



BUCHAREST UNIVERSITY OF ECONOMIC STUDIES
DEPARTMENT OF INTERNATIONAL BUSINESS AND ECONOMICS

CCREI WORKING PAPERS SERIES

No 1/2012 June

INSTITUTIONAL DISTORSIONS, CLIENTELISM
AND CORRUPTION: EVIDENCE FROM ROMANIA

CLARA VOLINTIRU

ISSN 2285-2700
ISSN-L 2285-2700

EDITURA
ASCE

CCREI WORKING PAPERS SERIES

No 1/2012 June

Government, business, and international economy

Department of International Economics and Business

Bucharest University of Economic Studies

Piata Romana 6, 010374 Bucuresti, Romania

© 2012

Clara Volintiru

London School of Economics and Political Science

Bucharest University of Economic Studies

e-mail: C.A.Darabont@lse.ac.uk

1 June 2012

Online at <http://rei.cercetare.ase.ro/WP/index.htm>

CCREI WORKING PAPERS SERIES No. 1, posted 01. June 2012 / 01:30

Abstract

This paper addresses the way in which clientelistic exchanges distort the public institutions' functions and their relationship to the general public. In the first section, a theoretical model of the relationship between clientelistic exchanges and institutions is put forward, based on the existent literature on the subject. The second section of this paper explores the empirical evidence provided by the case study of Romania. The analysis is based on official documents and data covering the incidence of corruption and the discretionary use of public resources.

Keywords: Institutions, Clientelism, Public Spending, Corruption

Introduction

It is important to understand how clientelism works, and what are its foundations in a specific environment, because it is one of the most natural ways in which people relate to each other in a society. It is logical for the weak to pursue the protection and benefits the powerful is able to provide. On top of this innate way of structuring interactions, a series of norms and rules, enforced by institutions, shape further the political life towards the more 'legitimate' forms of interactions based on programmatic exchanges. Still, the underlying tendencies of social interaction are hard to overwrite. This is especially true for the new democracies, where the transitions have been met with low levels of confidence in the statist institutions. Therefore, in such settings, local, personal ties seemed to benefit from much greater usage than the institutional ties of the state's apparatus. That is one of the reasons why resilient informal channels of resource exchange distort the programmatic distribution of public goods, proliferating corruption and pork-barrel politics.

This article attempts to sketch the theoretical relationship between institutional constraints and clientelistic practices. It then takes on the case study of Romania as a new democracy in which informal channels of resource exchange are probable to exist. This study draws on empirical evidence of such instances of clientelistic practices as targeted public spending. It also uses the evidence on the levels of corruption, as a proxy of the state officials' inclination to channel public resources in a preferential manner, rather than on a programmatic basis. Thus, clientelism, which is a broad category including such diverse practices as vote-buying, patronage, proprietary use of state resources, or pork-barrel politics, is here analysed in the specific incidence of the pervasive distortion of public goods into club or personal goods.

1. Theoretical Considerations

1.1. An economic approach to the study of clientelism

There are different ways to define clientelism, depending on the perspective one chooses to take on the subject. As Medina and Stokes (2007) pointed out 'clientelism is one of those social terms that mean different things to different people'. Indeed, from the point of view of sociologists, ethnographers or anthropologists, clientelism is studied as a form of **social interaction** (Scott 1972, Graziano 1973, Galt 1974, Gellner and Waterbury 1977, Schmidt et al 1977, Eisenstadt and Roniger 1984, Auyero 1999). From this point of view, it is seen as a micro-level, personalized interaction between persons of different social status. These relationships benefit both parties: the power of the patron is reinforced, and consequently, the clients receive benefits and protection that they otherwise would not. Some authors have labeled such instances as 'old' (Weingrod 1968) or 'notables' (Tarrow 1967) clientelism, as they rely on a rather short and simple social hierarchy that can no longer be found in contemporary settings.

With clientelism's survival and entrenchment within the context of democratic politics, there is a growing tendency to analyse clientelism from the economic perspective. As such, it

becomes the object of *market exchanges* between interested parties. On one side there is the clientelistic offer, or supply, provided by the political parties and/or candidates. On the other side there is the demand—the clients willing to exchange their votes, and sometimes commit continual political support, in exchange for goods and favours. Within this approach, clients leverage seems to have increased, as they are no longer forced into a relationship of asymmetrical power, but voluntary participants into a transaction. The dyadic ties have evolved into a more ‘complex pyramidal exchange network of client-broker-patron exchange’ (Kitschelt and Wilkinson 2007:8). Consequently, as Piattoni (2001) observes, ‘democracy strengthens the clients’ bargaining leverage vis-à-vis brokers and patrons’. Still, this is not always the case, as in a situation in which the clients are unaware of the actual dimension of power and influence that their patron holds, there is a vast disproportion between the benefits they receive and those that are at the disposal of their ‘benefactor’.

The first approach to the subject of clientelism does not dwell much upon the political implications of what are essentially dyadic ties. It is mainly concerned with the establishment of power, or authority within a given community. It is focused on ‘organic’ bonds between people of different social strata. Within such an actor-centered approach, clientelism is thus perceived as a form of *behaviour*, rather than an *organizational mechanism*. The second approach is much more sensitive to the electoral benefits of the clientelistic pyramid. It accounts for the way in which clientelism serves as a political mobilisation tool, and is consequently framed sooner as an organizational mechanism, than a form of behaviour. This approach’s transactional logic of the patron-broker-client relationship fits well with the overall process of passing goods from the office to the party and further on to the constituency, in a democratic setting.

1.2. Institutionalism(s)

The academic study of institutions is labeled ‘institutionalism’. Olsen (2007) has defined it as ‘a general approach to the study of political organization and governance, a set of theoretical ideas and hypotheses concerning the relations between institutional characteristics and political agency, performance and development’. But, beyond this ‘general approach’, scholars have distinguished different institutionalisms informed by different understandings of the institutions themselves (March and Olsen 1984, Hall and Taylor 1996). Three such distinct approaches emerge from the literature: historical, sociological, and rational choice institutionalism.

According to Hall and Taylor (1996:938), historical institutionalists define their subject of enquiry as ‘the formal and informal procedures, routines, norms and conventions embedded in the organizational structure of the polity’. Steinmo explains how institutions are ‘simply rules’ (2001), which structure actors’ choices, and are in turn influenced by the actors themselves. Therefore, this institutionalist approach is equally concerned with the formal organizations, as with the rules and conventions that uphold them. Through the historical perspective, the entrenchment of clientelistic practices in the institutional environment of a country becomes the result of a series of ‘critical

junctures', events that in their specific sequencing and timing have led to this outcome, embedded in its context.

Another form of the institutionalist approach is the sociological institutionalism, alternatively called 'cultural' or even 'constructivist' (Hay 2006). It focuses on how the individuals perceive institutions, and how these, in their turn, shape and are shaped by those perceptions. Hall and Taylor (1996:939) explain how from this perspective, 'institutions provide moral or cognitive templates for interpretation and action', and thus 'it emphasizes the extent to which individuals turn to established routines or familiar patterns of behaviour to attain their purposes'. This approach is concerned with how the actors internalize institutional rules and procedures, and in consequence, how this cognitive process affects the individuals' behaviour in society in general, and vis-à-vis the institutions in particular. Through this 'cultural' perspective, political clientelism is a social interaction, which is based on predominantly informal, but mutually recognized norms and procedures.

