

Direct Foreign Investments in Romania in the Context of the Renaissance of Registered Capital

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Abstract

This study presents the importance of direct foreign investments in countries with emergent economy. In this context, it is relieved the direct correlation between economic grow and direct foreign investments of convergence of Romanian's economy to E.U. The paper pointed out the direct links between the trust capital in Romanian's economy and the levels, structure and destination of direct foreign investments. The foreign investors' confidence in Romanian's economy has, so far, mainly, only subjective relative dimension, i.e. the Romanian people' availability to foreign, the self-belief in foreign capital, the stress of previous socialist system regarding the height performance of "the other system" etc., wherefore it is a doubt about the height relative level of objectivity.

Key words: *trust capital, registered capital, direct foreign investments, portfolio investments, greenfield, brownfield*

Motto: "I have tried to study what sustains the success - *not only in its own* - but as a system that assures **the continuity of successes**. I believe the answer is **the built of a culture of trust**. It's essential this to be sustained by **responsibility, initiative and cooperation**, which myself I consider it to be **the basics of trust**."(s.n.) [10]

Remarks

After the Revolution, we have been invaded by new economic categories and concepts, specific to modern economies, a lot of whom being related to the capital category. We have improved our speech with various theories, more or less close to the exigencies of scientific debates. To exemplify and also to enjoy ourselves, we present a part we consider significant in the context:

- *Capital of luck*, as a result of tombolas, bets, lotteries, most of them included in "Watch and Win" or "Luck" category;
- *Black capital*, seen in the area of guns traffics, drugs contraband, fraudulent administration, blackmail or swindles;
- *Set and seen capital*, in villas, cars, clothing, carpets, yachts, watches, but also weddings, dance balls;
- *Imaginary capital*, assign by mass-media due to reality that any fake name written on a candidates list for a position of a public interest, will have a percentage of the votes in the

name of the principle “I do appear on the survey lists, then I exist, I’ve got the percentages...”;

- *Cardboard capital*, which only has the power as long as, based on the forces of the state, it resist due to unrespected contracts with the state or with other agents, using the so named “fooling art”. It’s considered that it will collapse in the moment that market laws will apply, like any ...cardboard built;
- *Relatives capital*, made due to involvement of the various relatives of those who have the new power, through corruption in the privatization processes, allocation and use of external financial resources which join the help programs of E.U.;
- *Forgiven capital*, the outcome of partial or total recognition of fortunes mainly through the well –known “financial engineerers”, in the name of an old appreciation by Vilfred Pareto, regarding the biggest swindlers as being part of an elite;
- *Mafia capital* - expression of maximum synthesis, probably too tough for this moment, for all the types above presented, which made Vaclav Havel name the period after the socialist regime as “mafia-democracy” or “mafia-capitalism”.

Normally, besides the tragic-comedy with Romanian specifics, economic theories and practices, had enforced types of specific capitals for a functional market economy, such as the registered capital, human capital, intangible capital, leadership capital, institutional capital, civic capital, cohesion capital and not at last, *trust capital*.

Trust Capital - Part of the Registered Capital

As presented before, the registered capital means good-will relations, honesty among people and economic agents, on one side and the state structures, political parties and territorial collectivities, on the other side.

A synthetic expression of registered capital is made by Fukuyama Francis, who claims: “The Registered capital - the standards that promote the cooperating behavior - are then a substitute for the elaborated systems of formal stimulants. Pecuniary individual stimulants are still useful, but only as a motivation factor for performance... Registered capital passes beyond the organizations limits and has a critical effect in their well – functioning. The persons that work inside the organizations have complex utility positions, that including the individual interests, and the commitment to the group objectives and values. In many occasions, the targets of these groups are opposite to individual interests and many times they succeed, due to very powerful natural emotions that are basics for the social human behavior” [7].

