THE COSTS OF FISCAL AND BUDGETARY POLICIES FROM THE PERSPECTIVE OF SUSTAINABLE DEVELOPMENT

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Abstract: *The choice of the subject of this communication was based on the following considerations: fiscal and budgetary policies currently in place in Romania are not fully in line with long-term strategic objectives (sustainable development strategy at national and European level!); the mechanism for substantiating, adopting and implementing fiscal and / or fiscal policy measures in Romania does not clearly include elements for identifying costs and risks (especially those related to non-implementation of the sustainable development strategy); there is no full consensus on the implementation of long-term fiscal and budgetary policies beyond the electoral cycle, with a long-term development strategy (sustainable). The purpose of the communication is to identify and present some methods of determining the costs related to the non-application of the objectives of the sustainable development strategy, in the case of fiscal-budgetary policies in Romania.*

Keywords*: Sustainability of economic development, government costs, public policies.*
JEL Classification*: E62, H61, H72.*

1. Introduction

The choice of this research theme started from the following considerations:

- fiscal and budgetary policies currently in place in Romania are not fully in line with long-term strategic objectives (sustainable development strategy at national and European level!);

- the mechanism for substantiating, adopting and implementing fiscal and / or fiscal policy measures in Romania does not clearly include elements for identifying costs and risks (especially those related to non-implementation of the sustainable development strategy);

- there is no full consensus on the implementation of long-term fiscal and budgetary policies beyond the electoral cycle, with a long-term development strategy (sustainable).

The correlation of fiscal and budgetary policies with sustainable development objectives has emerged as a key political issue across Europe over the last few years, partly because the fiscal positions of many countries on the continent have been severely affected by the global financial and economic crisis, due to the recognition of the long-term fiscal costs of demographic change, especially the aging of the population, as well as to counteract the effects of climate change. Many of the new Member States of the European Union, including Romania, face major challenges to ensure the alignment of macroeconomic policies with sustainable development goals.

At first glance, the cost-benefit analysis in the application of fiscal fiscal policy measures in line with sustainable development goals seems to be a simple accounting exercise that involves comparing present and future, up-to-date and aggregate costs and benefits and choosing the project of interest public if the net present value is positive or the choice of the project with the highest net positive present value, when only one of the projects needs to be implemented (Văcărel, 2004, p.499).

In practice, however, the analysis involves several complex calculations, economists sometimes resorting to empirical methods of study. One of the issues of cost - benefit analysis is that aggregation of many cost - benefit components is sometimes intuitive, and for other components, even intuition can not suggest measurement methods.

If sustainable development is being discussed and a cost-benefit analysis is made, it is inevitable that the set of necessary macroeconomic policy measures is needed to implement it and, of course, what are the costs involved. In this case, measures in the field of fiscal and budgetary policies (at least those involving legislative changes) should be accompanied (in fact!) By impact studies that directly present the resulting costs and benefits. Furthermore, measures in the fiscal and budgetary policy are often linked to electoral cycles and are not in line with medium- and long-term sustainable development objectives, which increases costs and risks for major future changes (meaning harmonization with sustainable development objectives).

2. Evaluation of measures included in the fiscal-budgetary policies from the perspective of sustainability

An essential factor for the success of the strategy to improve fiscal sustainability is the credibility of the measures adopted, the way in which the real economy responds to these measures. Measures to be taken include raising the tax base, including minimizing the underground economy and tax evasion, stimulating job growth and consumption, and so on. All these measures are taken in a broader context of the decision-making process (with materialization in the Governing Program, development strategy, government policies, concrete action plans and concrete measures) as can be seen from Figure 1.