In contrast, the literature reveals the third form of institutionalism based on the premises of the rational choice theory. It defines institutions in much more restrictive terms, as constrains (North 1990) or explicit rules and decision processes (Levi 1990) that affect human interaction by structuring people's incentives. Individuals obey the humanly devised institutional constrains because they believe deviation will make them worse off than will adherence (Hall and Taylor 1996, Shepsle 1989). Borrowing from the economic theory the notion of increasing returns, Pierson explains the logic of consequentiality in the institutionalist perspective of rational choice: 'the probability of further steps along the same path increases with each move down that path' (2000:252). Thus, institutions are seen as an answer to collective action dilemmas, surviving through individuals' incentives to recognize their authority. As opposed to the sociological stream, this approach only recognizes formal rules. Through this lens, clientelism would be the result of a rational choice—a decision to enter such exchanges would mean that the individual, client or patron, thinks his interests are better served this way.

Although admittedly well rooted in the interest-driven logic of institutional relations, this study accounts for both formal and informal rules and procedures that guide people's behaviour. It accounts for interest driven action, as well as for the subjective preferences people develop on the basis of long-term ties and continuous social interaction. Applying this framework to the specific issue of clientelistic exchanges, one would find that a person could well choose to support or resort to an informal exchange mechanism because it is more advantageous in the short-run—immediate receipt of personalised goods, or because it is the way that person is accustomed to doing things—going over the official institutional channels and addressing a request to a personal acquaintance.

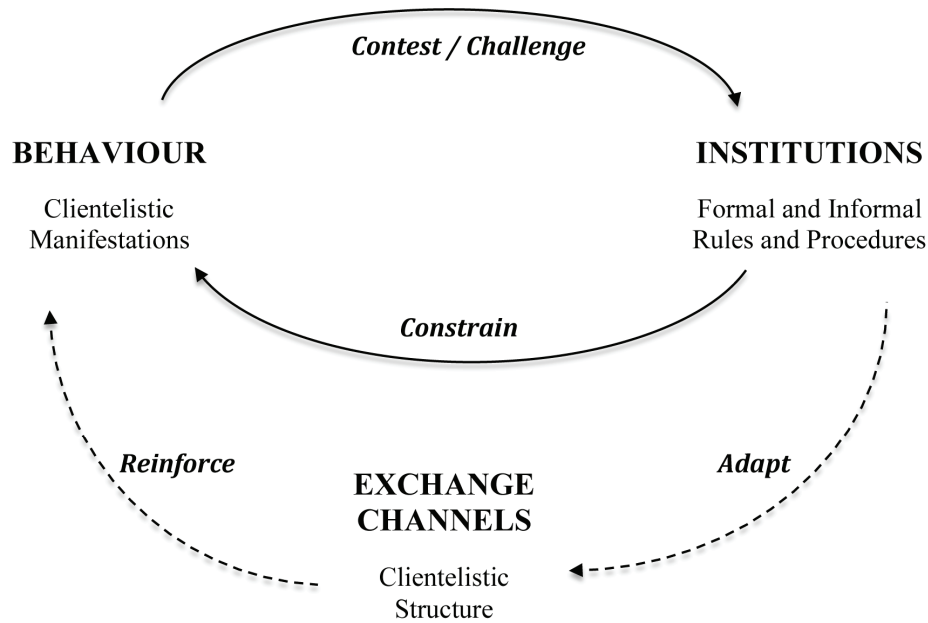
1.3. Clientelism's connection to Institutions

The studies of clientelism have been concerned for a while with the type of environment that favours the development of clientelistic networks. This preoccupation was influenced by the determinist lineage, believing that some societies or cultures are prone to resort to patronage and clientelistic practices more than others. But, this premise was proven wrong, over and over again, as instances of clientelism were identified in all societies around the globe, and across time (see comparative volumes Piattoni 2001, Kitschelt and Wilkinson 2007). The form and function of such networks varies greatly, but their prevalence is not determined by the cultural genealogy of some countries, as opposed to others. The question then remains: why do the informal clientelistic linkages sometimes prevail over the formal mechanisms of a society, and other times, remain peripheral altogether?

In attempting to explain the variation in the prevalence of clientelistic networks, one must look at the social mechanisms that support them. The bonds established between the patrons and the clients are inter-personal connections, and as the comparative studies on the subject have shown, these can be found in any social, historical or economic context. But, the veritable entrenchment of clientelistic practices within the democratic societies is not primarily reliant on the behavioural dimension of the clientelistic networks, but upon the exchange channels that connect the clients-brokers-patrons pyramidal structures. Without the discretionary use of personal or state's resources, and the channels to distribute them, patrons cannot perpetuate their linkages with the clients and the brokers. This understanding of the subject leads us automatically to the institutional environment with which the clientelistic exchange networks usually live in symbiosis.

As mentioned in the previous section, this research project accounts for both dimensions of the clientelistic phenomenon: its manifestation and its structure. Thus, it treats clientelistic linkages as being both a form of behaviour, of social interaction, as well as an organisational mechanism, or platform. But, this dual understanding also requires a dual conceptualisation of its relation to the institutional environment. As a form of behaviour, clientelism constitutes a social interaction based on the participants' incentives. As such it is rather reactive to the institutional framework in which it operates. Muller observes how 'the behaviour of political actors is guided by their preferences, but constrained by the institutional framework' (2007:256). Arguably, by applying constraints on the social conduct of individuals, on what people may and may not do, on what they should or should not do, institutions shape their preferences and incentives (see Figure 1).

Figure 1. Clientelistic Practices and Institutions



Source: the author

Reversely, we must account for the impact of clientelistic conduct on the institutional environment. *Prima facie*, clientelistic manifestations sterily distort the ostensive purposes of existent institutions, such as public services and governmental structures, having an overall corrosive, destructive effect. But, if we look at institutions in a broader sense—as formal, as well as informal, norms and procedures, which are generally recognized and enacted, and which are structured by the individuals’ behaviour, then we may see clientelistic practices as a source of contestation, and subsequently adaptation. Therefore, while the institutions constrain the clientelistic manifestations, these in their turn, contest or challenge the institutional framework. Thus, through repetitive manifestation, it may cause institutional adaptation. In conclusion, we may consider that in a society, clientelistic manifestations have a subversive effect on institutions, which in turn, shape and constrain the actors’ preferences and incentives, and thus their behaviour, be it clientelistic or not.

But, the consequential adaptation of the institutions, such as discretionary personnel policies in public services, pork-barrel politics, or growth in state administrative employment, does not affect clientelistic behaviour directly. It impacts indirectly on the manifestation of such practices, by increasing the capacity and strength of the exchange channels that support it. This is not merely a destructive process (although it usually has negative consequences in terms of administrative capacity and equitable distribution of resources), because the institutional framework is altered, and not diminished. Furthermore, once the exchange channels, on which the clientelistic networks are based, benefit from such institutional adaptations, the flows of goods and services increase. This will reinforce the adherence to clientelistic behaviour, and the incentive to be a part of such networks.

The rationale for studying the effects of clientelistic practices and structures, on the institutional environment, is based on its multiple systemic repercussions. Most of the authors on

the subject enunciate differently the negative effects of clientelism, but they all revolve around two main axes: **administrative** and **electoral**. In terms of the administrative repercussions, we encounter **wasteful allocation of resources**—‘clientelism generates excessive redistribution at the expense of public goods provision, as politicians wastefully divert government resources to favoured segments of the electorate’ (Wantchekon 2003). Thus, the distribution of selective benefits or personal/‘club’ goods is given primacy, to the detriment of the collective goods provision (Hopkin 2006a, also in Kitschelt and Wilkinson 2007). Along this same line, we also encounter **economic inefficiency** (Muller 2006), as clientelism discourages governments from pursuing economic growth (Medina and Stokes 2007).

