



Destinations without regulations: Informal practices in Romanian rural tourism

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Abstract

This article is an ethnographic account of the informal practices I encountered during my fieldwork in three touristic destinations in the Romanian countryside. In these places, as in other parts of rural Romania, over half of the accommodation units are unregistered, making tourism ‘on the black’ [market] widespread. This research is focused on unregistered businesses, as well as on those that aim to be law-abiding, but sometimes engage in informal practices. A typology of informal practices is outlined, dividing them into intended, unintended, and contextual. These categories are illustrated with evidence from interview data and from mass media accounts. Informality is discussed in relation to the legislative framework and to the actions of those authorities responsible with enforcing regulations. Local sense-making strategies are taken into account in explaining informal practices, as well as the wider national and historical contexts. The positive and negative implications of informality are examined and the article concludes by making a number of suggestions that could help to develop more appropriate norms and policies regarding rural guesthouses.

Keywords

Informal economy, rural tourism, post-socialism, household economy, Bran, Moieciu, Albac

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Introduction

This paper draws from my doctoral research on the rediscovery and reinvention of rural Romania through tourism. Initially, I was focused on more established topics in the anthropology of tourism, such as authenticity (MacCannell 1992), commodification of culture (Greenwood 1977), cultural display (Kirshenblatt-Gimblett 1998), or the marketing of traditions (Mihăilescu 2008). I was not particularly concerned with the legal side of tourism, until I realised that it lay at the root of the difficulties I experienced in finding and approaching my respondents. In spite of the abundance of online advertising for guesthouses or *pensiuni*² (Romanian) and the dozens of large villas present in the area of my fieldwork, I found that ‘getting in’ was not that easy. First of all, I was struck by the fact that many guesthouses had no signboard. Even though, judging from the architecture, one could easily recognise a building designed to accommodate guests, when I tried to approach the owners, they often denied running a *pensiune* and refused to speak to me. When people did agree to talk, I often felt that they were suspicious and secretive. I was soon able to understand what was going on, as everyone I did manage to interview made comments about the ‘black market of tourism’ (*turismul la negru*). Perhaps more surprisingly, I often encountered the same reserved attitude in guesthouses that were supposed to be registered. I gradually came to see that people, worried that I might be affiliated with some of the control authorities, wanted to avoid any official assessment of their practices. It became clear that if I wanted to get a good understanding of rural tourism, I had to pay closer attention to ‘black tourism’, or *turismul la negru*, as it is usually referred to in Romania.

This paper is structured into eleven subchapters, followed by a concluding section. I start by laying the conceptual grounds of my argument through a brief review of the literature and I point at the very limited range of existing research on informality and tourism. Next, I describe my sources and methods and I present a brief history of tourism in Bran, Moieciu and Albac. The following section looks at the normative framework that regulates the activity of guesthouses. I then move to a depiction of intended informality and I explain why remaining in the shadow can be a sensible choice given the current fiscal and legislative context. The argument is continued in the subsequent two sections where I discuss unintended and contextual informality and I show how law-enforcing authorities are contributing to a climate of uncertainty and tension. Zooming out of the site of my fieldwork, I frame informality in a wider context by using national level data regarding the shadow economy and by identifying links with Romania’s socialist past. I then return to look at the local history of Bran, Moieciu and Albac, and I find a few examples that can suggest some continuity between past and present practices. Finally, before concluding, I examine the positive and the negative

² I will be using the Romanian ‘*pensiune*’ and ‘*pensiuni*’ interchangeably with ‘guesthouse’ or ‘guesthouses’. I believe the term describes a specific local reality and by using this form I can capture better the distinctiveness of these accommodation units.

implications of informality for the local guesthouse owners, as well as for the state institutions responsible with regulating tourism.

Informality and tourism

Although there is a wealth of literature about tourism and informality, the two areas have been generally kept separate. This fact has been recently highlighted by Thomas, Shaw and Page (2011) in their comprehensive review of the research done on small firms in tourism over the past two decades. Their finding is that ‘almost all of the literature on small firms in tourism ignores informal economic relations’ (970) and they conclude that ‘research in this area is long overdue’ (971). Indeed, studies with a specific focus on informal enterprises in tourism are rare and they seem to deal mostly with cases such as those of street vendors in beach resorts in Thailand (Smith and Henderson 2008), Indonesia (Cukier and Wall 1994) or Dominican Republic (Kermath and Thomas 1992), or with organised boat trips to reefs in Phuket (Biggs, Hall and Stoeckl 2011). Meaningful parallels to the Romanian case are difficult to draw considering the very different socio-economic contexts of these studies. The most notable difference is that in these cases, there is a wider gap between non-local investors, mostly foreigners, and the local entrepreneurs. Unlike locals, foreigners had significant financial resources that they could invest in accommodation businesses, while locals remained involved mostly in street vending. The accommodation units are part of the formal economy, while street vendors, together with the smaller scale businesses organising boat tours, make up the informal sector. In the case of Romanian rural tourism, both local and non-local entrepreneurs are in the business of providing accommodation and both groups may be linked to informality. Since in the case of beach resorts, the delineation between formal and informal seems to be much clearer³, the authors need little theoretical discussion about the nature of informality, they mention almost nothing about the rules and regulations constraining tourism businesses, and they do not go into any detailed ethnographic accounts regarding the informal practices observed.