The option to reconsider the importance of trust capital in the Romanian society development starts mainly from the fact that the subject has been studied by scientists from various already developed countries. Therefore, at the end of the last decade, the famous scientist Francis Fukuyama had published the book suggestive called “TRUST”, where he proves the immediate connection between the people lack of trust and the level of economic performance. Thus, the author considers the high level of economic efficiency in U.S.A, Japan and Germany, comparative with a lower lever in France and Italy, as being justified also by a high level of social trust, a social cohesion. In the same domain is the work “Monochrom Society” where by demonstrating the importance of “volunteer simplicity” as a positive reaction to the exaggerated consumption, is made obvious the fact that “...along with learning to grow other high hopes, the simplifiers (adepts of volunteer simplicity) will have *more satisfactions from permanent learning, volunteering, participating to community activities...*” [6].

Secondly, in modern societies, in the needs, values system - along with basic needs satisfaction (food, shelter, clothing, etc) – *it is important and they pay attention to the needs in the superior*

part of the famous MASLOW'S PYRAMID. Not by chance, Abraham Maslow recently increased the "PYRAMID" with one more level, where he places the needs from the sacrifice towards the others field's. This *rebuilding of the "PYRAMID" has been considered as a reintegration of individualism in collectivity (community), that will only become reality if will be built on the mutual trust, of the one who gives and the one who receives.*

Thirdly, for Romania, the development of trust capital is a basic request in building a functional market economy and a democracy, a middle social class, and not at last, a civil society, when our model is relatively opposite with the presented desideratum. Strictly referring to the economic field, we consider the transition to a competitive market economy must be lead and not only formal replaced the state industrial units into shareholders societies. Even if Romanian culture has from *Titu Maiorescu* a brilliant criticize of "*the shapes with no content*", in an extremely short time we had for ourselves, only negative shapes of market economies, their mainly part being the repartition (high wages, "*financial engineers*", a volume and structure of employees in no connection with work productivity, and not at last, high facilities for the management people with luxury biros, cars and apartments...).

Fourthly, the renaissance of trust capital, for Romania is a MUST due to a recent European study regarding **the level of global trust** in Europe, in 1999-2004 by European Social Survey, that pointed Romania on **the last position among European states regarding mutual trust**. In reality, only a Romanian out of 10 trusts the others, the doubt dominating the human relationships.

Fifthly, the question of trust must be spread over the consumer as well, with his saving capacity, the tendencies in consumption structure, the expectations regarding job opportunities and wages etc. Not to be forgotten that through the consumer, at the market, the entrepreneurs are being selected and formed in a hierarchical system. Unfortunately, official statistics in Romania don't study well enough the problem of consumers trust.

Many studies regarding the transition to a market economy give explanations about the failures and lack of link between the economic politics and our cultural model. In this context a special attention is given to a fundamental underestimated coordinate of our cultural model "*long distance from the power*", in which respects we notice, a decrease of trust in justice, parliament, government and presidency, power structures that don't succeed to impose in their own power field, in a straight leading of society, even if the population entire accepts a tough treatment for those who choose to disrespect the law... The long distance from the power has in Romania a specific feature, that is the priority of personal authority towards the law authority. For Romanians, consensus is not necessarily an ideas one, but rather one of giving up initiative and, farther more, responsibility [3].

Significant for a "long distance from the power" cultural model is also the following remark: "**The citizen**" sees in the state an anonymous power, and as himself feels anonymous, believes that **the state belongs to him**. Imagine that a difficulty, a problem or a conflict appears **in the social life of a country; the citizen will be tempted to ask the state to take responsibility for that certain difficulty**, to solve it immediately, using its huge and invincible ways [8].

Romania goes, like many other countries, through a system of crises, where the economic dimension, at least during the transition, is fundamental. Therefore, the orientation towards theories, it is normal. Actually, social systems founders claim more and more the idea of a potential conflict between the passions and the reasons (postmodernism states the existence of many truths), has to be balanced with the triad: passions-interests-reasons.

