

Institutional Dimensions of Corruption in the Romanian Forestry Sector

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**Problems of Polycentric Governance
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RESTORING CURSED EARTH



Appraising Environmental Policy Reforms
in Eastern Europe and Russia



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Carpathian Mountains, Romania



Photo credit: Mihai Munteanu

Key Questions Addressed in *Restoring Cursed Earth*

- What are the accomplishments and shortcomings of environmental reforms in CEE & Russia?
- To what extent have external actors helped or hindered environmental reforms in the region?
- Does accession of CEE countries to the EU promise better environmental conditions in CEE and in Europe, generally?

Institutions Matter

- Douglass North: institutions are “...are the rules of the game in a society, or more formally, are the humanly devised constraints that shape interaction.”
- Successful env’l performance in CEE results from “good institutions.”

Why Do Some Reforms Fail?

- Failure of New Institutions
 - e.g., emissions trading schemes in Poland, Hungary
- Perseverance of Bad, Old Institutions
 - e.g., corruption in Romanian forestry sector

Corruption as an Institution

- Corrupt acts tend to conform to particular institutional rules or practices. But the norms tend to be informal.
- North: institutions 1) define and limit the choices available to institutional actors; 2) constrain possible modes of interaction between these actors; and 3) determine economic opportunities.
- Consider bribery as an institutional mechanism. Bribes are extracted clandestinely. Secrecy is essential, so only a few actors know about the bribe. Bribes often create economic expectations.

Corruption *means* Economic Exchange in Communist Romania

- **Tolerance for petty corruption was paid for with loyalty to Communism.**
- **Under the table transactions ensured exchange of scarce goods.**
- **Conflict of interest (workplace managers typically had political AND production-oriented functions).**
- **Networks of corrupt actors are populated by friends and family: this destigmatizes corrupt acts.**

Biodiversity in Selected CEE Countries, Late 1990s

<i>Country</i>	<i>Total Number of Species</i>
Bulgaria	4,384
Czech Republic	2,861
Estonia	2,031
Hungary	3,037
Latvia	2,162
Poland	2,850
Romania	4,357
Slovakia	3,867

Source: UNECE, 2001: 191.

Post-Communist Romanian Forestry Administration

- 1990-2003: Romanian forests remain predominantly state-owned – motivated partly by environmental concerns.
- Romanian Forest Service is at once in charge of harvesting, conservation, and auditing of its own operations.
- Many managers of forest harvesting companies are relatives or friends of high Forest Service officials.

Cases of Corruption

- Overharvesting occurs with tacit permission of state forester (Sibiu County)
- State foresters provide transportation equipment for illegal loggers (Cluj and Sălaj Counties)
- State foresters provide wood from state-owned forests to relatives' sawmills (multiple counties)
- State allows logging in high conservation forest in exchange for access to lower quality forests (multiple counties)

Clear Cut in Russia

