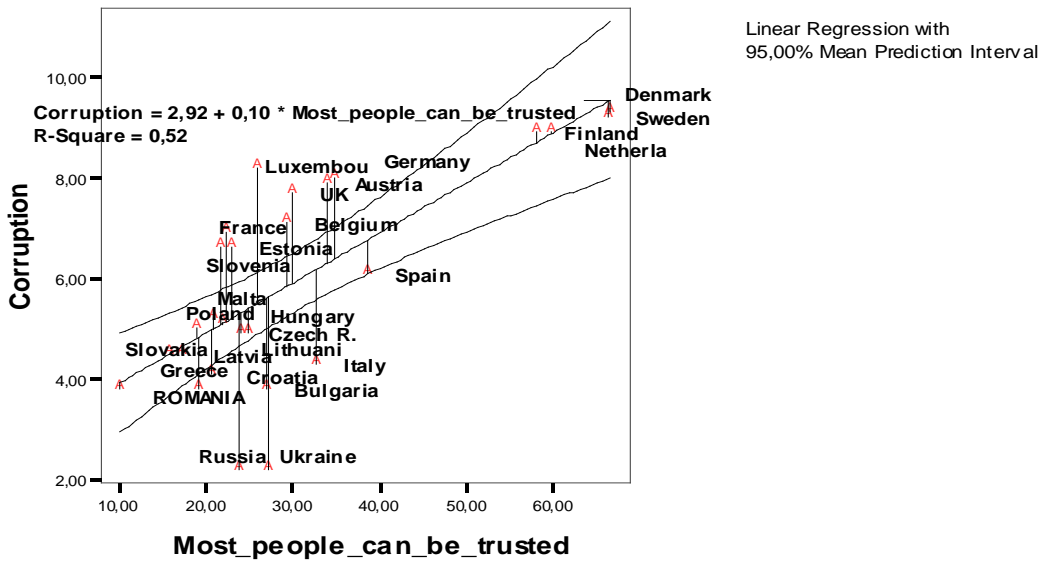
Graph 3



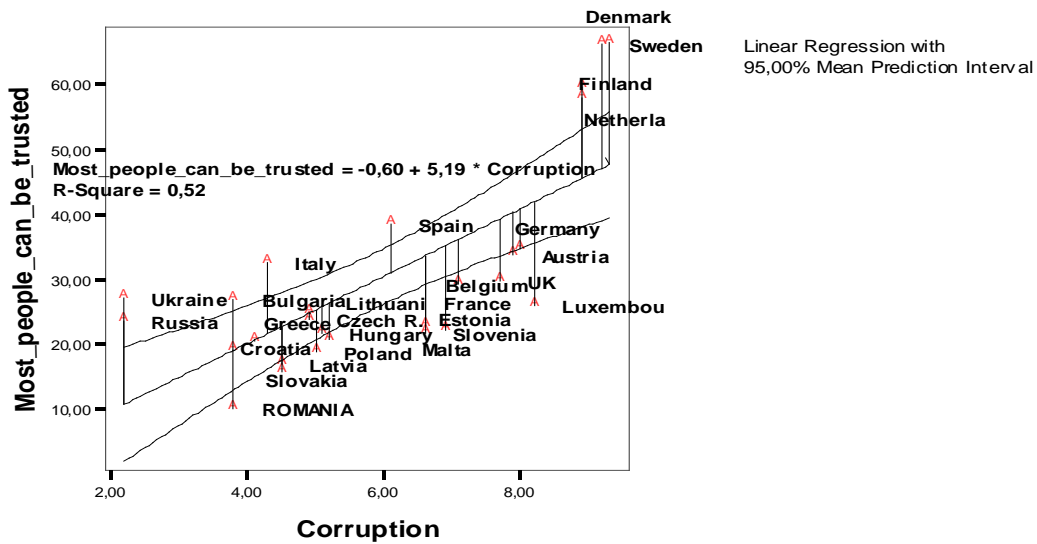
In the Scatterplot diagrams (*graph 4* and *graph 5*) can be seen more clearly the discrepancies on the two variables that exist between the analyzed countries.

Scatterplot diagrams

Graph 4



Graph 5



We observe that the Nordic countries (Denmark, Sweden and Finland) have the first three positions in what is concerning the trust in institutions and individuals, moving right from the point of origin. On a scale of 1-100, where 100 is the maximum confidence, the mentioned countries have a score of 66.5 points, 66.3 points, 58 points respectively. Instead, Russia, Ukraine Romania, Bulgaria are positioned at the bottom of the chart, which signify the existence of major problems in fighting corruption, thing that determine very low individuals and institutions trust. In *graph 6*, in the square over the principal axis, we could see the countries which are better placed regarding the trust in individuals and institutions and in the square below the main axis are the countries where corruption is high.