In the context, we consider that **defining the trust capital has to start from the interests**, creating a background for them to develop according to their own, natural metabolism. From this perspective, it is necessary to define the **interests' carriers**, which include mainly, *public authorities, economic agents, territorial collectivities representatives, parties, civil society*. In

addition, it is necessary to establish the *principles that apply to negotiation between various interests groups*. Knowing the high sensibility of the *principles field*, it is obvious that they have to be *freely established and approved, to exclude the violence and humiliation, not to encourage any interests group upon another*. In connection with this last principle it should be mentioned and generalized, U.S.A. experience, where a state power even under the influence of a certain interests group, could and had been controlled by other powers and brought back to its normal position (Watergate business has to be a meaningful example). Not at last, it's imperious to **outline the targets** for which the trust capital is been created and increased, and in these respects we have to mention the importance of the fundamental human rights' field, especially the natural and imprescriptibly rights: the propriety and liberty.

Therefore, we *consider trust capital as the whole of the relationships between the carriers of various interests groups, because of negotiations, based on freely approved principles, finalized with acceptable compromises and that respects and increases the fundamental human rights*.

In an epoch of a globalization accentuation, it's appreciated that, usually, the trust in public national institutions - parliament, government, justice, and police - is decreasing in the majority of states, including the developed ones. For example, in U.S.A., the surveys mentioned in 1964 a trust in the state capacity to establish viable strategies of 76%, afterwards, at the end of XX century, just 25% of American citizens were sure of the government capacity to find real solutions in solving difficult problems. The decreased trust in the classic institutions of the national state in developed countries is positively and constantly rewarded with the increase of trust in the interhuman relationships. Therefore, last years surveys establish the increase of trust at Germans from 47% in the 50th to over 75% at the end of the century XX. For U.S.A., the lack of trust in the democratic system capacity to solve vital problems of the American way of leaving never occurred. Regarding the maintenance of a relative state of trust, there are substantial differences between various professional groups (table 1).

Table 1. The index of trust at the main groups in 2006

Crt. Nr.	Professional Group	Index of Trust
1	Doctors and Teachers	3.1
2	Army	2.9
3	Police	2.7
4	Lowers	2.5
5	Journalists and big companies managers	2.2
6	Politicians	1.7

Source: "*Index of trust 2006*", GFK Custom Research Worldwide

The study had covered 19 states, these appreciation scale has been of 1 (no trust) to 4 (absolute trust). The study also included Romania, the registered levels being similar to those registered in Spain and Italy.

The numerous surveys made by various specialized institutions after the Revolution, a certain trust structure that places at the top The Church and the Army, in a percentage of 80-90%, followed in the middle by MASS-media and the Presidency, in a percentage of 55-70%, and then, in the "untrust zone" with the Government, Justice, Police, Parliament, Syndicates, NGO's and political Parties, with percentages of 10-40%. To exemplify we present the results of an IMAS survey made in 2004 (table 2).

Table 2. The trust hierarchy in the main institutions in Romania

Crt. Nr.	Institution' Name	Trust Percentage
1.	Church	93.6
2.	Army	81.9
3.	Mass-media	72.4
4.	Presidency	55.4

Table 2 (cont.)

5.	Local Council	52.3
6.	S. R. I.	50.2
7.	Police	47.3
8.	Justice	41.1
9.	Government	38.2
10.	Private enterprises	35.0
11.	Syndicates	31.3
12.	Parliament	30.6
13.	NGO's	29.9

Source: Sondaj IMAS în ziarul *Curentul*, 01.03.2004

To have an equivalent base with a country we look upon, we remark that in Germany, Justice and the Parliament are, in this order, on the first positions.

For Romania, the built of open society specific institutions, it is essential, based on functional market economy. In consequence, the Parliament and Government forces, the neutrality of justice and police, the viability of local councils and N.G.O.'s, the consequence of mass-media to protect their citizen rights, are decisive for the setting up and development of trust capital.

The lack of trust in public institutions leads to the use of other ways to satisfy the interests, most of which can be found in various forms of Corruption. We do not want to go into detail or to propose decrease strategies for corruption, as we do not have the knowledge or the power to do so. Nevertheless, we consider the corruption to be, in a way, the consequence of institutions development, because the lack of trust capital leads to increasing the rules, creating the forces that will discover and punish the groups with fraudulent interests. The institutions development is joined by the increase of bureaucracy as resources consumer, especially the economic agents' time, this being reduced only by using the corruption.