In this context, my research on the informal practices in Romanian rural tourism has the potential to fill in some of the gaps in tourism research, while contributing, at the same time, to the literature on informality and bringing valuable ethnographic details from a yet undocumented area.

Following Castells and Portes (1989:12), I take the informal economy to be ‘a process of income-generation characterized by one central feature: *it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated*’ (Castells and Portes 1989:12). This definition overlaps with ILO’s perspective on informal economy as ‘*a part of economy that is hidden from the relevant authorities*’ (ILO 2013:2). The two definitions point at two essential aspects, which need to be taken into account when talking about informality: first, rules and regulations, and second, the specific institutions and authorities responsible with devising and enforcing norms. As

³ This distinction depends on whether a business is registered for tax purposes, or not.

Hayoz (2013) shows, informality should be always understood on the backdrop of formality.

There are many forms and degrees of informality in the case of rural tourism. First, businesses can be completely and deliberately ignoring regulations, by choosing to stay in the shadow. I call this *intended informality*. Second, while doing their best to be law-abiding, they can be unwittingly breaking regulations. I will refer to this as *unintended informality*. Third, even when trying to follow the regulations, *pensiune* owners might find themselves in situations in which resorting to informality would either maximise their profit/minimise their losses, or help them achieve a desired outcome. This will be defined as *contextual informality*. Although intended informality can also be contextualised, and contextual informality is indeed a deliberate action, the former involves a desire to evade all regulations by remaining completely outside the eyes of the authorities, while the later occurs in the case of those guesthouse owners who, in spite of making some efforts to abide by the law, find themselves in situations in which they prefer to by-pass the regulations.

In Romania, people use 'black market' or literally 'on the black' (*la negru*) in order to describe any unregistered transaction, regardless if it is licit or illicit. I will use this terminology interchangeably with other concepts typically associated with the informal economy, such as: underground, subterranean, informal, hidden, irregular, shadow, or black (Bovi 2003:61). I also use the more specific vocabulary employed by locals in the case of rural tourism, dividing *pensiuni* into two broad categories – with papers (*cu acte*) and without papers, or 'on the black' (*la negru*).

Sources and methods

The data was gathered during several periods of fieldwork in two of the most popular rural destinations in Romania. I had a first visit in Bran in January 2008, followed by longer stays, first in Albac between August and September 2011, then again in Bran from June to September 2012, and finally in Moieciu in July 2013. My main source of data comes from conducting over one hundred unstructured interviews with guesthouse owners, administrators, tourists, and other tourism practitioners. I have recorded and partly transcribed seventy of these discussions. The guiding criteria for selecting my respondents were their availability and willingness to take part in my research. On an average, I would only succeed in one out of three or four attempts at getting someone to speak to me⁴.

Since I never wanted to ask people direct questions regarding the legal status of their business, I had to stir the conversation towards a point where they could feel

⁴ There were a few recurrent discursive strategies people used for turning down my request. They would say that they are just starting (only 'renting for friends' so far) so they do not know much about tourism, they would suggest I would go to some of the biggest and most well-known *pensiuni* in the area, they would say that their children (who happened to be out at that moment) actually manage the business, or, they would simply say that they have no time to speak (and in case I wanted to schedule another meeting, nor would they have any time later on).

comfortable in disclosing the fact that they were unregistered. Only about a quarter of them actually admitted to such a fact, while more than a third were very eager to point out that they *have* papers and they were quite willing to discuss about their bureaucratic and legal challenges. With the rest of the respondents, I was not able to discuss the legal status of their business explicitly, so I generally assumed that they were not registered/classified. After my return from fieldwork, I gained access to an official database from the National Tourism Agency (ANT) that lists all the classified accommodation units in Romania. Based on this, I discovered the following interesting facts: out of the 66 *pensiuni* where I conducted interviews in Bran and Moieciu in 2012-2013, 34 were classified (21 with local owners and 13 non-locals), while 32 were not (with 21 local owners and 11 non-locals). Although this would suggest that around 50% of the accommodation businesses in Bran and Moieciu belong to the shadow economy, real numbers are probably higher. Given the high number of refusals I received, I can assume that many of those who did not want to speak to me were part of the informal sector. During my short trip in 2008, I interviewed 9 guesthouse owners. I have no official data for that period, but based on the 2013 record, all but one appear to be classified and registered. As for the younger tourist destination of Albac and its surrounding villages⁵, I found that out of the 18 locally-owned *pensiuni* included in my research, only 4 were not listed in the official database of ANT.

Through my interview questions I explored, among other things, the legal challenges faced by both registered and unregistered businesses. I focused particularly on the bureaucratic requirements of setting up a guesthouse and on the additional regulations imposed by various authorities. An important topic in these discussions was that of the controllers (*controalele* in Romanian). Almost everybody has, or knows, a story about inspections from the authorities and these accounts gave me a good opportunity for understanding people's feelings about various regulations and about those who are meant to enforce them.

Another important source of data comes from participant observation carried out while I was living in seven different *pensiuni* and working as a volunteer in four of them. While working, my tasks included simple jobs in the kitchen such as dishwashing, tidying up, peeling vegetables or slicing and chopping things, serving food, cleaning, and preparing the rooms for the guests. During this time, I had valuable access to the 'backstages' of tourism as I could listen to and sometimes take part in discussions with the hosts and the employed staff of the guesthouse. I could also observe some of the rules that were guiding the activities in different *pensiuni*.