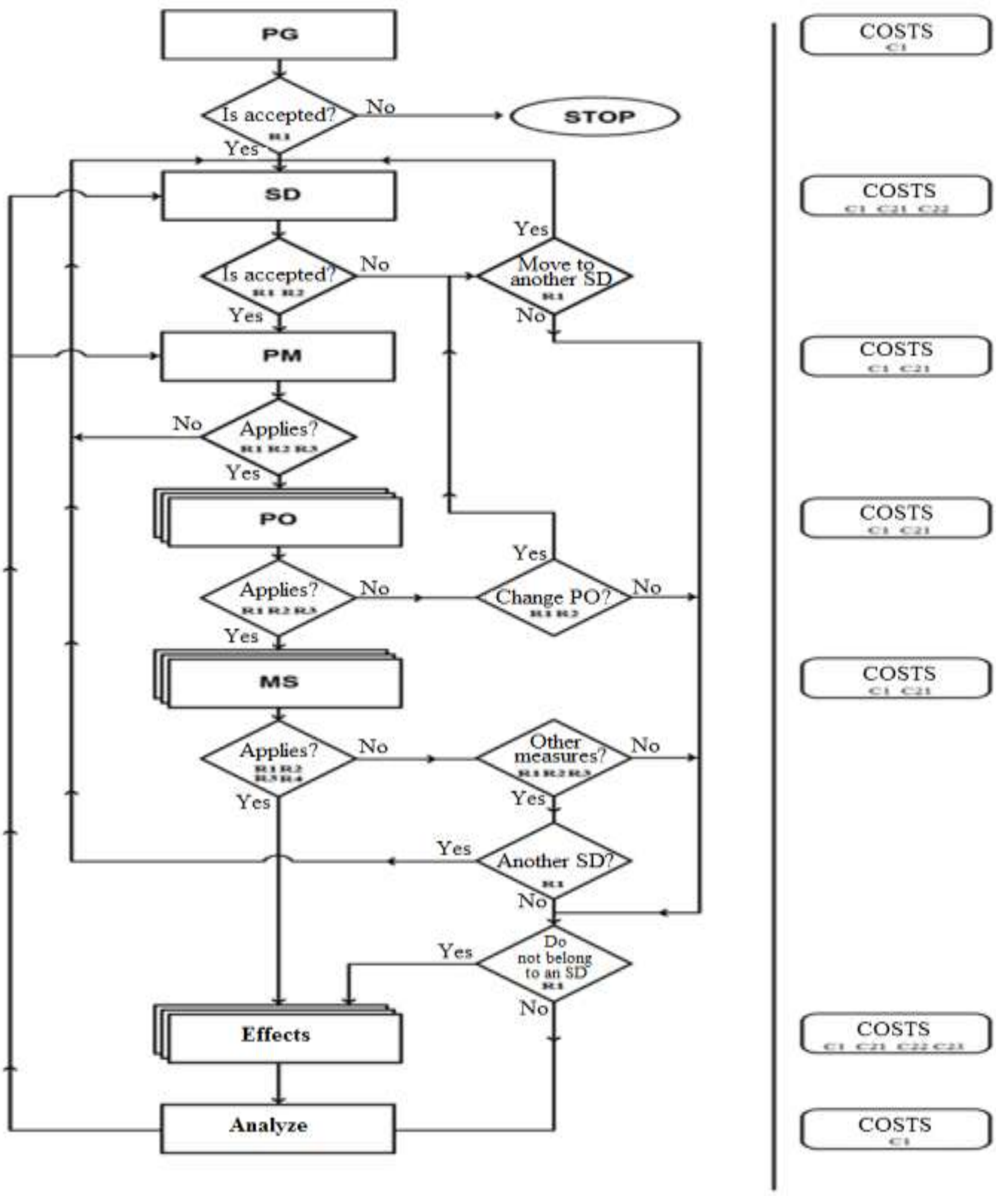
In the last few years some normative acts have been issued that oblige the state institutions with regulatory role to carry out the impact study of the legalized measures. Here we are H.G. no.775 / 2005 updated by H.G. no.523 / 2016 for the approval of the Regulation on the procedures for elaboration, monitoring and evaluation of public policies at central level or Law no.24 / 2000 updated by the Law no.194 / 2007 on the normative technical norms for the drafting of normative acts.

However, all these normative acts are not fully respected, in the sense that no impact studies are carried out or, if they are done, they are not made in a transparent way.

Also, regulatory measures, once adopted, are undergoing very short-term changes, which for the taxpayer ultimately means extra costs.

Ordinance no.114 / 2018 is a telling example in this respect. The fact that a quality impact study has not been carried out has led to many debates, criticisms, opinions showing the mistakes that have emerged in the way of setting new taxes on electricity, gas, telecoms and the banking system.