In this context, the result is a vicious circle, in the way that the increase of institutions brings bureaucracy and corruption, that will use up the trust capital, the last needing the increase effect of institutions. The solution seems to be the development of human trust, between the collectivity groups, so much that the traditional and respectable "So be it", to replace the most sophisticated, but inefficient contract. Probably that not by chance, as it had been mentioned, in Germany the increase of human trust, with 65%, after the war, had determined the leading positions in the structure of trust in institutions for Justice and Parliament. Actually, we acknowledge that in Germany, the trust capital had been built up on two ways, with the help of institutions and of human relationships.

For Romania, the existence of these two ways, in the situation when the developed countries increases a important system meaning to intensify human relationships, establish a game with a certain win, that is to be the reinforcement of the institutions place and role, especially the state powers, but also a relative replacement of them, with the civil society forces. In these cases, theory and practices will make remarks such as "stages burns", "fakes" etc. Fukuyama appreciates that open societies cannot be created, where there were not powerful institutions - national state specific-, and modern structures of power cannot be mechanically used. An experience like the last mentioned, we find for Romania, where an employment code of German origins, it is severely criticizes, even by international organizations, using for this the objective discontinuity between the interests of owners, employees and state.

In the above conditions, we keep the chance to rapidly join the E.U. and to massively invest in education and scientific research, as an educated person will be a blessing in his place. It been confirmed by centuries that economic gaps are the expressions of the educational gaps and professional formation. *Secondly*, the law has to rule again, because a firm will only satisfy the all group's interests if she chooses to optimize the forth-behavioral types, respectively, technical, financial-economic, juridical and moral. "... Regarding juridical behavior, if in a

certain company the contracts are malfunctioning, if a debts or obligations portfolio do not exist or is not properly done, then that company will not reach the efficiency target. Moreover, not at last, ethics and moral. Because more often, the agreements are made with a simple hands shake” [4].

Thirdly, it is important to clearly delimitate, separate the politic field by the civil society field, politic engagement and associative engagement. Significant in these respects is the appreciation made by His Excellence Philippe Etienne, ex-ambassador of France in Romania, who, at the “European Meetings at Cluj”, made the remark: “... it’s essential to ensure a strict financial and juridical delimitation between the politic field and the associative one, to avoid the appearance of doubt that could discourage the goodwill, and that of the gossips that can destroy in a matter of days what we’ve archived over the years” [5].

In a normal society, forcing a bit the facts, we could say that we have at least the following powers: *the state power*, with its well known elements that compose its structure: legislative, executive and judiciary; *the employees power*, respectively, the syndicates; *the ownership power*, respectively his associations; *the civil society power*, especially the N. G. O’s.

In the period that followed December 1989, the theory and practices had been preoccupied to separate the state powers, because it is here where it appears and develops the disnature. In spite of these efforts, we reach a matter of serious facts associated with corruption, respectively the capture of state institution by a part of the private property groups.

With no intention of making a detailed study of the causes and solutions to overtake the power structure’s crisis, we allow ourselves to appreciate that, *in the first place*, has to be established the negotiation rules between the main powers-state, ownership, syndicate, civil society-, where the idea of *acceptable compromise* has to rule.

Secondly, it is necessary to establish the regulations that will maintain and increase, on the cooperation background, any power specifics. Otherwise, we reach the actual situation when some ministries behave like real economic agents, subordinating commercial societies, self-governing administrations with crossing finances, respectively from the state budget, but also from outsiders.

Thirdly, the way a young politic analyst emphasized, “the best peaceful power system is constitutional democracy, the one where interests groups fights but they don’t doubt two things: 1) the political rules of the game when they have the power (meaning I won’t abolish free elections once I’ve got the power); 2) fundamental human rights (life, liberty, property, speech), that are not vote subjects, even in majority, they are somehow intangible, above the majority decision of one kind or another. This is what is called the law reign [18].