Given the sensitive nature of the topic, there are obvious limitations with the interview and participant observation methods. I suspect that people often kept from me things that they might have felt would have put them in a bad light. I tried to compensate for this by looking at mass media accounts about the 'black market' of Romanian rural tourism. This approach revealed many interesting cases, including stories about some of the very people I had interviewed.

⁵ Arieșeni, Gârda de Sus and Vadu Moților.

Although my interviews were usually carried out with only one person and I often write of singular guesthouse owners, the household should actually be taken as the main unit of analysis. *Pensiuni* are usually family-run businesses and the type and amount of work and resources invested are the result of a household strategy in which members combine various economic activities.

A brief history of tourism in Bran, Moieciu and Albac

I have spent most of my time in the villages belonging to the communes of Bran⁶ and its adjacent Moieciu⁷. These settlements are found in South Transylvania, in a pass in the Carpathians between the Bucegi and Piatra Craiului mountains. They are located at altitudes ranging between 750 m and 1350 m. The other location of my fieldwork is Albac, a commune comprising 16 villages with 2250 inhabitants, found in the centre of Transylvania, in the Apuseni Mountains (Western Carpathians) along the Arieş river valley (Berindei and Todea 2010:13-14). The commune covers a surface of 54 km² and many of its villages are spread across the mountain slopes with altitudes ranging from 630m to 1100m. Compared to Bran and Moieciu, this is a young tourist destination with its dawn at the beginning of the 1990s.

While Bran, Moieciu and Albac are geographically similar, there are some notable differences between them. Traditionally, the local livelihood in Bran and Moieciu is more connected to herding, with many people later becoming factory workers during communism and unemployed nowadays. In Albac, apart from farming and some herding, forestry and mining were, and to some extent still are, important resources for the local population. In terms of tourism development, local authorities in Bran and Moieciu have shown very little support for tourism and are generally criticised by the local population, while the administration of Albac is appreciated by the villagers as being active in promoting the area as a holiday destination.

While Albac emerged as a tourist destination only after 1990, Bran and Moieciu have a longer history of attracting visitors. Their fame is interlinked with the medieval castle of Bran, which became the residence of Queen Mary of Romania at the beginning of the 20th century. The first accounts about tourism in the area date back to this period when, in the hot summer of 1927, there were 400 tourists registered with the local authorities⁸. Apart from two small hotels, each with only two rooms, lodging was possible with 'all the residents of Bran's centre' as well as with locals from the surrounding villages (Moşoiu 1930:93).

During the socialist period there was no state-organised tourism to rural areas. However, informal hosting was carried out on a small scale, as some urban families would spend their holidays in places such as Bran or Moieciu. From 1990 onwards, rural tourism has been steadily developing through private small-scale initiatives and with the help

⁶ Comprising Bran, Simon, Sohodol and Predeluţ villages.

⁷ Comprising Moieciu de Sus, Moieciu de Jos, Măgura, Peştera and Cheia villages.

⁸ Moşoiu notes that real numbers could have been higher as not all tourists would register with the local authorities (1930:93).

of national and international organisations, leading to a virtual ‘boom’ of tourism with the onset around the year 2000. Currently, Bran is represented and packaged by various actors as ‘the cradle of rural tourism’ (Bădulescu 2011, Agrotour 2013). Reports in mass media state that in 2011, over 400.000 tourists were lodged in *pensiuni* from Bran and Moeciu (Adevărul 2011). In response to a growing demand, locals were quick to offer an ever-increasing number of accommodation facilities. As many of the nearby factories closed down or reduced their activity after 1990, many villagers were left unemployed⁹ and tourism brought a welcomed opportunity to increase the households’ income. It should, however, be stressed that tourism is almost never the only economic resource. Many households still rely on farming, while some of them combine farming with income from a family member who is employed or owns another business.

In Bran and Moieciu there was also a notable inflow of urbanites building guesthouses and second homes. Although exact figures are difficult to know, the numbers of guesthouses advertised on online portals are an indication that Bran has over 300 *pensiuni*, Moieciu more than 400, while in the newer destination of Albac, there are over 30 guesthouses. The typical offer of a *pensiune* consists of accommodation (with access to a kitchen and a common living area) and a garden with facilities for recreation, such as gazebos, barbeques and playgrounds for children.

Formalising tourism: registration, classification, and authorisations

The growth of rural tourism was accompanied by efforts from various authorities to control and regulate this line of business. An increasing number of legal demands, the frequent changes in the legislation and poor access to information have turned setting up a guesthouse into a serious effort. Currently, there are two important papers a *pensiune* must have in order to be out of the shadow economy: a registration certificate from the Trade Register, which turns the owner(s) into taxpaying ‘economic operator(s)’ - *operator economic* (Ro) and a classification certificate from the Tourism Authority, which is meant to be ‘a codified and concise way of expressing the accommodation’s services and degree of comfort’ (ANT 2013:4). Guesthouses can belong to one of two types: ‘touristic’ - *pensiune turistică* (Ro), in which case they should not have more than 15 rooms, or ‘agrotouristic’ – *pensiune agroturistică* (Ro), provided that they have up to 8 rooms, they serve their guests with meals cooked with local farm products and they present tourists with opportunities for observing or engaging with farm-related activities. The classification certificate assigns a touristic *pensiune* a rating between one and five stars and an agrotouristic one a rating of one to five daisies. The issuing procedure of this paper requires an on-site check carried out by representatives of the Tourism Authority who assess the accommodation unit’s level of comfort and facilities.