Figure no.1. Stages of decision-making



Legend

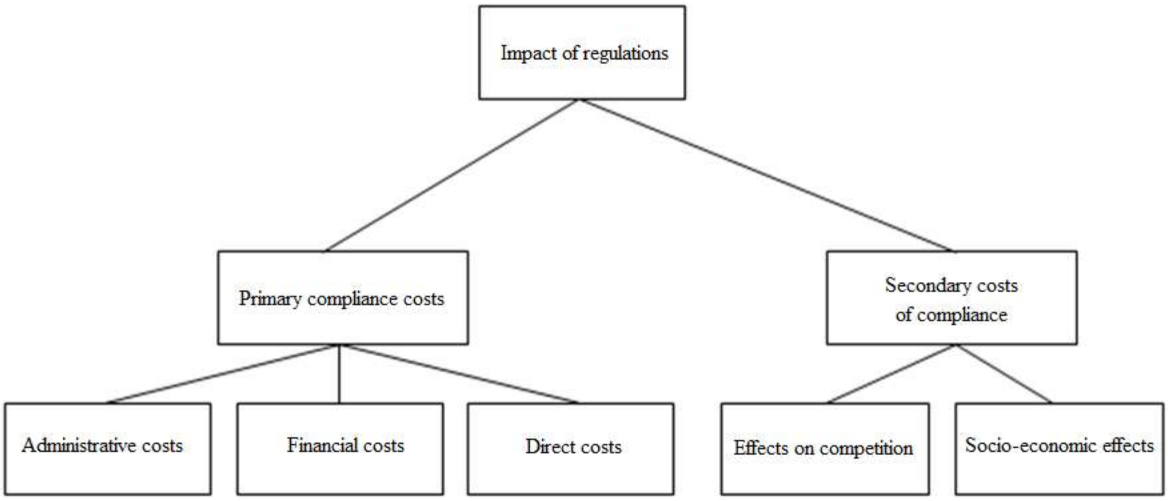
PG – Governance program
SD – Development strategy
PM – Action plan
PO – The mix of government policies
MS – Policy enforcement measures
C1 – Implementation costs
C21- Subsequent correction costs to comply with the SD
C22 – Subsequent costs of switching to another SD
C23 – Correction costs (subsequent) that lead to deviations from the potential development strategy
R1 – Risk of failure to implement PG
R2 – Risk of non-implementation of SD
R3 – Risk of PM failure
R4 – Risk of non-implementation of measures

3. Quantitative evaluation methods of alternatives. Cost identification

Costs are classified into two main categories: financial costs (historical, accounting) and economic costs. The category chosen by those who formulate public policies depends on the perspective of the analysis. For public policies and legislative proposals that affect certain groups of society, such as business communities, retirees, mothers, etc., financial cost calculations will only be the first step. The next step will be to calculate economic costs. Economic costs are those financial or other costs that a proposal of public or legislative policy generates for certain groups of society. In cases where the legislative proposal does not affect groups of the company or if the impacts are insignificant, those who formulate public policies only calculate the impact on the state budget, that is, only the financial costs. Because costs can be structured by considering different perspectives, policymakers should be aware of possible mistakes if the same costs are included multiple times using different classifications. Double cost accounting and inaccurate results can be achieved.

There is a wide range of costing and calculation methods used. In general, costs are defined as the value of the resources that were used to implement a particular public policy. Identifying the costs of public policy or project is an essential step in an efficient alternative assessment process as well as the first step in delivering cost-benefit analysis. The impact of regulations can be represented as in the scheme below.

Figure no.2. A possible cost structure related to the implementation of governmental measures



The process of monitoring the cost of public policies should take into account the typology of these costs (OECD, 2001):

- direct administration costs - the cost of delivering a service or administering regulations;

- accounts of compliance of affected businesses or citizens - administrative, bureaucratic and capital costs;

- in indirect economies in general, such as environmental or social effects, diminishing competition, innovation and investment.

Financial costs

Financial costs, from the perspective of public policy impact analysis and regulatory issues, are in fact the financial resources from the state budget that are needed to implement a particular public policy or legislative proposals. The financial costs of public policy need to be calculated and found in the draft strategy or public policy proposal. Often, the financial costs of these public policy documents are approximate calculations that have been elaborated in detail during the implementation phase when some public policy activities are included in the proposals for the annual budget of public authorities.

During the elaboration of the draft normative act, those who formulate public policies will take into account the financial costs according to Chapter 3 "Tax Impact on the State Budget and the Local Authorities" related to the substantiation note and will calculate them according to the economic classification of the budget state. With this classification, revenue and expenditure are divided according to the specific economic purpose.