Fourthly, it is essential to consider the influence of the cultural model and the development level, because there are developed countries that have legislative regulations relatively different, including different involvement levels of the state in economy, so there are underdeveloped states, that had obtained notable successes due to completely different strategies (China, Chile, Hungary, Poland and Czech Republic).

The forming and the increase of a trust capital that will determine a rise of Romanian economic competitiveness it will not take place without civil society revitalization. In 1990, Samuel Huntington, proposed six criteria to analyze liberal democracy’ evolution in European countries post communists, one of which was referring to *the power and diversity of political organizations or civil society*.

From this perspective, Romania has a lot to accomplish, because even if there was a resistance, it didn’t have the shape of certain organizations in Czechoslovakia (Carta 77) or Poland (Solidarity), but it was rather a dissidence of some people, not even that constant and contagious.

The rebuilt and increase of the trust capital it shouldn't mean the instauration of a power structure based on force, because as theory and practices proved, the end of an authoritative government is, usually, a totalitarian regime. The insistence on disobeying this exigency it is determined by the existence, in people's mind, of an idea that the state is a good administrator and, therefore, he has to be directly involved in many domains of social-economic life. A study of Free Initiative Institute made on a pattern of 1100 persons, from the capital and other 30 cities emphasize: "More than a half of the pattern (57.7%) considers the government as an essential factor in Romania's success as a capitalist country. . . More than a half of urban population thinks the state should be totally involved in domains such as Education (69%), Health (73%), National Security and Social Protection (75%) [20].

The disponibility and even expectations that Romanians have from an authoritative power structure is been justified by the cultural model, characterized with a unique distance from the power and the claim of big force to the central power. Not by chance, during the crisis periods, the hopes are connected to a strong government, able to assure order, jobs, and certain wages. Even so, economic history has many examples where the intention to mislead the trust is severely punished. It is worldwide known the letter of Cornelius Van Derbilt, the fabulous genius of shipping and commerce, who, in 1870 emphasize towards his unloyal partners: "You have in mind to destroy me. I will not sue you, because justice is slow. I will destroy you myself".

The Attractivity of Foreign Direct Investments - Concentrated Expression of A National Economy' Trust Capital

Trust in a national economy is also proved by its attractivity to foreign companies investments, mainly by direct foreign investments. From this perspective, Romania is situated, unfortunately, in the area of low level countries, shown in table 3.

Table 3. The level of direct foreign investments, totally and per inhabitant, for some countries in transition to the modern market economy, in the period 1992-2001

Crt. Nr.	Country	Total Direct Foreign Investments		Direct Foreign Investments	
		Billion USD	Rank	USD/Inhabitant	Rank
1.	Poland	37	1	957	5
2.	Czech Republic	26	2	2572	1
3.	Hungary	20	3	1962	2
4.	Romania	6.9	4	311	9
5.	Slovakia	5.5	5	1016	4
6.	Croatia	5.2	6	1221	3
7.	Bulgaria	4.1	7	520	8
8.	Slovenia	1.6	8	852	7
9.	Albania	0.55	9	156	10
10.	Bosnia-Herzegovina	0.47	10	123	11
11.	Macedonia	0.40	11	915	6

Source: European Bank for Reconstruction and Development-Investment Profiles 2001 and Matei, H.C., Neguț, S., Nicolae, I. - *Statele lumii de la A la Z*, Editura Meronia, București, 2002

From this table, it results that Romania was not a special attraction to foreign investors, situation that justify itself less by the strategies built in consideration with different economic political and military spaces, but more on the delays of the private property processes, restructure and built of juridical and institutional logistics part of a modern market economy.

A study made by the World Bank and B.E R.D., which analyzes in detail the causes that determine a low level of direct foreign investments in the countries in transition to modern

market economy, presents the following hierarchy of factors: “*In the first place* are excessively high costs, a threat for the foreigners that want to start a business. *Secondly*, are poverty and unemployment that endanger social stability, proving to be a powerful restraining factor. The low level of trust in business field and in local companies should be *the third* cause of the reticence [1].