In terms of the electoral repercussions, we find a **distortion of the electoral process**—‘the use of the vote as a currency to buy material benefits subverts the ostensible purpose of the electoral process in a representative democracy’ (Hopkin 2006a). The ostensible purpose of the electoral process is to select those representatives that would best serve the interests of the majority. Subject to the clientelistic interactions, the electoral process is inclined to select the ‘highest bidders’—those individuals that offer the most attractive or certain rewards, in one-off exchanges, on the day of the vote, or through continuous linkages, constituted around repetitive offers of goods, services, or patronage. This creates ‘incumbency effects’ or ‘lock-in effects’ (Wantchekon 2003), as the office holder, who is in control of state resources, uses them to secure its future mandate by transforming public resources into personal resources which he distributes to the population in a preferential manner. Thus electoral repercussions feed back into the administrative ones, as elected public administrators make discretionary use of public resources to maintain their office, or function.

Still, the consequences of clientelism are not all bad, as through their interaction with the institutional framework, they may **improve the linkages** between political representatives and the citizens (Hopkin 2006a). Sometimes, the redistribution of public goods may be programmatic, but inequitable. It may not reach those in need, due to institutional inefficiency, unrelated to any preferential action. In such cases, the clientelistic structures provide quicker and more efficient exchange platforms. This is usually the case for novel institutional configurations. As in most of the post-communist countries, the newly created institutions for social protection or support did not serve their purpose. The population being disenchanted and distrustful of state structures would rather turn to their local patrons for help, than to the faceless bureaucratic apparatus.

The issue of institutionalisation extends further than the political parties themselves, as in between elections, the winning party/coalition is in charge of the entire state apparatus, and carries its own, internal linkages and practices into the broader institutional environment of the country. This is why the present study looks for the proliferation of clientelistic linkages between the society/electorate, the political parties, and the state apparatus. These three dimensions are tightly connected to each other in what concerns clientelistic practices. A political party that mobilizes its electorate on the basis of clientelistic linkages will hardly escape them once in power. It is a vicious circle that reinforces itself. While we have asserted that there are significant incentives for newly established political parties to set up or capture, and make use of clientelistic networks, it is still

unclear how does clientelism infiltrate the state apparatus. Although much of these practices are proliferated from the internal organisation of the ruling party to the state apparatus, the patronage networks are at times extremely resilient to the political turnover. This would suggest that some institutions act as autonomous incubators for these networks. The question that subsequently emerges is “When and how does clientelistic exchange become entrenched into the institutional structures?” The empirical section of this paper will attempt to answer this question by looking at pervasive practices within the Romanian public institutions.

2. Empirical Findings

2.1. Corruption: Distortion of Public Functions

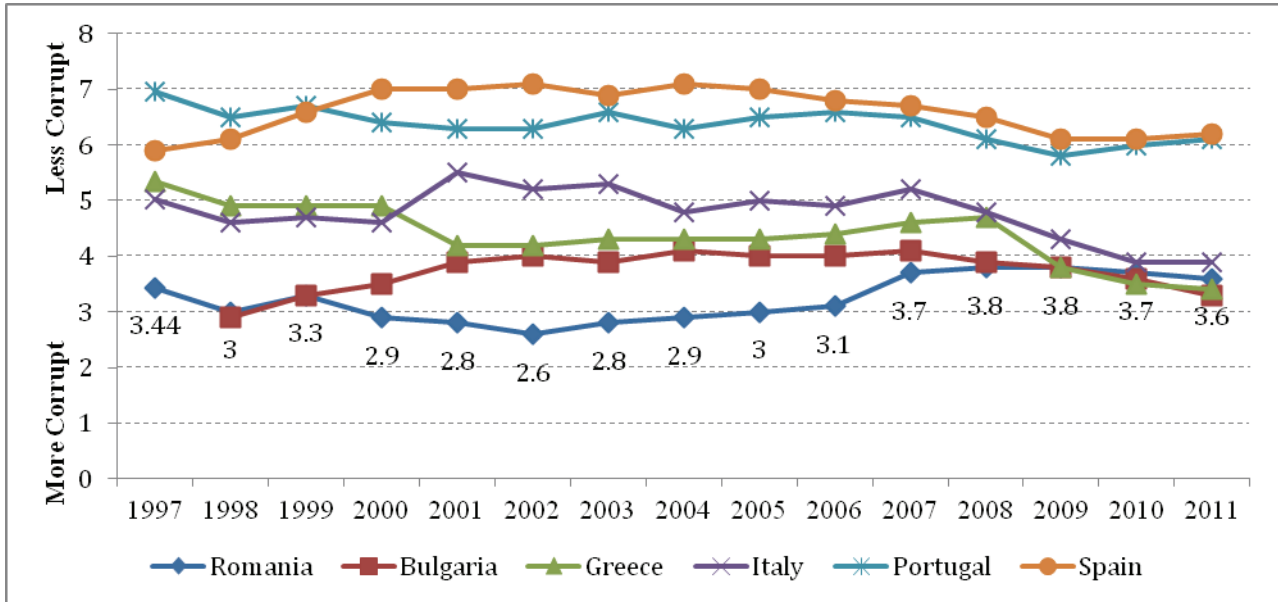
As mentioned above, this paper looks at the incidence of corruption in Romania, only as a proxy for the clientelistic interaction that leads to institutional distortions. Supporting this approach, Kitschelt asserts that it is pretty safe to conclude that clientelism prevails in a polity if we find that parties are programmatically incohesive and that experts also attribute high scores of corruption to that country (2000:871). Therefore, the incidence of corruption is a ‘symptom’ of the clientelistic disease, and as such it distorts the programmatic exchange mechanisms of the state apparatus and diverts resources to preferential recipients—be they physical (e.g. funds), or organizational (e.g. jobs, time). But, as opposed to the broader clientelistic exchanges, corruption does not have an electoral finality—it only serves a pecuniary purpose. Another important distinction to be remembered is that between low-level corruption (e.g. bribes) and high-level corruption (e.g. diversion of public funds). While most data on the incidence of corruption measures pools them together, this paper will attempt to disentangle them as much as possible, as it is the high-level corruption that has the most pervasive effects on public institutions.

The wealth of empirical data on the levels of corruption worldwide is restricted by the very high heterogeneity of collection methods. The spectrum of data ranges from objective in-depth reports that monitor the structural factors in a specific country, to more subjective opinion polls and expert surveys that monitor perceptions of corruption across the globe. This study draws on both sources of data in this section, but acknowledges their limitations in terms of comparisons.

According to the most widely used indicator of the levels of corruption—the Corruption Perception Index, compiled annually by Transparency International, Romania has consistently scored low on its scale, portraying an acknowledgement of a highly corrupt environment (see Figure 2). By comparison, other EU member states from South and Eastern Europe have scored higher than Romania over the timeframe of 1997-2011. Only Bulgaria and Greece have scored similar levels of corruption in the past three years. Positioning the incidence of corruption in the South Eastern set of countries is not incidental, as the literature on clientelism has covered widely the case studies of Spain, Italy or Greece, but very much less Romania. In any case, state capture is reliant on a continuous flow of resources between the state structures and the political clientele, and

in this process it leaves behind the evidence of what is labeled and usually perceived as high-level corruption, which is captured in these figures.