Economic costs

The main components of economic costs

The general impact of public policy or legislative norms can not be emphasized simply by calculating the fiscal impact on the state budget. The impact is much broader, going beyond the fiscal impact on the state budget. They influence society in general, so also the economic aspects of public policy analysis must be taken into account. Economic costs are all costs incurred by the company as a result of an activity carried out under a particular public policy. From the perspective of society, economic costs consist of financial costs (state budget) and other costs imposed on members of society.

Economic costs = financial costs + group costs in the company (external costs)

External costs are created by negative externalities, ie negative effects and / or pressures generated by the implementation of public policy or legislative norms. It should be noted that beneficiaries may also have to bear costs because of the negative externalities they create.

The economic costs of the alternative are closely linked to the concept of opportunity cost, a very common concept used in the economy. Opportunity cost is the second best alternative from the insured benefit perspective, which could be implemented using the same budget resources. In the case of public policies, the opportunity cost will be expressed not in monetary terms but in the form of other benefits that can be obtained from the alternative use of funds. For example, the opportunity cost for building a new national library is the second best alternative, namely increasing the number of university scholarships. This transposition allows expression of the benefits of building the national library in the form of the benefits of the second best alternative (university scholarships) using the same budgetary resources needed to build the library.

Economic pressure imposed by legislation

Legislative activity of public authorities creates both positive and negative impacts on different groups of society. Therefore, in order to highlight the economic cost of a legislative activity, those who formulate public policies need to consider not only the fiscal impact on the state budget, but they also have to calculate the additional costs of legislation that apply to other groups of society, including for business communities. This information is useful for analyzing the social and economic impact of a particular legislative proposal. The following figure illustrates the distribution of costs imposed by legislation on different groups of society. Administrative compliance compliance costs are costs for businesses that need to run to comply with information requirements imposed by central government law. Obligations of information are obligations arising from legislation, concerning the provision of information and data to the public sector. The first countries that began to measure the administrative burden are the United States and the U.K. Later, the

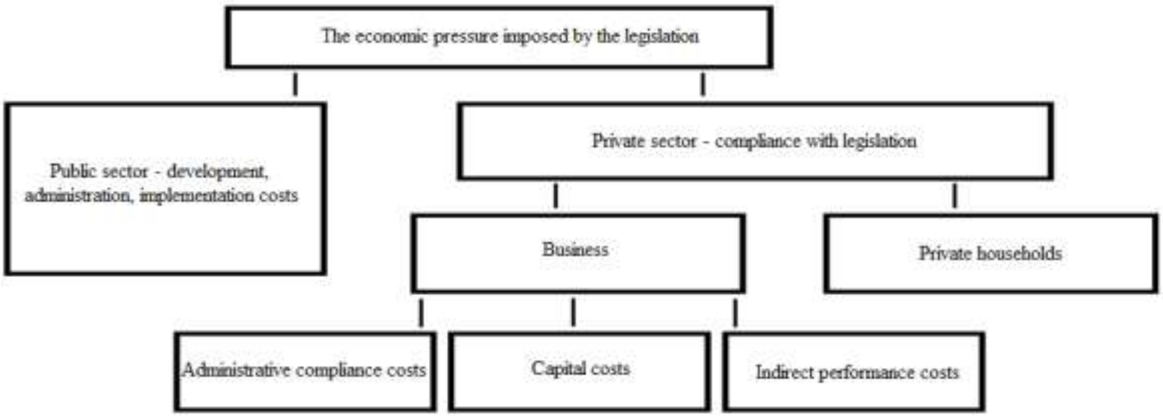
Netherlands has developed the standard cost modeling methodology that has gradually become popular in EU countries. Their methodology is based on the International Standard Cost Handbook developed by OECD countries[1].

If the legislative proposal creates cost pressure on households, it is necessary to assess how these costs affect different groups of the company. In such cases, formulators of public policies often collaborate with researchers because household surveys contain many data to be analyzed. As mentioned above, carrying out an impact assessment in the regulatory sphere and drafting the substantiation note for draft normative acts as well as financial costs should be included in Chapter 3 "Tax Impact on the State Budget and Local Authorities". Economic costs will be described in detail in Chapter 2 "Socio-Economic Impact". Section 2.2. "Impact on business environment" will contain the economic costs for companies. Section 2.3. "Social Implications" will be completed if the legislative proposal also includes compliance costs for private households. Total economic costs will be described in section 2.8. "Other information".