A registered and classified *pensiune* must subsequently obtain the following authorisations: Sanitary, from the *Regional Public Health Department*; Sanitary-

⁹ The number of employees in one of the near-by weapons factory decreased from 12000 in 1991 (Dabija, 2005) to 499 people in 2008 (Bursa, 2009).

Veterinary¹⁰ from the *Sanitary, Veterinary and Food Safety National Authority*; Fire Safety, from *The Inspectorate for Emergency Situations*; Environment, from the *National Agency for Environment Protection*; and Labour Protection, from the *Labour Inspectorate*. Obtaining these authorisations is, obviously, not straightforward, and an average of eight other papers are required in order to file just one application. Moreover, starting with the year 2002, the person running a *pensiune* must be able to prove that he or she took a course in 'guesthouse administration'. As of 2013, *pensiune* owners must also provide evidence of employment and suitable qualifications for anyone working in their guesthouse. Overall, given the amount of papers required and the waiting times involved, it is estimated that it could take around five months in order to receive a classification certificate (Dănăilă 2013).

The results of a survey carried out by the Romanian Ecotourism Association (AER) highlighted the fact that most of the problems of registered guesthouses stem not from legislation directly related to tourism, but from regulations from areas that overlap with this activity. The main complaints of the respondents concerned bureaucracy, the long waiting time, the lack of information, the high costs and the corruption one has to deal with when applying for different authorisations. When asked to name rules perceived as 'restrictive, pointless or abusive', people often mentioned regulations concerning food provision, which establish the same requirements for small *pensiuni* with less than 5 rooms, as for large accommodation units with restaurants open to outside visitors (AER 2013:3).

Admittedly, the Tourism Authority has made efforts to simplify the classification procedure. In 2011 it was decided that the classification certificates will be issued based on owners' self-assessments and that the Tourism Authority would carry out subsequent check-ups. At the same time, the Tourism Authority stopped demanding proof that owners hold the Environment, Sanitary, Sanitary-Veterinary and Fire-Safety authorisations, leaving the designated institutions to enforce their own control mechanisms. However, the on-site verifications from the Tourism Authority prior to issuing the certificate became mandatory again from 2013, after it was discovered that owners tended to be over generous in their self-assessments (Suciu 2013).

Intended informality or 'la negru': the unregistered and unclassified pensiuni

When 'looking at informality from the side of formality' (Hayoz 2013:52), one of the most prominent and widely discussed issues is unregistered work, which is usually seen as being driven by a desire to escape taxing (ILO 2013, Schneider 2013, Adair and Neef 2002). This is noticeable in the academic literature, as well as in the mass media, where one can find occasional accounts about the 'fight' against 'tourism on the black [market]' and the unregistered *pensiuni* being closed down and fined by the authorities (NewsBv 2013, Digi24 2013, TVR 2013).

In the following section, I examine the case of guesthouse owners who take an active decision to stay in the shadow, avoiding thus any type of taxation. I start by

¹⁰ For accommodation units that offer catering services.

looking at the income and expenses of the average *pensiune* and show why many people find taxes unsustainable.

Some of the unregistered businesses were never part of the formal economy, while others used to be, and, at one point, decided to make the transition to the undeclared sector. The tax burden, together with the pressure of inspections, are the main reasons people invoke for their choice. The migration towards the informal sector intensified between 2009 and 2010 when the taxation system changed and a flat tax was introduced¹¹. This meant that even companies that had no income had to pay around 2,250 RON (500 €) per year. Small firms were the first to feel the negative impact of this policy and many of them closed down or suspended their registration. For many *pensiune* owners, this was the moment when they decided to end their businesses, at least for the eyes of the law:

The first *pensiune* registered with the Trade Register was mine. I had it from 1992 until 2010 and then I gave [my registration] up. I did it because of the party leadership [politicians], because of the system in which we live and the high taxes. I used to work only for the state, I would be left with nothing. [...] If you pay taxes, you already must give money from your own pocket just so you can say that you have a *pensiune* – not to have some profit. You won't get the minimum wage, even if you work on the black. With 8 rooms, nothing.' (PU, owner who renounced his 'papers' after 18 years. He says he was the first to register his business in 1992).

Indeed, many registered owners argue that it takes them half of the tourist season only to recover their tax money, while those functioning without a license are not paying anything. People often confessed that under these circumstances, they were considering 'reducing their activity', meaning going off the books. Another reason invoked for tax avoidance is the unfair competition from rich investors (often non-locals) who attract tourists by offering high quality accommodation. Locals who lacked the capital to invest in improving their offer must keep the prices low if they want to attract any tourists. I give below an estimate of the average income and expenses of an unregistered guesthouse with 8 rooms, as they were presented by one of my respondents (MC). From an average room price of 80 RON (17.6 €), 20 RON (4.40€) go towards cleaning and maintenance (professional laundry services for the bedding and towels, personal hygiene products for the guests, cleaning products for the room). This means the owner makes about 60 RON (13.20 €) per room. Given the seasonality of tourism in the area, the average occupancy of a *pensiune* was estimated by MC to be 20%, so by calculating $365 \times 20\% \times 60 \times 8$, we will arrive at an income of 35,040 (7,712 €). From this amount, the following expenses must be deducted: 10,000 RON (2,200 €) for heating, 3,600 RON (792 €) for electricity bills, 1,500 RON for advertising 1,500 RON (330 €), and 1,000 RON (220 €) for other expenses, leaving the owner with 18,940 RON (4,200 €).