Graph 6

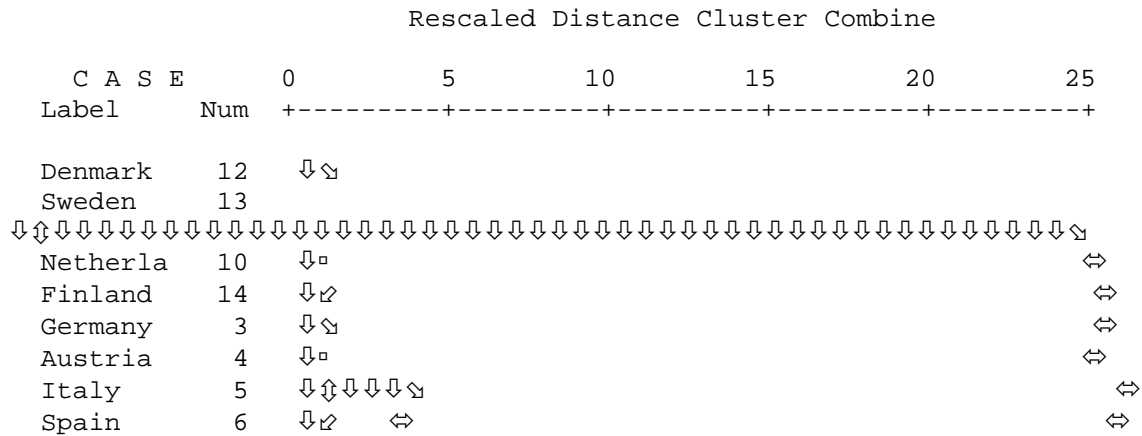


Also, cluster analysis allowed us to identify those states that have relatively the same levels of corruption and trust in institutions (*fig. 3*). This demonstrates that the views, attitudes that form clusters of countries are converging on the analyzed problem.

Fig. 3 Dendrogram

* * * * * H I E R A R C H I C A L C L U S T E R A N A L Y S I S * * * * *

Dendrogram using Average Linkage (Between Groups)



Only an institutional and functional transparent, non-bureaucratic regulation framework facilitates the economic development and ensures the accomplishment of exigencies imposed by the integration into the EU. Following the example of western economies, it is necessary that Romania and , in general, the Central and East-European countries understand that the definition, assigning and protection of the property rights represents one of the most complex and difficult problems that they must solve, one way or the other. Moreover, we must adopt a comprehensible and coherent implementation strategy. The institutional development is, before everything, a social transformation exercise and, as a result, needs a systematic support. Therefore, a coherent and solid institutional construction is that of responding to a certain reality in which the institutions interact, support and complete each other, the property rights are clearly defined, correctly and efficiently applied, the citizens are able to get information about the way they can begin and extend a business, there is a high quality of infrastructure necessary to a democratic system based on the market, the emphasis is placed on property and contract protection, the private investments are supported, mentalities are changed. Moreover, in a moment when Europe confronts with the globalization challenges, the bottom-up concept - based on identifying the problems and some concrete modalities for solutions offered by the local actors - must also be identified in the process of formulating the development politics at the communitarian level, with the purpose of not attaining an artificial construction, with objectives at declarative level, which are not feasible because, on the one hand, they do not take into account the potential or the specificities of the regions or countries aimed at, and on the other hand they do not assimilate them. The politics of development cannot be taken from the shelf and universally applied for all the types of regions or countries since in the centre of economic success there is a set of common elements (for example, rationality, profit maximizing, free market etc.) We must know to attract both the hard benefits, resulted from more efficient business transactions, more profitable investments, reduced expenses, which generate profit and jobs and soft benefits, obtained by accumulating knowledge, innovation. If we are indifferent regarding our capacity to create an economy based on innovation, which is supported by institutions adequately, it is obvious that we will lose in front of economic development.

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Zak, P. J., Knack, S. (2002), *Building Trust: Public Policy, Impersonal Trust and Economic Development*, Supreme Court Economic Review, no. 10: 91–107.

Annex 1

Country	Most people/ institutions can be trusted	Must be very careful	Corruption Perceptions Index (CPI)
Austria	33,9	66,1	7,9
Belgium	29,3	70,7	7,1
Bulgaria	26,9	73,1	3,8
Croatia	20,5	79,5	4,1
Czech Republic	23,9	76,1	4,9
Denmark	66,5	33,5	9,3
Estonia	22,9	77,1	6,6
Finland	58,0	42,0	8,9
France	22,2	77,8	6,9
Germany	34,8	65,2	8
Greece	19,1	80,9	3,8
Hungary	21,8	78,2	5,1
Italy	32,6	67,4	4,3
Latvia	17,1	82,9	4,5
Lithuania	24,9	75,1	4,9
Luxembourg	25,9	74,1	8,2
Malta	20,7	79,3	5,2
Netherlands	59,7	40,3	8,9
Poland	18,9	81,1	5
ROMANIA	10,1	89,9	3,8
Russia	23,7	76,3	2,2
Slovakia	15,7	84,3	4,5
Slovenia	21,7	78,3	6,6
Spain	38,5	61,5	6,1
Sweden	66,3	33,7	9,2
UK	29,8	70,2	7,7
Ukraine	27,2	72,8	2,2
Average	30,5	69,5	5,9

Note: The *CPI* scores countries on a scale of 0 to 10, with 0 indicating high levels of corruption and 10, low levels.

The *trust* is represented on a scale between 1 to 100, where 100 is maximum trust.