Referring strictly to Romania, we consider that in the causes frame above presented, the hierarchy should be turned up-side-down, even only as we have a unemployment rate much lower than the states shown in the table, and the costs, at least for the work factor, are reasonable low.

Expression of the fact that the economy synthesizes the main processes that take place in other domains of human activities, 11 September 2001 events had shaken economic relations, the direct foreign investments drastically decreasing, the way it has been shown in the table 4.

Table 4. Level of direct foreign investments in the period 2000-2004 (billion USD)

Year	Worldwide Total	Romania
2000	1,400	1.025
2001	824	1.137
2002	651	1.150
2003	653	1.600
2004	730	4.100

Source: UNCTAD, BNR and National Agency for foreign investments.

The causes of dramatic decrease of direct foreign investments is the consequence of a complex factors system, that, in a risky challenge, would have the following nature and structure importance (table 5).

Table 5. Nature of causes that lead to decrease of direct foreign investments, worldwide, between 2001-2004

Crt. Nr.	Causes nature	Rank
1.	Tense political situation and military conflicts increase	I
2.	Economic recess	II
3.	Failures of private property in developing countries	III
4.	Low value of achievements and fissions between corporation	IV
5.	Increase of humankind problems, especially environment crisis and energy crisis	V

Source: Own work with the help of various International Rapports

The notable success in Romania between 2003-2004 is due, mainly, to the following factors:

- returns in privatization field, specially due to PETROM company;
- improvements of the businesses field by archiving the state of functional market economy;
- projects type “greenfield” and “brownfield”;
- relatively still low employment costs;
- macroeconomic and political stability (the alternance of powers by free elections).

The rise in Romania of foreign investments (5.1 billion USD in 2004), especially the direct ones (4.1 billion USD in 2004), it is a positive, encouraging fact, but it only decreases the huge gap between Romania and central European countries. Therefore, in 2004, according to the last rapport UNCTAD, the direct foreign investments stoke in Romania was 18 billion USD, in the same time in Hungary was 60 billion USD, and in Czech Republic 56.4 billion USD.

For the next period it is imperative to reevaluate the factors that determined the attractiveness rise (from the 57th place in 2003 to 35th in 2004), in the background of aboriginal private capital development. The last condition is imperative to consolidate national interest and to efficiently integrate Romania in the European Union structures.

Development of Aboriginal Private Capital - Base for the Increase of Trust Capital in Romania

The increase of trust capital in Romania is in close connection with the development of aboriginal capital. This is very hard to accomplish as private property, before revolution, use to be limited at consumption goods that would hardly made a living for a family. Same implications had the ex-social parties that did not form entrepreneurial behaviors, but which, once transformed in capital and not used for consumption, after the revolution could have been a start of the future capital market.

Insistence for aboriginal capital existence, as a base for the trust capital, it has been explained, *firstly*, with the fact that it is the expression of economic agents capacity to accept and to act in the market economy spirit, competitiveness and a selection determined by efficiency. *Secondly*, for the foreign capital the existence of a powerful aboriginal capital it is a strong ally in the open fight with the forces in opposition with a functional market economy' exigencies. *Thirdly*, trust capital increases if we have aboriginal capitalists, because they can be directly, with knowledge involved, in the built of a power structure that will create and guarantee the existence and the manifestation of interests groups specifics of a performant economy.

In the context of the above, results that it has to be created the conditions to encourage the birth and development of aboriginal capital, because "*...there is not any theory to exclude the aboriginal capital from the property equation in a market economy.* Market mature economies practice proves this. German banking system is dominated by German banks, the French one-by French banks, the Italian one – by Italian banks, the Dutch one, a small country-by Dutch banks. All petroleum companies from European countries have kinds of shareholding where the aboriginal capital, and even the state one, keep some influence levers. Not to speak of the distribution or energetic production societies, where aboriginal capital not only is dominant, but, in so many cases, the only one on the market" [12].