¹¹ The tax did not actually bring any extra money to the state budget, but instead it resulted in many small firms closing down and it led to an increase in unemployment (Dragu 2009). The flat tax (*impozit forfetar*) was cancelled after one year.

This is equivalent to an income of 1,578 RON (350 €) a month. Considering that almost always there are at least two people running a *pensiune*, this means each of them would earn 789 RON (175 €) in a month, not much over the net value of the minimum salary in Romania¹².

We can see from this that even without paying any taxes, the average unregistered *pensiune* will not be bringing much profit to its owners. But how would these numbers look if the same guesthouse would be registered? In Romania there is a fixed tax rate of 16%, so from the yearly profit of 18,940 RON (4,200 €), we would have to extract 3,030 RON (670 €), remaining with 15,910 RON (3,530 €). Taxes for the local administration follow: 90 RON/room (20 €) for trash disposal (so eight times this amount for a guesthouse with 8 rooms), land and building tax¹³: for an older building that has been extended/refurbished this will be at least 2,000 RON (440 €), a hotel tax of 1% of their income: another 189 RON (42 €), tax for licence renewal: 7 RON (1.5 €). More recently, The Romanian Copyright Office started charging a tax for the ‘public communication of musical works in order to create an ambient’ (ORDA1, 2014). For a guesthouse, there is a fixed rate of 50 RON (11 €) per month plus VAT (ORDA2 2014), amounting to a total of 750 RON (166 €) per year. A ‘road access tax’ of around 200 RON (44 €) is also required from those guesthouses that are placed in the direct proximity of national or district roads. After deducting all the taxes, the net gain of running a guesthouse for a year amounts to 12,044 RON (2,670 €), meaning about 1,000 RON (221 €) per month, per household.

This calculation does not take into account all the expenses involved in setting up a *pensiune* and people’s need and desire to recover their initial investment. It also omits the occasional fine any *pensiune* owner is bound to pay. Moreover, given the competitive accommodation market in places such as Bran and Moieciu, owners are pushed to constantly work towards improving and enhancing their facilities. This requires further investment, but given the low income generated by tourism, not many owners are able to keep up. Consequently, they seek to attract tourists by keeping their prices low or lowering them even more. Under these circumstances, to pay taxes would really mean one would be left with almost nothing, so moving to the shadow economy (or remaining there) seems like a sensible strategy¹⁴.

If taxpayers seem to frown upon those who run their businesses on the ‘black market’ and sometimes outwardly condemn them, they do so not because they wish to sanction unjust civic behaviour, but because they regard them as unlawful competitors

¹² The minimum gross salary in Romania was set in July 2013 to 800 RON (HG 23/2013) (175 €) while the net value is 601 RON (132 €).

¹³ Set by the local council to be somewhere between 0.25% and 1.5% of the assets’ value. In Bran the building tax is 1% of the value of the property.

¹⁴ It is perhaps worth noting that taxes were not always such a burden. Legislation started by being supportive and offering incentives to guesthouse owners. Between 1994 and 1999, guesthouse owners were exempt from having their income taxed for a period of 10 years. Unfortunately, in 1999, these fiscal facilities were cancelled and starting with 2005, there is a fixed tax rate of 16% of the income (with a brief interruption in 2009 when the flat tax rate was introduced).

who afford to lower the room prices, thus attracting more clients. However, in spite of this dissatisfaction with those working ‘on the black’ – *la negru*, cases when one files an official complaint against them are very rare. When this does happen, it is usually a case between a local and a non-local. This is interesting, as it shows that there are feelings of solidarity among those offering accommodation, both registered and unregistered, which works somehow against, or in spite of the institutions enforcing regulations. As Portes and Haller (2005:408) have pointed out, ‘high levels of state repression and external threat clearly strengthen solidarity bonds among those involved in informal activities’ (Portes and Haller, 2005:408). It is important to note that although registered business owners stress that they *are* taxpayers and posit themselves somehow higher on the ‘morality ladder’, paying taxes often means paying only *some* taxes. Almost all of the business owners who declare themselves taxpayers will have ways of avoiding parts of the payment. Although classified guesthouses are required to keep an evidence of their guests and send it to the Tourism Authority, this is done only partially and many transactions remain unrecorded. As tourists rarely expect or demand to get a receipt, much of the profit of guesthouses can remain unrecorded. Using undeclared workers is another common practice in many *pensiuni*, particularly in those where the inflow of tourists is not constant and the need for extra help is irregular. Extra services are sometimes provided without having the required authorisations. In a survey of registered and classified guesthouses carried out by the Romanian Ecotourism Association, 35% of the respondents admitted serving meals to tourists without having a license to do so. 65% of the guesthouses providing catering services acquire local products, and 74% of those who do, do not register these transactions (AER 2013).

Pressure from control authorities and unintended informality

Apart from tax avoidance, the second incentive for remaining in the shadow is the desire to escape inspections. For all guesthouse owners, receiving a visit from the controllers – *controalele (Ro)*, is an unpleasant event that usually results in them having to pay some money – either in the form of a fine, or in the form of an ‘attention’ (i.e. bribe), or both. All of the institutions issuing the registration and the classification certificates, and the four or five authorisations required for a *pensiune*, have designated control bodies responsible with on-site inspections.