Calculation of compliance costs

In this case, we can take as an example the entry of a state into the Eurozone, which creates administrative pressure for both public institutions and private companies. However, this example is simplified, assuming there is a legislative requirement, only for companies, to move from the accounting system to the local currency to the euro accounting system (see figure below).

Figure no.3. Distribution of economic costs imposed by legislation



Costs for the State Treasury

After installing the new system, the State Treasury will recognize compliance with the new requirements. Although the State Treasury has sufficient office space for an additional number of employees, it does not have the necessary equipment, furnishings and consumables to enable them to carry out their work. The Treasury already has a system administrator within the standing staff that will maintain the database of contractors that have the obligation to comply with the legislative requirements. However, such a database should be based on an outsourcing contract.

Thus, the fiscal impact on the state budget for the Treasury is as follows:

• Current costs:

- Salaries
- total salaries for inspectors = monthly salary * number of inspectors;
- Goods and services

[1] *web: http://www.oecd.org/dataoecd/32/54/34227698.pdf#search=% 22Standard%20Cost%20model%22*

- contract with IT company creating the new register = hourly rate * number of specialists * number of hours

- Special software for checking requirements;

- Updating anti-virus programs

• Capital costs

- office furniture;

- computers.

Administrative compliance costs for an enterprise

Assuming that the company has to hire an accountant and an IT specialist to create the accounting system and train the employees of the enterprise so that they can use the new software, the regulatory compliance costs are as follows:

• Direct staff costs (variable costs)

- contract with hired accountants = hourly fee * hours worked to create the database * number of accountants + hourly fee * hours worked for training courses * number of accountants

- salary of IT specialists employed = hourly fee * hours worked to create the database

• Direct cost of materials (fixed costs):

- additional computers for entering data from existing registers;

- software for the new accounting system;

- anti-virus programs and upgrades

• Other direct travel expenses

- the amount of time lost during trips and meetings with Government officials.

Sometimes, in order to calculate the total administrative compliance costs, the costs for small, medium and large businesses must be calculated separately. The next step is to assess the distribution of businesses. When policymakers know the percentage of each type of enterprise, the total administrative compliance costs for all businesses will be the sum of these multiplier factors.

Costs of environmental impact

Another area in which negative externalities can be identified and measured is the environment. Policy makers need to know whether public policy or legislative proposal improves or worsens the state of the environment. At the level of public policies that are not directly related to environmental issues, the environmental impact assessment will be more qualitative based on the analysis of documents and expert experience. Public policies with a significant impact on the environment usually involve considerable costs for all members of society.

For example, public policies addressing waste management issues, especially hazardous waste management, obviously involve extremely high costs and are also associated with investment in complicated technologies. In such a case, the costs must be distributed among all those who produce waste.

Also, public policies on regional development that involve development from different economic perspectives can create some negative externalities for the environment. The main environmental factors to be monitored from the perspective of negative externalities are: air quality, quality and quantity of surface water and groundwater sources, waste management, noise pollution, coastal and marine resources, land and land resources, recreational, forestry resources, biodiversity / protected areas, global climate. Monitoring of the main indicators of the natural environment is provided by special agencies, equipped with the necessary technologies and specialists in the field.

However, the calculation of environmental costs and benefits does not differ from the calculation of costs and benefits in other sectors. However, most public policies and legislation do not have a significant environmental impact because environmental impacts are generated at project level, especially when major infrastructure projects or industrial projects are being implemented. As a rule, there are special national agencies dealing with environmental issues and evaluating projects with an impact on the environment. Therefore, when policy makers assess alternatives, they may find that they have a significant impact on the above-mentioned natural resources, so they have to cooperate with the agency and carry out a detailed environmental impact assessment.

4. State cost

The fiscal cost of the state, whether expressed as a sum of taxes and taxes, or expressed by the ratio between government expenditure and GDP, is only the tip of an iceberg of the cost of the state institution. The significant part of the state's cost is much higher than the value of the transparent levy. The hidden burden of the state institution includes, beyond the level of fees and the cost of running the administrative, legislative and judicial apparatus, and the cost of its effects.