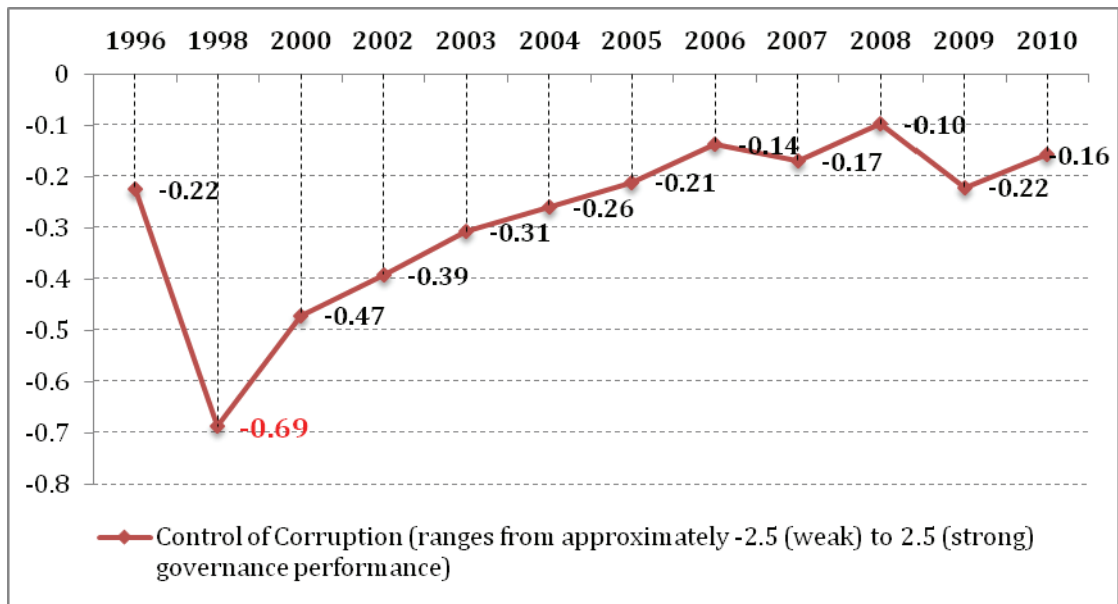
Figure 2. Perceptions of Corruption in Southeastern EU member states



Source: Transparency International, 1997-2010, www.transparency.org

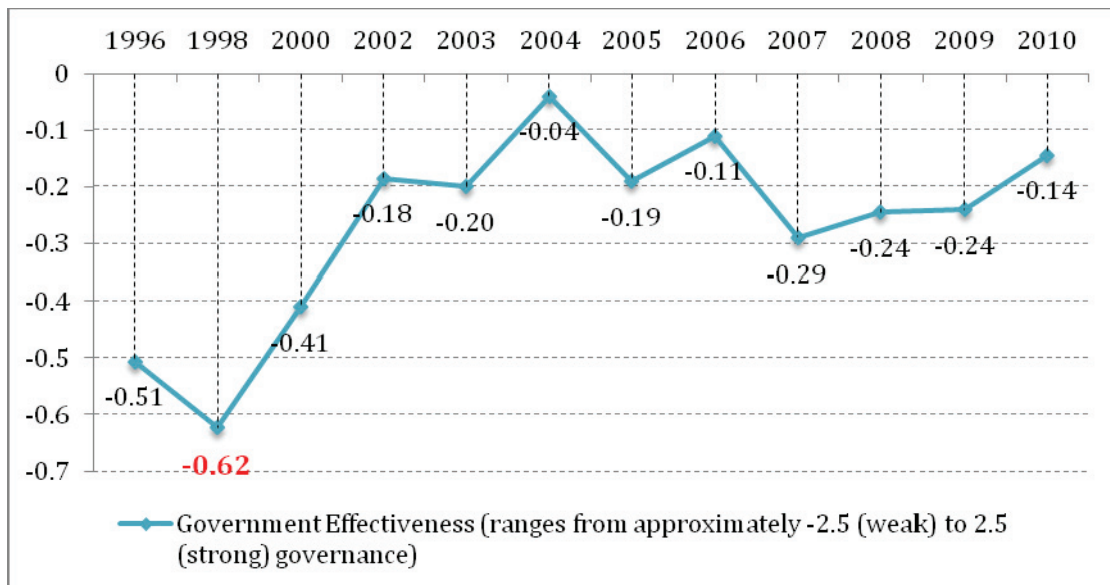
The World Bank puts forward a much more complex data set based on surveys and expert assessments, in the form of the World Governance Indicators conceived by Kaufman et al (2010). This is still a subjective assessment, but it helps us distinguish between general corruption—Control of Corruption Indicator (see Figure 3), and institutional performance—Government Effectiveness (see Figure 4). While the general perception of one is similar to the other, meaning the perception of weak governmental control of corruption is mirrored in similar levels of perception of poor governmental performance. Consequently, in both cases, 1998 was the year in which the lowest scores were recorded in the case of Romania. Still, we can see that while the control of corruption is perceived to be slowly, but steadily improving from that point on, in the case of government effectiveness we see a much sharper improvement with an all time high recorded in 2004 and a significant decrease afterwards. This suggests that even in the absence of corruption, other factors are at play, preventing the effectiveness of governance.

Figure 3. Control of Corruption in Romania: 1996-2010



Source: compiled by the author based on Worldwide Governance Indicators, www.govindicators.org

Figure 4. Government Effectiveness in Romania: 1996-2010

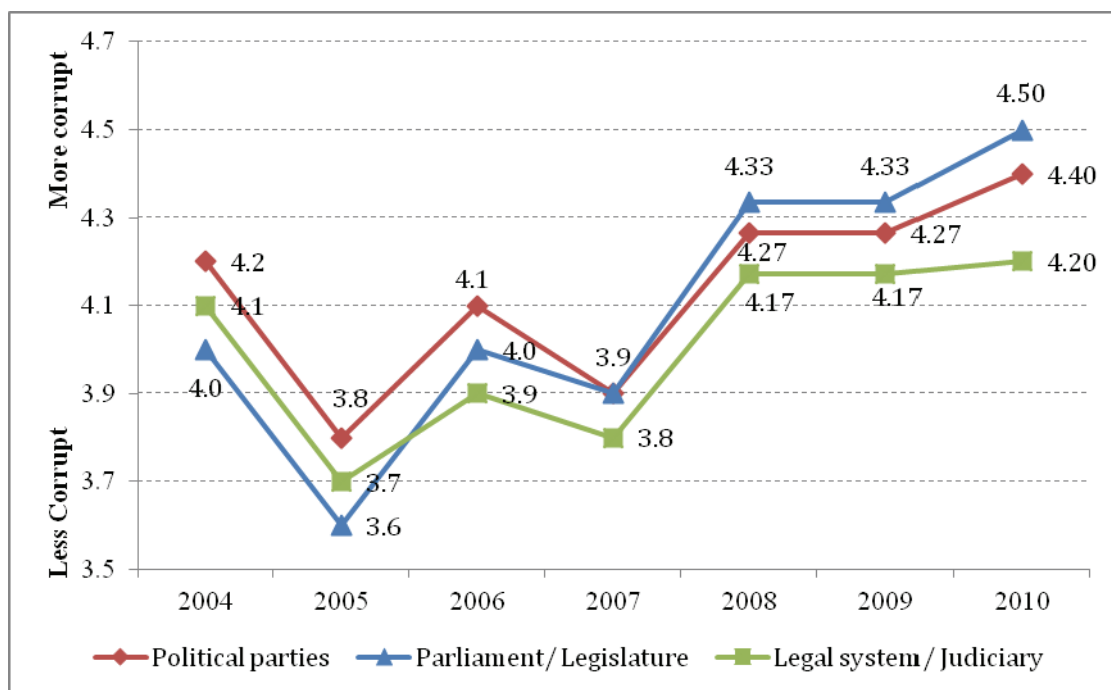


Source: compiled by the author based on Worldwide Governance Indicators, www.govindicators.org

In exploring the sources of government ineffectiveness we must look deeper at the different institutions composing the state structure and their performance. Because the overall performance of state structures in Romania is outside the scope of this study, we will focus solely on the institutional corruption estimates (see Annex 1) provided by the Global Corruption Barometer, also compiled by Transparency International. These show that Romanians perceived their political parties and their judiciary to be among the most corrupt institutions in their country over the period

2004-2010, with consistently high scores portraying extreme corruption. The Global Competitiveness Reports (2008-2011) consistently position the Romanians' level of trust in their politicians in the bottom quartile of its vast sample of countries worldwide (see Annex 2). While the customs were perceived to be among the most corrupt institutions in 2004 and 2005, they were no longer monitored by the survey in subsequent years. Therefore, a complementary image is provided to us by the Eurobarometers (2009, 2011), which attest an increase of confidence by the Romanians in customs throughout recent years. Starting with 2006, the Parliament became the second most corrupt institution after the political parties, and from 2008, it occupies the top position in this ranking (see Figure 5), in 2010 scoring the highest value any institution has ever recorded in the monitored timeframe.