The variety and complexity of regulations, the frequent changes in legislation and poor access to information¹⁵ are all fostering *unintended* informality.

None of my respondents ever spoke fondly of the control authorities, which, instead of being seen as representing and defending quality or health and safety standards, are considered to be solely after (usually private) financial benefits. On the

¹⁵ Even for me, uncovering the exact legal requirements a guesthouse must follow was a daunting and time-consuming task. For a villager inexperienced in research and without the skills and means to search for information online, the only source of legal knowledge comes from the local authorities. However, there is no institutionalised procedure for keeping *pensiune* owners informed and whoever wants to be updated would need to enquire on his/her own.

one hand, they are able to notice the slightest breach of regulations, just so they can give a fine, while on the other hand, serious inadvertencies with the law can be overlooked, provided the *pensiune* owner ‘takes care’ of the inspectors.

The high frequency of inspections, the perceived arbitrariness of the penalties imposed and the sometimes-corrupt behaviour of the control authorities, have generated widespread perceptions of harassment and abuse. I will illustrate this argument below with three telling stories, two of them told by my respondents, and the third one presented in the mass media.

An owner from Bran once recalled how after treating a team of controllers with a meal and offering them farm products to take away, the inspectors would still refuse to leave because they had not been able to find grounds for fining him. To solve this problem, the man took initiative and provided them with an opportunity: he invited in a villager who happened to be walking by and he asked the shopkeeper (his *pensiune* also had a small shop/pub) to treat the man with a brandy. In the end, he indicated to the controllers that the man was not given a receipt. Another interesting detail of this story is that one of the tourists accommodated in that particular *pensiune*, who witnessed the scene, was a senator. The guest offered to ‘put in a good word’, but the owner refused. I was startled by this account and asked for an explanation. Apparently, had the controllers left without cashing in a fine, they would return sooner or later, only to find a more serious offence and impose a higher penalty. This story suggests three things: first, there is a higher authority towards which controllers can be held accountable (I am unaware if this link is formal or informal, and whether the money collected is not eventually diverted from the official institutional channels). Second, I can imagine that if they are compliant in this way, *pensiune* owners can sometimes get away with more serious (or potentially more consequential) infringements of the regulations. Even owners who are law-abiding are not always able (or willing) to follow regulations to the letter. Finally, although the owner’s rejection of an intervention from the senator could be seen as a sign of commitment to respecting the law, it comes into contrast with his act of staging a breach of regulations. His refusal of an outside interference could be more likely an attempt to preserve the local informal arrangements existing between *pensiune* owners and control bodies.

Another one of my respondents, this time from Moieciu, recounted a similar story:

For instance, we had some tourists, they were from the OPC¹⁶ from Bucharest – but we didn’t know that they are from the OPC. And the OPC from Braşov came. They went in, they saw that it’s full of tourists: ‘please, a booth or something’. Probably they were after some bribe or something... But ok, as I was with everything in order... And they argued with the others: ‘what, you barge in like this’ – those tourists from the OPC – ‘without showing any id, nothing?’

¹⁶ OPC is the acronym for *Oficiul pentru Protecția Consumatorilor* – Consumers’s Protection Office, which has now changed into *Autoritatea Națională pentru Protecția Consumatorilor* – The National Authority for Consumer Protection. The old acronym is still widely used.

It doesn't seem fair to me to be an inspectors and say nothing, show no id. And finally, they nit-picked until they found some dust on the ceiling panelling, and this was the reason why we received a fine (BC, Moieciu 2013).

This episode pointed at two things. First, it showed that within the separate regional branches of the same institution – OPC, one could find different approaches. The inspectors from Bucharest, who were off duty and found themselves on site as tourists, criticised the unprofessional practices of their colleagues from Braşov. Although locals' discourses tend to lump all the control authorities together, it is important to remember that institutions are not monolithic entities. Even if some of their members do follow informal practices, there can be others who respect the official protocol. It is true that many locals can recall episodes when inspectors seemed to be only interested in private gains, but it is difficult to assess the actual frequency of these events. Problematic inspections make stories that are good to tell and they serve to reinforce the constant questioning of the authorities' legitimacy.

Such stories are not confined to village talk and they sometimes make their way into the mass media. An article published in the press in 2009 (Cotidianul 2009), describes the owners of *pensiuni* as victims of the Financial Guard, forced to move to the black market because of inappropriate inspections. It illustrates the point with the story of a guesthouse owner who received a control from three inspectors who, in spite of showing their badges, appeared to be off duty. They arrived in what seemed to be a personal vehicle and they were not wearing uniforms, while one of them was even dressed in shorts. The inspectors found a problem with the guesthouses' till and they collected a 1,000 RON fine. The owner was unfamiliar with the legal requirements of this procedure, but as he did a little research later he discovered that during control operations, the officers are required to wear uniforms and drive official institutional cars. Moreover, they need to have an order from their superiors for undertaking this task and the number of this document should be written on any fines they hand in. However, the owner noticed that when doing the paperwork for his penalty, the inspectors used a badge number instead of this number. The *pensiune* owner suspected that the officers fined him because he did not try to offer them any bribe. The article ends with his rhetoric question: '*If we are illegally fined, why should we continue to function legally?*' (Cotidianul 2009).

As in the previous story, this episode also highlights the inspectors' double standards. They follow the regulations to the letter as far as the *pensiune* owners are concerned, but they neglect to respect the protocol of their own jobs.