When assessing the state's total cost, we can begin by thinking that even a small business needs the complex services of an accountant or lawyer to mediate the difficult relationship with the state. Taxation applies to company revenue only after the costs of these services required to carry out the business have already been paid. In large part, the cost of the accountant's salary is imposed on the contractor by the state, albeit in a hidden way. The cost of that salary is even higher as the tax is not bigger, but more complicated.

In general, administrative procedures attached to the state's initiation of economic activities, their liquidation, and their level of deployment are costs for economic agents. The example of the salary paid to the accountant is an easy-to-quantifiable State example. But there are costs we can hardly understand even though we pay them. We are not referring here only to the time spent with information on procedures, the way to agencies, the number and complexity of the acts required to obtain licenses and permits for simple activities. Not only is the fact that entrepreneurs often spend more resources with reporting activity to the state than with the main economic activity.

In order to give us an idea of the state's total cost, we should understand all the mechanisms by which the state constrains the economy, restricts civil liberties and suffocates the ways in which wealth is produced. We want to explain why the burden of our state includes, besides the cost of taxes and the cost of the uncertainty created by a constantly changing tax and the administrative cost of tax and parafiscal taxes. State burdens are expressed through hidden tax rules such as inflation and budget deficits and change business cycles to the extent that they are created by credit expansion, and in the event of an economic crisis, represent a cost of the state's monopoly over the issue of currency.

The state's cost includes the effects of choking entrepreneurial activity by imposing legislative and administrative barriers to entry and exit. Because of the poor management of natural resources and public spaces by the state, we leave unused valuable resources. The same is true for a whole range of economic sectors. From the state monopoly on education and state control over culture and religion, to control over the pension system and health system, from unwarranted control over the provision of infrastructure, public transport and public utilities[1], to the complicated case of the judicial assurances we may

[1] See also the intervention of Pierre Garello at the CADI-Konrad Adenauer Conference "Public Services Should Be Outsourceed to the Market", originally published in the Economist, January 24, 2011 and accessible online at *http://www.cadi.ro/index.php/vizualizare/articol/multimedia/382*

have in a more liberal market for justice production, the state is at the same time a bad resource manager, but a good tool for exploiting others by others.

In our study we use two concepts, which economists call "opportunity cost" and "transaction cost" respectively. Opportunity costs are the value of missed opportunities; transaction costs are transaction costs beyond the value of the services that are the subject of the transactions. Regulations hampering trade are transaction costs. How can we estimate the monetary transaction costs? Some can be estimated by comparing with the market price of the services that solves the problem of those transaction costs. If we know the value of the bribe given to obtain an opinion then we can say that the respective settlement, which is a transaction cost, has an opportunity cost at least equal to the value of the services that can be bought with that amount. Many of the costs can not be measured in monetary terms, but we can approximate their magnitude.

If we admit that taxes and regulations stifle entrepreneurial activities (as entrepreneurs do not allow their business under too high taxes or regulations too restrictive) and entrepreneurial activities bring new or new services to the surface, then inevitably the costs of taxes and regulations include types services that do not yet exist today. The simplest example in this respect is that of foreign investors "driven" by excessive bureaucracy, corruption, fiscal or legislative instability, by unfavorable regulations. In this case, the state's cost is represented by unrealized investments, which are not limited to the simple amount invested, but rather to the impact on the economy. These are the opportunity costs of the most difficult to measure taxes and regulations. They constituted the first methodological difficulty we faced. There is another reason that makes the total cost of the state hard to quantify.

What is the opportunity cost of not using a one-hectare plot of land in Bucharest? We should take as a benchmark the market value of a similar land in the neighboring neighborhood. That would be the cost for us of not using it here and now, all the others remaining equal. But we know that the value of this land on the real estate market in Romania is less than a one-hectare land in Hong Kong and due to some aspects that can be attributed to the malfunctioning of the Romanian state. What then is the real cost we are facing from the state in relation to that land plot?

If, after a fair market liberalization, many other elements were privatized prior to the privatization of the respective real estate resource, the value of the last privatized resource in the list would be higher now. We can apply the same reasoning to every natural resource owned by the state that theoretically can be the object of private property. If the types of economic resources are so interrelated that changing ownership of a resource becomes relevant to many other types of resources then we can not separately assess a state cost type of another type of state cost because each depends on the other. This vicious circle makes it difficult to estimate the total cost of the state. This is the second methodological difficulty to be considered. Taking into account these difficulties, we use the methodology of the economic analysis of institutions to show why tax costs are just the tip of the iceberg.