Figure 5. Institutional Corruption Estimates in Romania: 2004-2010

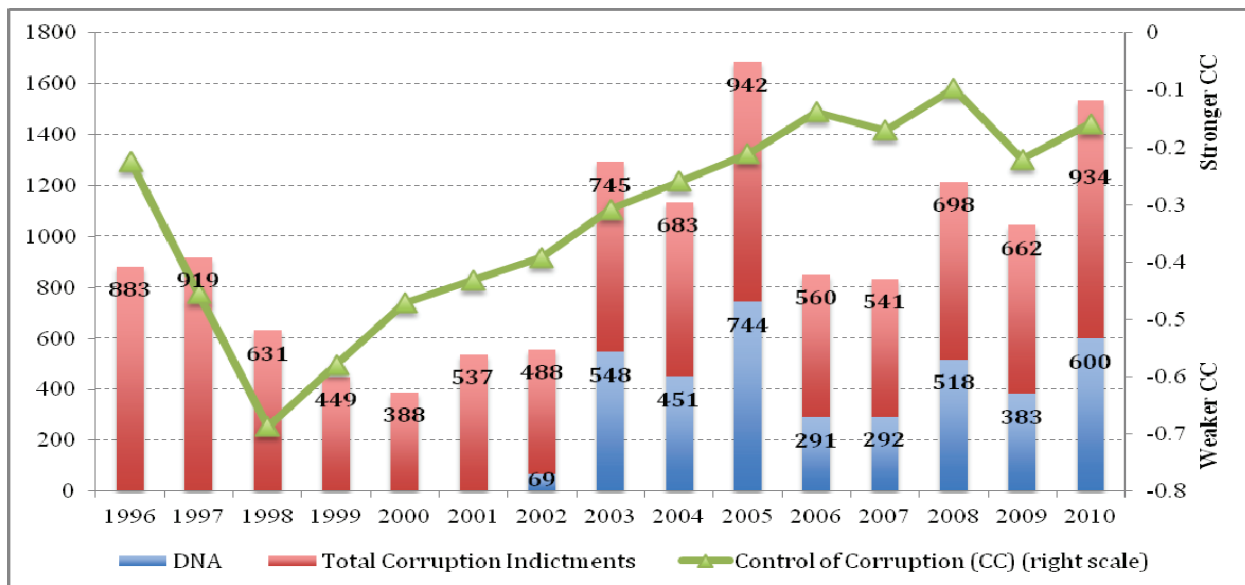


Source: compiled by the author based on the Global Corruption Barometer (2004-2010), www.transparency.org

In contrast to the GCB data on the Romanian legal system, country reviews conducted by different national (Direcția Națională Anticorupție (DNA) 2010, Direcția Generală Anticorupție (DGA) 2006-2011) and international organizations (World Bank 2010, European Commission Reports 2008-2012, Global Integrity Reports 2006-2010) have been acknowledging the encouraging positive trend in the judicial reform in Romania over the past years. Figure 6 synthesizes the evidence on the number of yearly corruption indictments in Romania over the 1996-2010 period. We can see a substantial increase of more than double in the number of people indicted on charges of corruption in 2010, compared to the 2000 level. These figures are reflected in the public's perception as well, as although 9 out of 10 Romanians agree corruption is a major problem, they are also confident that there are enough prosecutions to discourage bribery (Special

Eurobarometer 325/372). The increasing positive perception of the effectiveness of judicial bodies regarding this problem is also manifested in the values of the Control of Corruption indicator mentioned above.

Figure 6. Corruption Indictments in Romania (number of persons) (1996-2010)



Source: compiled by the author based on National Anticorruption Directorate's (DNA) Annual Report (2010) and Worldwide Governance Indicators, www.govindicators.org

Starting with 2002, some of the indictments on charges of corruption were carried on by the National Anti-Corruption Directorate (DNA), which is a judiciary body focused more on high-level corruption cases. The fact that the number of people indicted by the DNA has also been increasing is an encouraging aspect of the fight against corruption and one that is far more relevant to this study, than low-level cases. A recent report of the European Commission (EC) (SEC (2011) 968) asserts that over the past year the DNA ‘has maintained a good track-record of investigations and indictments in high-level corruption cases, including against current or former Members of the Parliament or Government’. Also, the DNA annual report (2010) showed the vast majority of the cases prosecuted by them leads to convictions, and the investigations last no more than 18 months. Another specialized law enforcement institution is the Anti-Corruption General Directorate (DGA) within the Ministry of Administration and Interior. While its efforts were also praised by the EC, an internal opinion poll recently revealed that 26.4% of its employees believed in 2010 that the institutions was not performing effectively, which constituted a threefold increase from 2008, when only 9.6% believed this to be the case. The DGA’s employees’ evaluation of their own institution is consistent with the increase of institutional corruption estimates in recent years (see Figure 5).

Overall, the GCB data is consistent with the theoretical expectations of this paper, laid out in the initial section. The fact that political parties and the representative body of the state—the Parliament are persistently seen as extremely corrupt institutions, despite an overall perception of improvement in tackling this phenomenon (Special Eurobarometer 2009, 2011), shows how deeper

institutional distortions exists in this country. The apparent contradiction between a perceived improvement in fighting corruption, and the low institutional confidence is explained by the distinction made at the beginning of this section, between low-level corruption (e.g. bribery), and high-level corruption (e.g. proprietary use of public resources). The improvements acknowledged by the opinion polls and by official reports (E.C. Reports 2008-2012, Global Integrity Reports 2006-2010) are mainly caused by the efficient campaign against petty crimes, and much less by the sanctioning of deeply rooted informal exchange channels distributing state resources to preferential recipients. Additionally, political parties and the legislature are not the institutional constructions most favourable to bribes, but they are much easier linked to such phenomena as the politicisation of state resources, which will be further explored under the following section.

2.2. Public Resources: Pork-barrel Politics and Politicisation

Moving beyond the mere ‘symptom’ of clientelism, one should look for evidence of clientelistic interactions at play within the Romanian state structures. Still, these are far more difficult to investigate, as unlike the incidences of corruption, which almost inevitably involve money, these ‘involve administrative decisions being exchanged for votes’ (Hopkin 2001:3). This translates in what was mentioned under the previous section—that clientelism consists of an exchange that serves electoral purposes or the consolidation political parties hold on state structures. In order to investigate these deeper distortions of the democratic system, this paper looks at the evidence of proprietary use of state resources in Romania and the spread of pork-barrel politics.