Many other accounts about controllers reflect a general perception that these institutions are enforcing absurd sanctions for minor infringements of regulations. For instance, someone complained that they had to pay 1,000 RON (around 220€) for writing '*Vila*' instead of '*Pensiune*' on their signboard, another family was charged 800 RON (175€) by the Romanian Copyright Office for allegedly playing 'ambient' music to their guests, while another man had to pay 1,000 RON for having a pack of undated pork in his freezer.

Even more advanced tourism practitioners can be caught off guard given the frequent changes in the legal requirements. The vice-president of one of the regional branches of ANTREC - The National Association for Rural, Ecologic and Cultural Tourism, was fined for not having an environmental authorisation - *autorizație de mediu* (Ro). He however contested the decision arguing that as far as he knew, a guesthouse only needs an environmental permit *aviz de mediu* (Ro), not an authorisation (Pandurul 2010).

Indeed, the legislation has seen frequent changes and it is very difficult for practitioners to keep up with the modifications. Between 1995 and 2013 the law concerning the registration and classification of guesthouses has been revised and modified seven times. These changes are presented in brief in the table included in Annex 1. If we take into account that the normative framework regarding the requirements for obtaining the four or five different authorisations, we can see that it becomes easy for *pensiune* owners to engage in *unintended* informality. Furthermore, in this context, those inspectors searching for an opportunity to enforce a penalty or to receive bribe, can easily find one. Paradoxically, regulations – something meant to provide order and stability – are contributing to a climate of uncertainty and anxiety.

...they [guesthouse owners] are badgered all the time by these parasites. All breeds of controllers, because there are many laws that change from one day to another and controls will come to you. And often, you invest today, put in a heap of money, you make all your papers and you wake up the next day that you are no longer conforming (MC, Bran, 2013).

We did our best to be close to the law... but it is not possible... controls, we even had three in one day [...] too many controls crush one, they give uncertainty, fear [...] I will not do tourism for as long as I live: paper work, Fire Safety license, Environment, files, files, files... you get fed up of running (TU, Bran, 2012 - Owner who was trying to sell her *pensiune* at the time of the interview).

Controllers come all the time. Instead of helping us, they attack us' (MV, 2013, Bran - *pensiune* owner).

Instead of being encouraged to do something, you are beaten down. You want to be correct and with everything in order, controls drive you crazy, while others laugh in your face [...] The OPC comes, the Guard, from the Environment they come, the Firemen. They all tread on us. You must be according to them... be... I understand it, but ... it should be the same for everybody, the same law. This is how it is, what can we do? (ED, Moieciu - owner 'with papers').

Contextual informality

I defined *contextual informality* as intentional breaches of regulations carried out by those actors who otherwise are making an effort to comply with the legislation by registering and classifying their *pensiune* and by staying out of the shadow economy.

Not surprisingly, I found almost no direct accounts of such practices in my interviews. Those respondents who owned registered and classified guesthouses were projecting an image of law-abiding citizens, which would have been contradicted by any stories about them evading regulations. Interestingly, there were frequent references about what other guesthouse owners do: they register a single accommodation unit when, in fact, they have another, undeclared one, where they rent more rooms; they serve food from the supermarket claiming that it comes from local farm food; they empty their septic tanks in the river; they make informal agreements with the inspectors to get away with their rule-breaching. Moreover, as shown by the stories I presented above, people do imply that inspectors are waiting to receive bribe, which suggests that this has to occur in other cases, with other guesthouse owner. Only once did someone confess paying a bribe, but this was in a context in which the corrupt inspector took the money, but did not keep his part of the agreement. This story was meant to illustrate, once again, how unreliable control authorities can be.

More examples of regulations being breached by registered guesthouses can be found in the mass media. The stories are similar to my respondents' accounts: a *pensiune* without a Sanitary and Veterinary authorisation, hosting a school camp and providing catering for its guests (TVR 2013), locals serving or selling to tourists products from the supermarket packaged into 'local, traditional food' (Horeca 2013, Vlad 2010, Ilie 2010), guesthouses emptying their septic tanks into rivers (Dincă 2011) or lakes (Ziarul de Prahova 2014). All of these practices are aimed at reducing one's expenses and increasing the profit. In order to receive a Sanitary and Veterinary authorisation, a guesthouse must make a considerable investment and furnish its kitchen according to the regulations. An efficient septic tank is very costly, as well as the alternative of having a specialised company to come and remove the waste. Finally, offering supermarket food is timesaving and it brings quick benefits for very little work.

Last, but not least, there is the breaching of urbanism norms. Architecture displays some of the most visually striking changes brought in by tourism in Bran and Moieciu, demonstrating that regulations stipulated by the Local Urbanism Plan have been ignored. Although according to the local regulations, only buildings with up to two floors can be authorised, it is not uncommon to see three or four storeys high villas. The minimum distance from the river or between dwellings was also disregarded and houses are now overcrowded along the main road or built very close to the water. Striking colours are not unusual and one can see red, orange or purple houses dotting the new countryside landscape.