The developing of aboriginal capital is a big attraction to a lot of Romanians eager to rapidly taste the individualization effects, that after a long period of uniform life in totalitarianism. In consequence, a rising number of our citizens, more or less honest, had built up bigger or smaller fortunes, situation that impose their acknowledge, but on the background and in the name of morality that joins any major transformation. If this process would be normal, natural in a functional market economy, in our own national economy, where we could find all types of savage capitalism, will make serious problems, in fact, expressions of a huge amount of untrust capital.

Considering our own cultural model, where an important place is taken by syntagms as "IT'S GOOD ENOUGH", the entries of made up fortunes in the trust capital field is joined by the traditional national common understanding. So, a big politicians groups, usually represented by "The Horacle in Damaroia", following the American model where capitalists such as Rockefeller (petrol fields fortune built up on force) or Vanderbilt (who became the owner of the national railway due to baptism), accepting afterwards the legality, they became over night honorable persons, I propose to give up the fraudulent Romanian capitalists punishment, and to sanction (starting with 1997, when the campaign against corruption, as part of the historically Contract with Romania) only those who will disobey the legality of new economy. Actually, we can say we face another Romanian contribution to the capital theory with the 'forgiven capital' category, that we talked about in the introductory part. Nevertheless, no matter how the

aboriginal capital would be called it has to be encouraged even only for the hope that it will sustain national interest.

To increase the *aboriginal own capital*, it has to rise, firstly, the own resources. The main actions should be:

- the increase of the own personal loans percentages in B.I.P.; Romania has, in spite of the fact that “with only an I. D. you’ll have the loan in 2 hours”, the lowest value regarding the rate of private loan in B.I.P. of all the countries in the New Europe, at 2004’s level, according to a study made by INTERNATIONAL in the ‘New Europe’ 2004/2005, the rate of personal loans in B. I. P. total, presented as such: Estonia 47%, Bosnia 45%, Hungary 41%, Bulgaria 35%, Czech Republic 33%, Poland 30%, Slovakia 29%, Lithuania 29%, Serbia 20%, Romania 18%;
- outcomes usage for investments rather than ostentatious consumption;
- economies rewind through the rise of active interest rate;
- extended use of the accelerated liquidation;
- the belief of the Romanians that work outside the country, usually in tough conditions, to value their incomes, firstly by investments, as a stabile support of a material state improvement.

The assurance of resources rise for the increase of aboriginal private capital must be joined by the built of investment behavior. The untrust in modern market economy’ institutions – stock market and investment funds-shouldn’t be associated to the Romanian mentality, the low incomes or insignificant experiences in the past, but rather to the unpleasant events such as CARITAS, SAFI and not at last, F. N. I. . To the last ones it’s been attached the lack of attractivity of the capital market in Romania, that in a classification of 5 stock exchanges in Central and Eastern Europe occupies one before last position, ahead of Slovakia with 0.1 points, but far behind Poland (0.9 points), Hungary (0.5 points) and Czech Republic (0.44 points). The classification was made in the beginning of 2005 and took into consideration 4 indicators, respectively, capitalization, daily average liquidity, PER index (ratio between price and outcome that expresses the recovery time) and the rate of shares portfolio diversification.

Conclusions

The maintenance and increase of foreign investment activity in Romania will meet in the next future, extremely difficult problems. We take into consideration, firstly, *dramatically decrease of the amounts that will be cashed from privatizations*, as, even that “there is yet a lot to be stolen” (an ex- Prime Minister expression), there is not a lot left to be transformed in private property. In this context projects type “greenfield” and “brownfield” must be developed. These activities raise even greater problems than privatization does. Secondly, *it is necessary to treat with responsibility the elements that restrain the foreigner’s temptation to invest in Romania*, thing that has the following guides:

- low trust in the businesses field;
- poverty and unemployment that endanger social stability;
- the lack of prognosis and economic programs studies, long or medium term;
- low coherence and convergence level of different development programs, sartorial, territorial etc;
- financial legislation’ instability and lack of transparency.