There are different types of state resources that are susceptible to be used in clientelistic exchanges: public jobs, public property/state assets, and public funds. All three categories are a topic of research by themselves, so the analysis of this paper must be seen as the top of an iceberg that should constitute the starting point of further enquiries. The following paragraphs will address some of the empirical evidence on the proprietary use of such state resources as public employment, or special governmental funds.

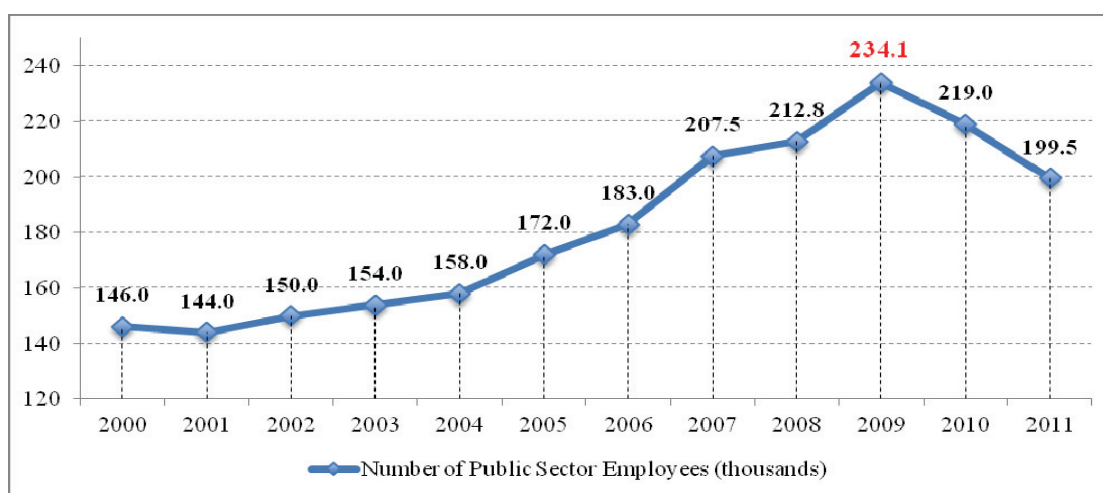
The existent literature on clientelism has highlighted the tendency of patronage networks to use public offices as a political resource in consolidating their organization. Lyrantzis (1984) evocatively defined this form of clientelistic interaction based on public offices as ‘bureaucratic clientelism’ in his study on post-junta Greece. The politicisation of civil servants, especially in the new democracies of Europe is a phenomenon that is often hinted at, but far too seldom properly investigated. A good example of an in-depth study on the politicisation of senior civil servants was recently conducted in Hungary (Meyer-Sahling 2008) reaching the expected conclusion that personnel networks within the state apparatus are highly reliant on political support. Consequently, we can safely infer that this reliance on political support will generally lead to political bias in public decision-making, thus reinforcing the clientelistic pyramid of the patron party.

In Romania, the exploitation of public offices for political purposes starts with a loose legislative framework. The law no. 188/1999 with its subsequent amendments and alterations constitute the legal basis of the civil servant’s statute. Unfortunately, there is persistent disagreement

between political parties on the actual implementation and methodology. Thus, the appointments to public office remain a vast resource for rewarding loyal clients of political parties. As such, with each change of government we see the replacement of many people in different public offices. Still, different legal constraints exist, such as appointments by open competition, which would apparently safeguard against excessive politicisation. Unfortunately, as Ionita et al (2011) observe a ‘way recently identified to shortcut legislation is seen in the proliferation of short-term contract appointments in senior government positions (directors of ministries, heads of agencies, prefects), as such contracts do not require open competition to fill in the office’.

Another often used method of circumventing the legal constraints to discretionary replacements, one which is both costly and counterproductive for the proper functioning of the state apparatus, is supplementing the positions or the institutions. Thus, we can see in Figure 7 how the total number of public sector employees has evolved since 2000 to present. The peak of the size of the public sector seems to have been reached in 2009, with 234,100 persons. Since then, a strongly publicized campaign to reduce the size and costs of the public sector has been apparently undertaken, which would suggest a diminishing clientelistic reliance of the current ruling coalition on this public resource. Still, another troubling phenomenon is happening, as while the figures show a decrease in the total number of public offices, many public institutions have been dissolved and others have been founded to serve the same purposes. This institutional rearrangement permits a new full staffing process that does not stand out in terms of increasing the size of the state apparatus. Certain senior management replacement in public institutions are taken at any cost to the state budget, as disgruntled civil servants who have been unlawfully replaced, usually win their case in courts. This leads to paradoxical situations where the same office is occupied by several persons at the same time. Other situations include substantial compensations being paid for the graciousness of leaving certain positions available to the party clientele, as in the case of Proprietatea Fund, when former manager received almost half a million euros when leaving the office before term.

Figure 7. Evolution of the Number of Public Sector Employees (2000-2011)



Source: compiled by the author based on data from National Institute of Statistics (NIS)

The politicisation of public offices is the key to extensive distortions a clientelistic system is able to exert on public functions. By placing trusted people in key positions of the state apparatus, a political organisation is able to control the other two categories of public resources: assets and funds. These practices did not escape the general public's perception, as the Eurobarometer shows: 60% of Romanians tend not to trust regional or local public authorities. Additionally, Romanians consistently perceived wastefulness of government spending and favouritism in decisions of government officials to be very high over the past years (see Annex 2). Finally, the diversion of public funds and/or goods is mentioned in the DGA's Report (2010) to be the most pervasive form of corruption affecting Romania (see also Annex 2).

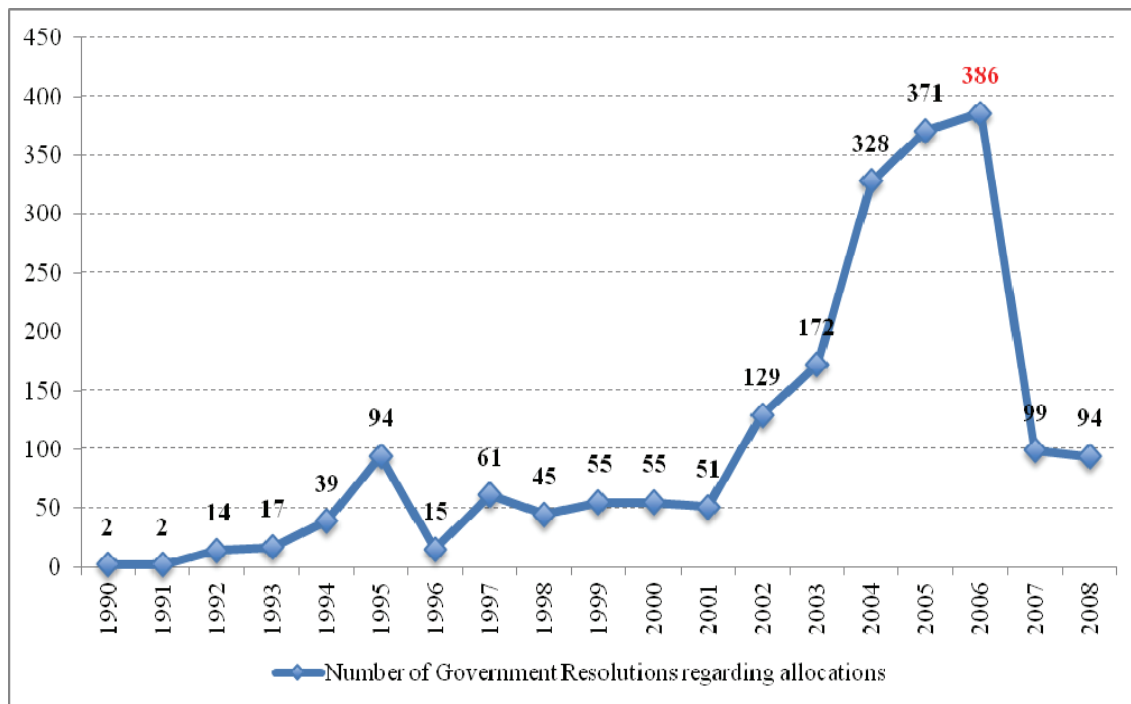
One of the ways through which public funds are diverted is through the process of public procurement. A problem of the current system of public procurements is that the current law does not prohibit companies guilty of major violations of procurement regulation (i.e. bribery) from participating in future public bids (Global Integrity 2010). Another problem is the conflict of interest, as 'businesses that are connected to the government generally have an advantage in comparison to businesses that are not connected to the government' (Global Integrity 2010).