The unseen burden of fiscal policy is uncertainty

As it is known, by 2017, social contributions and taxes paid by the employee and the employer amounted to more than 40% of the labor cost to employees and employers. The real tax burden, however, includes, in addition to the amounts collected and the costs created by the bureaucratic machinery, the uncertainty regarding the fulfillment of the obligations of the state (eg reimbursements) and the policy regarding the future. The uncertainty of fiscal policy is a less visible and less quantifiable cost, but it makes it difficult for entrepreneurs to develop plans in the medium and long term, reducing not only the return of existing firms but also the interest of potential Romanian or foreign investors.

Ramped by a long recession and under pressure from the IMF, Romania had to cope with some sudden changes in fiscal policy, such as GEO 58/2010, aimed at expanding the tax base to increase budget revenues for the previous year. First, pensioners were threatened with the reduction of pensions, then the VAT rate was increased from 19% to 24%. The talk about the less transparent tax effect on the economy sends us in May 2009 at the minimum tax program scheduled to disappear by July 2010 at the latest. It has ravaged the already sensitive market in the face of the financial crisis (175,000 firms suspended their activity in 2009 and in the first half of 2010, according to data registered with the Trade Register), being abolished only on 1 October 2010. Created with the stated purpose of reducing tax evasion, it is possible that the minimum tax even led to its increase. Thus, if the actual earnings recorded by certain firms were not declared, some of these companies, but others, have now fully entered the underground economy. What can be seen is the revenues of 780 million lei in 2009 and the companies' obligations of almost 1 billion lei for the first semester of 2010. The unseen costs are the amount that would have been collected anyway from the profit tax, the number of companies that would have remained the market and employees who would not have been unemployed as a result of the suspension of thousands of businesses and the dissolution of others. Unemployed people not only do not contribute to state revenues, they also put pressure on the social security budget.

Of course, the change in the micro-business taxation system, from a 3% income tax to a 16% corporate tax, did not have a positive impact on economic activity. By a new "change of change" it was decided to return to the old 3% quota. The tone of change has continued to threaten the single rate, although it has brought higher total budget revenues compared to its pre-2005 introduction of wage and income tax; even in 2009, a year marked by the economic crisis, revenue rose to 3.7% of GDP over the previous years. Although the Senate approved the draft law on the change of the flat rate from 16% to 10% on October 5, 2010, the Government did not support the initiative, which elaborated the fiscal-budgetary strategy and the budget for 2011 based on the 16% share. Another evidence of incoherence and unpredictability is the evolution of social contributions. It is well known that the level of the contribution due by the employee to the pension pillar II (mandatory private pensions) was scheduled to reach 3% from 2010, but only from 1 January 2011 the share reached this level. Not only did the previously established scheme fail, but the entire contribution to Pillar II was threatened in the spring of 2010 with renationalisation. The situation was caused by the precarious condition of the state pension fund, which is not surprising given the pensioner's pension ratio, the increase of unemployment and the discouragement of work through the high level of taxation.

The cost of administrative barriers to market entry

Administrative barriers to entry and exit from a market are a significant burden imposed by state-run entrepreneurs and consumers. Whatever their form, administrative constraints limit entrepreneurial initiatives and hamper competition, affecting also consumers who face artificially high prices. Entrepreneurs generate a fast and sustainable growth with everything they need - growth, job creation, skills upgrading and innovation. Thus, the decision of those who govern at local, regional and community level to "protect" certain markets and players is hindering economic growth. The instruments by which the authorities control entry and exit from the market consist of imposing licenses or membership of certain professional associations, obtaining approvals, introducing tariffs, fees, regulating the minimum wage, and the bureaucratic burden it is incurring those who want to set up or liquidate a firm. Because market entry restrictions force economic agents to dispose of significant resources by trying to comply with legislation and regulations, the potential for innovation and development is low.

Small and medium-sized enterprises have to lose in particular.