Thirdly, *E.U. integration will find competitiveness as a priority*, based not on comparative advantages as such, but on economic efficiency levels. As it is well known, over 70% of direct

foreign investments, lately, are realized between countries with powerful industries (50% of the total in 2004 are provided by U.S.A., United Kingdom and Luxembourg). The analysis upon this subject come to demonstrate that as base of the massive direct foreign investments exchange between the countries with strong industries, are the following factors:

- biggest buying power;
- an attractive and innovating businesses field, due to an unique economic market;
- traditionality and stability of economic and politic connections;
- alike cultural models;
- secure and predictable financial systems.

In the situation when Romania will open herself to the “competitivy and economic concentration’ focus”, more and more specialists consider that the time is right to overcome “the half measures zone’ in any action. Chances to win this game are high due to conditions such as:

- generous financial helps, even if they mean a lot of conditioning;
- keeping of a unique rate for incomes tax and decrease of some cost of employment elements;
- the rise of specific mechanisms assimilation in a functional market economy;
- maintaining of the capital dislocating process in developed countries as a consequence of low employment cost and moderate taxation;
- it was created and is developing certain information logistics and debate over the integration problems that will prepare and motivate the population for a competitive behavior.

In conditions that place economic integration as a veritable production factor, it is becoming more and more difficult to follow and realize national interest, as this complex activity has to be done in a creative way, only just out of respect for the partners. Significant in this way will seam the appreciation of the great Nicolae Iorga, that emphasizes: “To admire a foreign civilization, a respectful one, it is a duty! To imitate it, with no change at all, it is a pointless humiliation” [13].

Economic theory and practice offer examples where economic objectives considered being of a major importance, are under different ways protected instruments. We appreciate that in functional market economy, the partners, with respect for the exchange rules - mainly characterized by equivalence - have to act in even conditions. Significant is the following remark: “The opening of national market has to be associated with o stimulation politic (through actives politics) of economic agents, in creating performance, using and fairly remunerate the high qualified employees ...*It has associated a rewarding business climate, even opportunities of aboriginal and foreign private capital development*, where state institutions, with foreign trade responsibilities, to sustain/furtherance national interests, in the markets and economies globalization context“ [15].

For the success of Romania, in her daringly attempt to join the new coordinates of competitiveness, it is questionable and indispensable the massive assimilation of direct foreign investments. In the same time, the way a known specialist emphasize, the increase of foreign direct investments and also . . . the decrease of subventions, free initiative and privatization, are processes absolutely wanted and positive if they lead to the rise of incomes and economic security for the majority of population. If this is accomplished by replacing the economic and politic decisional centre at national level with over-national ones, and especially if they prove to be-the way it happened until now-profoundly unproductive for the well -being and the national social interests-by permanent announcements that tomorrow will be better – they can only be perceived as profound kicks to the Romanian state and population“ [2].

The performance today depends on a multitude of factors, in which the trust capital leads, where the tendency is to rise and stimulate the individual trust, who's place and role in today's society are significant illustrated in the following remark: "Considered initially to be just a characteristic of primitive societies, the human trust becomes once again a necessity in postmodern societies. Even if the trust is not indispensable in economic relations in western countries, and the contracts are still preferred, the transition situation for ex-socialists countries and western ones that pass from the industry era to the post industry one, dictates a remake of personal trust forms, even if from different reasons" [9].

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Investițiile străine directe în România în contextul revitalizării capitalului social

Rezumat

Studiul prezintă importanța investițiilor străine directe în statele cu economie emergentă. În acest context, este evidențiată legătura directă între imperatiile creșterii economice și investițiile străine directe pentru convergența economiei românești la U.E. În articol sunt reliefate legăturile nemijlocite între capitalul de încredere în economia României și nivelurile, structura și destinația investițiilor străine directe. Încrederea investitorilor străini în economia României are, deocamdată, în principal, doar conotații relativ subiective, respectiv disponibilitatea românilor pentru străinătate, încrederea în capitalul străin, presiunea anterioară a sistemului socialist legată de superioritatea performanței „celuilalt sistem” etc., motiv pentru care există o îndoială privind nivelul relativ înalt al obiectivității.