An evocative example of discretionary use of public funds lies in the process of establishment and allocation of special funds at the Government's disposition, such as the Reserve Fund or the Intervention Fund. These funds have been designed to cover "urgent or unexpected events" such as natural calamities. In practice, they have been increasingly used to supplement the budget of preferential local circumscriptions. According to an assessment of the Institute for Public Policies (IPP), between 2008 and 2011, only 10% of these funds were actually used for urgent or unexpected situation, the vast majority being used for current expenses. An audit report of the Romanian Court of Accounts is equally preoccupied with the habitual vague justification used for the allocation of these funds: 'financing material and capital expenses' (2009:10), and the overall lack of transparency and accountability with regard to the management of these funds.

When looking at the evolution of the number of Government Resolutions regarding the allocations from the Reserve Fund and the Intervention Fund, over the 1990-2008 period (see Figure 8), we see a worrying trend. The multiplication of these procedures of fund supplementation only diminishes even further the transparency of the management process. Thus, the original amounts, captured in the state budget, end up being ten-fold bigger over the budgetary exercise of the year, and far less scrutinized than in the initial approval procedure (see Table 1). In 2007, for example, the Reserve Fund was initially set to amount to 128.7 mil. Lei, only to be subsequently increased to 2,863.9 mil. Lei, through Government Resolutions (H.G.), which constituted a 22.5-fold increase. Similarly, in the same year, the Intervention Fund suffered a 48.6-fold increase. While the peak of 2006 is explained by the occurrence of major floods throughout the country, the 556.7-fold increase of 2008 of the Reserve Fund to the total amount of 3.45 bn. Lei seems to be mainly clientelistic driven, given the local elections of that year. Indeed, Ionita et al's (2011) analysis on the recipients of the Reserve Fund since 2004 found that the majority of the funds go to local officials of the governing party or coalition. Similarly, the IPP finds that 61% of the 2010 Reserve Fund, amounting to approximately 137 mil. Euros went to mayors of the main governing

party, the PD-L (2011), while in 2009 they received 71% of the total sums allocated from this Fund (2010).

Figure 8. Evolution of the Number of Government Resolutions regarding Allocations from the Reserve Fund and the Intervention Fund



Source: Romanian Court of Accounts (2009) Audit Report

Table 1. Evolution of sums allocated through Government Resolutions (H.G.) from the Reserve Fund and the Intervention Fund

Year	Sums (lei)	Sums (euro)
1999	24,433,600	1,499,401.4
2000	171,742,500	8,606,166.1
2001	175,647,800	6,748,704.9
2002	328,240,700	10,501,938.1
2003	1,201,515,300	31,992,743.1
2004	2,416,588,900	59,621,591.4
2005	2,938,772,300	81,105,378.9
2006	6,068,284,000	172,174,322.6
2007	2,100,709,000	62,946,363.8
2008	3,451,594,000	93,724,549.9

Source: compiled by the author based on data from the Romanian Court of Accounts (2009) Audit Report and average annual exchange rates provided by the National Bank of Romania (NBR), available at: <http://www.bnr.ro/Cursul-de-schimb-3544.aspx>

Conclusion

As the academic understanding of clientelism has evolved towards the deeper conceptualization of the market exchanges that structure this type of interaction, so has the necessity to collect more diverse empirical evidence on this topic. The theoretical assumption of this paper was that clientelistic interaction is as much constrained by the institutional setting in which it manifests, as it is able, through repetition, to distort it, in order to accommodate the diversion of public goods into club or personal goods. The empirical evidence to support this assumption was collected for the case study of Romania, from a vast array of official documents and data, and from other studies on this topic. The data supports the hypothesis that clientelism distorts public functions.

In a first instance, the levels of corruption were explored in order to assess how institutional processes are distorted through preferential exchanges and how this affects the general public's trust in these institutions, thus reinforcing the informal exchange channels. Secondly, a brief overview was conducted on the types of public resources available for predation. The case study provided us with different examples of such modes of capturing such resources as state offices or governmental funds. There is conclusive evidence to infer that clientelistic exchanges have a distortive impact on public institutions in Romania. Still, extensive research must be further conducted to explore the actual modes in which public resources are channeled to preferential recipients—processes that often take place in a lawful manner.

References

1. Auyero, Javier, (1999). From the client's point of view: How poor people perceive and evaluate political clientelism. *Theory and Society*, 28, 297-334.
2. Curtea de Conturi a României (2009). *Raport de Audit: Auditul performanței modului de constituire, alocare și utilizare a fondurilor la dispoziția Guvernului: Fondul de rezervă bugetară, Fondul de intervenție și Fondul național de dezvoltare*.
3. Direcția Generală Anticorupție, 2011. *Mediul Profesional și Incidența Corupției la Nivel Instituțional*
4. Direcția Națională Anticorupție, 2010. *Raport de Activitate 2010*
5. Eisenstadt, S.N. and Roniger, L., (1984). *Patrons, clients and friends: Interpersonal relations and the structure of trust in society*, Cambridge University Press.
6. European Commission Report on progress in Romania under the Cooperation and Verification Mechanism, (2007), (2008), (2009), (2010), (2011), (2012). Retrieved from http://ec.europa.eu/cvm/progress_reports_en.htm
7. Global Integrity Report: Romania, (2006), (2007), (2008), (2010). Retrieved from <http://www.globalintegrity.org/report>
8. Galt, Anthony (1974). Rethinking Patron-Client Relationships: The Real System and the Official System in Southern Italy. *Anthropological Quarterly*, 47:2, 182-202.
9. Gellner, Ernest and Waterbury, J., eds., (1977). *Patrons and Clients in Mediterranean Societies*. Duckworth.
10. Graziano, L. (1973). Patron-Client Relationships in Southern Italy. *European Journal of Political Research*, 1:1, 3-34.
11. Hall, P.A. and Taylor, R. (1996). Political Science and the Three New Institutionalisms, *Political Studies*, 44(5):936-957.
12. Hay, C. (2006). Constructivist Institutionalism, in R.A.W. Rhodes, Sarah A. Binder, Bert A. Rockman (Eds.), 2008. *The Oxford Handbook of Political Institutions*. Oxford: Oxford University Press.
13. Hopkin, J. (2001). *A "Southern model" of electoral mobilization? Clientelism and electoral politics in post-Franco Spain* [online]. London: LSE Research Online, <http://eprints.lse.ac.uk/647/>
14. Hopkin, J. (2006a). Clientelism and Party Politics. In Richard Katz and William Crotty (Eds.) *Handbook of Party Politics*. Sage Publications.
15. Hopkin, J. (2006b). Conceptualizing Political Clientelism: Political Exchange and Democratic Theory, *Paper presented at the APSA annual meeting, Philadelphia*, <http://personal.lse.ac.uk/hopkin/apsahopkin2006.pdf>
16. Hopkin, J. (2011). Clientelism, Corruption and Political Cartels: Informal Governance in Southern Europe. In: Christiansen, T. and Neuhold, C. (Eds.), *International handbook on Informal Governance*. Edward Elgar Publishing.