Empirical studies (Klapper, Laeven and Rajan, 2006) confirm that when the costs created by barriers to entry, largely fixed costs, are high, the average size of firms entering the market will be higher. Investors will not be able to enjoy the benefits of limited liability at first. Instead, companies already on the market will rely on the gain generated by the existence of these barriers and will be less interested in increasing their productivity and efficiency. At the same time, regulations with restrictive effect on entry and exit of markets affect the allocation of resources and change the structure of investments. As a result, they have the effect of redistributing resources from favorable market areas where they would naturally invest in less profitable ones. But the tendency of economic agents to serve profitable markets remains: they are trying to overcome administrative bottlenecks by different means. This explains why countries where entry costs are high are also those where corruption and the underground economy are significantly higher. The institution of bribery is generated and fed mainly by the complexity and costly nature of administrative barriers.

We will present three illustrative examples for our general thesis, that administrative barriers have harmful effects and that the current state of state intervention in the economy is arbitrary and unacceptable. The Notary Office Market is one of the most restricted and regulated markets in the liberal professions in Romania. Access to the market is made more difficult by the necessity of belonging to a professional organization, the Union of Notaries Public in Romania (UNNPR), and restricting the number of professionals who can enter the market annually.

According to Law 36/1995 (amended by the Order of the Minister of Justice no.710 / C / 1995 and then the Order of the Minister of Justice no.1758 / C / 2004), the UNNPR not only influences the establishment of the number of public notary positions to be voted on in an annual competition, but also submits a proposal to the Ministry of Justice, but also establishes the conditions for acceding to this status. Art. 16 of the law mentions that in order to become a notary, the graduates of the faculties of the faculty have to do a 2 year internship and then to promote the notary public examination organized by the UNNPR - according to the law, the evaluation committee is a single representative of the The Ministry of Justice. Practically, notaries have developed their own law of operation, and UNNPR has come to have a legal monopoly on the job. Encouraging the promotion of this interest by the guild made the number of notaries on the market insufficient. In 2018 there are over 2540 public notaries. The small number of notaries becomes evident when we compare our country with Italy: if there is a notary at 8250 inhabitants, in Italy a notary serves 6000 inhabitants. As a result, Romania has among the highest prices for notary services in the European Union. According to a report by the Competition Council, Romanians pay 14 times more than Germany, 7 times more than Portugal, 6 times more than Austria and Spain.

Another example is the tourism sector, where legislation creates a number of barriers to entrepreneurial activity or to the development of the competitive environment. Accommodation services are overly regulated, and the rules imposed are not strictly necessary to ensure quality services. To operate legally, all units need a classification certificate, a document designed to protect tourists, which has to translate into a code the building elements, the quality of the facilities and the services provided. Similarly, travel agencies need a tourism license to operate, released by the line ministry. Thus, the ability to provide high quality services is not given by the market but by obtaining this license. Criteria for obtaining this act include the obligation for the travel agency to be located on the semi-basement, ground floor, mezzanine or 1st floor. In addition, it must have "furniture appropriate to the work done". Employees must have a tourism patent (also issued by the relevant ministry), and training or qualification courses for various trades in tourism must in turn be authorized and approved by the CNFPA and the ministry. Another condition for receiving a travel license is to contract an insurance policy for the insolvency or bankruptcy risk of the agency, but the policy may be terminated only with insurance companies that have been approved by the relevant ministry.

Another example of closed market is communications, regulated and controlled by the National Authority for Administration and Regulation in Communications (ANCOM). This agency establishes the technical and operational conditions under which an economic operator may operate, may impose separate accounting obligations and may even impose obligations on tariff control. ANCOM also grants, following selections, licenses for the use of radio frequencies for the broadcasting of digital terrestrial television programs. For example, the number of licenses was established by art. III of GD 464/2010, and the granting of the license "is conditional upon the payment to the state budget of a license fee" amounting to between 1 and 2.5 million euros. Furthermore, Law 504/2002 establishes, by art. 3, what principles should be pursued by the broadcasting of television programs: "political and social pluralism, cultural, linguistic and religious diversity, information, education and entertainment of the public, respecting the freedoms and fundamental human rights". The same law states that although any form of censorship on audiovisual communication is forbidden, the decisions of the National Audiovisual Council (CNA), because they are normative, do not constitute interference in the form or content of media services. The institution is the guarantor of the public interest in the audiovisual field. Thus, state control over the communications market means controlling the state over their content. The effect of administrative barriers is therefore harmful to the Romanian economy by restricting competition and creating closed and rigid economic and social systems. Removing them would harm the state's elite, but it would benefit the economy and society. And all this involves costs that are borne by the final consumer, the population.

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