17. Ionita, S., Nutu, O., Stefan, L. and Mungiu-Pippidi, A., (2011). Beyond perception. Has Romania's governance improved after 2004?, *Romanian Journal of Political Science* 11(1)
18. Kaufmann D., Kraay A. and Mastruzzi, M. (2010). *The Worldwide Governance Indicators: A Summary of Methodology, Data and Analytical Issues*. World Bank Policy Research Working Paper No.5430. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1682130
19. Kitschelt, H. (2000). Linkages between Citizens and Politicians in Democratic Polities. *Comparative Political Studies*, 33:6/7, 845-879.
20. Kitschelt, H. and Wilkinson, S.I. (2007). *Patrons, Clients, and Policies: Patterns of Democratic Accountability and Political Competition*, Cambridge University Press.
21. Levi, M. (1990). A Logic of Institutional Change, in K.S. Cook and M. Levi, (Eds.), *The Limits of Rationality*, University of Chicago Press.
22. Lyrintzis, C. (1984). Political Parties in Post-Junta Greece: A Case of 'Bureaucratic Clientelism'?, *West European Politics*, 7(2):99-118.
23. March, J.G. and Olsen, J.P. (1984). The New Institutionalism: Organizational Factors in Political Life, *The American Political Science Review*, 78(3):734-749.
24. Medina, L.F. and Stokes, S. (2007). Monopoly and Monitoring: an approach to political clientelism. In Kitschelt, H. and Wilkinson, S.I. (Eds.), *Patrons, Clients, and Policies: Patterns of Democratic Accountability and Political Competition*, Cambridge University Press.
25. Meyer-Sahling, J. (2008). The changing colours of the post-communist state: The politicisation of the senior civil service in Hungary. *European Journal of Political Research*, 47:1-33.
26. Muller, W.C. (2006). *Party Patronage and Party Colonization of the State*. In Richard Katz and William Crotty (eds.). *Handbook of Party Politics*. Sage Publications.
27. Muller, W.C. (2007). Political Institutions and Linkage Strategies. In Herbert Kitschelt and Steven I. Wilkinson (Eds.). *Patrons, Clients, and Policies: Patterns of Democratic Accountability and Political Competition*. Cambridge University Press.
28. North, D. (1990). *Institutions, Institutional Change and Economic Performance*, Cambridge University Press.
29. Olsen, J.P. (2007). *Europe in Search of Political Order*, Oxford University Press.
30. Piattoni, S. ed. (2001). *Clientelism, Interests, and Democratic Representation*, Cambridge University Press.
31. Pierson, P. (2000). Path Dependence, Increasing Returns, and the Study of Politics. *American Political Science Review*, 94(2): 251-267.
32. Shepsle, (1989). Studying Institutions: Some Lessons from the Rational Choice Approach. *Journal of Theoretical Politics* 1 (April): 131-147.
33. Schmidt, S. W., Scott, J. C., Lande, C., Guasti, L. eds. (1977). *Friends, Followers and Factions: A Reader in Political Clientelism*, University of California Press.
34. Scott, J. C. (1972). Patron-Client Politics and Political Change in Southeast Asia. *The American Political Science Review* 66(1): 91-113.
35. Special Eurobarometer 325 (2009) Attitudes of Europeans towards Corruption. Retrieved from: http://ec.europa.eu/public_opinion/archives/eb_special_en.htm

36. Special Eurobarometer 374 (2011) Corruption. Retrieved from:
http://ec.europa.eu/public_opinion/archives/eb_special_en.htm
37. Steinmo, S. (2001). The New Institutionalism. In: Clark, B. and Foweracker, J. eds., *The Encyclopedia of Democratic Thought*, Routledge.
38. Tarrow, S. (1967). *Peasant Communism in Southern Italy*. Yale University Press.
39. Wantchekon, L. (2003). Clientelism and Voting Behaviour: Evidence from a Field Experiment in Benin. *World Politics* 55:399-422.
40. Weingrod, A. (1968). Patrons, Patronage, and Political Parties. *Comparative Studies in Society and History*, 10(4): 377-40.
41. World Bank, 2010. *Country Data Report for Romania 1996-2009 of the World Bank Governance Indicators*. Retrieved from: <http://info.worldbank.org/governance/wgi/pdf/c186.pdf>
42. World Economic Forum (2008) The Global Competitiveness Report 2008-2009. Retrieved from: http://www.weforum.org/reports-results?fq=report%5Ereport_type%3A%22Competitiveness%22
43. World Economic Forum (2010) The Global Competitiveness Report 2010-2011. Retrieved from: http://www.weforum.org/reports-results?fq=report%5Ereport_type%3A%22Competitiveness%22
44. World Economic Forum (2011) The Global Competitiveness Report 2011-2012. Retrieved from: http://www.weforum.org/reports-results?fq=report%5Ereport_type%3A%22Competitiveness%22

Annex 1

Table 1. Institutional Corruption in Romania
How corrupt are the following institutions? (1 not at all corrupt-5 extremely corrupt)

FAVORITISM IN DECISIONS OF GOVERNMENT OFFICIALS												
	Political parties	Customs	Legal system/Judiciary	Parliament/Legislature	Medical services	Police	Registry and permit services	Education system	Tax revenue	Media	Utilities	Military
2004	4.2	4.2	4.1	4.0	3.9	3.8	3.4	3.3	2.9	2.6	2.5	2.4
2005	3.8	3.8	3.7	3.6	3.6	3.6	2.9	2.9	2.7	2.5	2.4	2.4
2006	4.1	4.0	3.9	3.8	3.6	3.2	2.9	2.8	2.5	2.3	2.2	2.2
2007	3.9	3.9	3.8	3.7	3.7	3	2.9	2.8	2.6	2.4	2.4	2.4
2008	4.33	4.27	4.17	3.82	3.37							
2009	4.33	4.27	4.17	3.82	3.37							
2010	4.50	4.40	4.20	4.00	3.00							

Source: compiled by the author based on the Global Corruption Barometer (2004-2010), www.transparency.org

WASTEFULNESS OF GOVERNMENT SPENDING

The composition of public spending in your country 1=is wasteful, 7=efficiently provides necessary

	Romania	Mean	Rank
2007-2008	2.8	3.5	111/134
2010-2011	2.5	3.4	110/139
2011-2012	2.7	3.3	107/142

Source: Global Competitiveness Reports (2008-2011), World Economic Forum

DIVERSION OF PUBLIC FUNDS

In your country, diversion of public funds to companies individuals, or groups due to corruption 1=is common, 7=never occurs

	Romania	Mean	Rank
2007-2008	3.3	3.8	80/134
2010-2011	3.1	3.7	84/139
2011-2012	2.8	3.6	96/142

Source: Global Competitiveness Reports (2008-2011), World Economic Forum

When deciding upon policies and contracts, government officials in your country 1=usually favour well-connected firms and individuals, 7=are neutral

	Romania	Mean	Rank
2007-2008	2.4	3.3	113/134
2010-2011	2.4	3.3	123/139
2011-2012	2.5	3.2	115/142

Source: Global Competitiveness Reports (2008-2011), World Economic Forum

PUBLIC TRUST OF POLITICIANS

Public trust in the financial honesty of politicians in your country is 1=very low, 7=very high

	Romania	Mean	Rank
2007-2008	2	3	106/134
2010-2011	2	3.1	116/139
2011-2012	1.9	3	119/142

Source: Global Competitiveness Reports (2008-2011), World Economic Forum