In this case, it is mostly the non-locals who are breaching the regulations. A lot of the land that the locals agreed to sell was located either by the river, or in the near vicinity of their house. These plots were normally kept for grazing and they were not

considered suitable for building. According to the mayor of one of the villages, some of the non-locals used their political connections to the District authorities in order to bypass the urban planning decisions taken by the local administration. However, a former council member I interviewed suggested that the mayor himself was overseeing the violations of the urban planning norms:

I fought [against reckless building] as a member of the local council, but the building permits were given underhand by the mayor. I won't talk about corruption and other phenomena [...] I insisted to pass on a council decision: no building on plots smaller than 1000 square meters. But the mayor didn't want, he had his own tricks, he is an awful scrounger this mayor, he is terrible (CD, former local council member).

Many of my respondents from Bran and Moieciu share a feeling that the local authorities are more concerned with their own private benefits than with the welfare of the villages. News in the mass-media seem to confirm this picture: the mayor of Bran has a suspended prison sentence of 1.5 years for illegally passing a plot of land from the ownership of the Bran Museum, to that of the town hall. This land, which is found in the vicinity of the castle, remained in the property of the local administration, although the castle itself was returned to the heir of Princess Ileana, its owner at the time of the communist expropriation (ProTV 2010, Jurnalul Braşovean 2011). The land currently hosts a bazaar and brings important tax revenue to the local budget. Since nothing has been invested in the infrastructure or in the promotion of the area, people generally assume that the bazaar is the mayor's private business.

Romania: socialist legacy and problematic transition

While the voices of my respondents are convincing in their depiction of a context in which non-compliance with state regulations seems like the most sensible choice, a historically and anthropologically grounded perspective can bring a deeper understanding of the current informal practices in Romanian rural tourism.

The informal practices that shape Romanian rural tourism are embedded in a wider social and historical context (Wallace and Haerpfer 2002). Informality is by no means confined to the tourism business sector or to rural settings. Most Romanians would be able, based on their own experience, to describe a situation in which they witnessed or were involved in an act of bypassing state regulations. Frequent mass media accounts of tax evasion, bribe, nepotism, defalcation, and corruption, reinforce the notion that the phenomenon of *informality* is pervasive¹⁷. Results of a survey conducted on political, judiciary, and public procurement elites in Eastern European countries showed that in Romania, 54% of those questioned strongly agreed with the

¹⁷ For instance, at the moment of writing this, the news headlines highlighted the following statement made by Romania's president in a recent speech: "we have a problem inside our society, which is very tolerant to corruption" (Băsescu 2013).

statement that ‘people in this country only obey the law when it suits them’ (Grødeland and Aasland 2011:20). The main reason for solving things informally was explained on the account of habit by 47% of the respondents, while 24% related this to a desire of solving things quicker, and 25% claimed that it is easier to secure a favourable outcome this way (Grødeland and Aasland 2011:24). According to Transparency International’s Corruption Perceptions Index¹⁸, in 2013, Romania had a score of 43, ranking on the 69th place out of 177 countries included in the survey. The study measures the perceived level of public sector corruption on a scale from 0 to 100, where 0 stands for high levels of perceived corruption and 100 for perceptions of a very clean public sector.

Different econometric estimates of the size of the shadow economy in Romania in the total GDP of the country vary between 28.5% in 1995 and 38.3% in 2000 (Ciupagea 2002:191). Analysing the period between 2003 and 2012, Schneider (2013) found a slight decrease in the size of Romania’s shadow economy, from 33.6% at the beginning of the interval, to 29.1% in 2012 (3). The same research estimated that in 2013, the country’s underground sector represented 29.6% of its GDP. Out of the 31 European countries included in the study, only Bulgaria had a higher percentage, while the average value was only 19.2% (Schneider 2013:3).

Ciupagea (2002:193) describes the context that generated present realities: the long transition following the 1989 revolution was marked by two periods of economic recession, high inflation rate¹⁹, low wages and a decrease in the number of employees from 8.1 million in 1989 to 4.5 million in 2000. Taxes were increased in an attempt to compensate for the smaller number of contributors to the welfare system. As a result, by the end of 1999, Romania had the highest social contribution tax rate of all the EU-candidate countries (116). Trying to cope with the difficult economic climate, many people turned to informal work arrangements.

Going further back into history, we find current informal practices in Eastern European countries to be rooted in their socialist past, a perspective often highlighted in the academic literature (Sik 1992, Neef 2002, Polese 2008, Van Assche et al. 2013, Giordano 2013). The communist rule in Romania was particularly harsh, subjecting the population to a coercive regime of surveillance and control (Verdery 1991:428) and leaving people increasingly deprived in the decade preceding the 1989 Revolution (Verdery 1991:426). The main way in which Romanians sabotaged the system was by developing a thriving informal economic sector through which they tried to re-channel resources according to their needs (Kideckel 2006:62-67). Stealing from factories and from the collective farms started to be considered legitimate, and it was labelled as ‘taking’. Practices such as these had to be supported by a corresponding worldview. According to Sik, to be active in the second economy meant that one had something to hide and ‘to avoid cognitive dissonance, this could be done only by questioning the

¹⁸ According to Transparency International, ‘the CPI scores and ranks countries/territories based on how corrupt a country’s public sector is perceived to be. It is a composite index, a combination of surveys and assessments of corruption, collected by a variety of reputable institutions. The CPI is the most widely used indicator of corruption worldwide’ (TI 2013).

¹⁹ Never went under 33% during 1991-2000 (Ciupagea 2002:193).

legitimacy of state-imposed policies such as taxes and wage regulations' (1992:172). Drawing from Galasi and Kertesi (1985, 1990), Sik shows that 'everybody from managers to unskilled workers looked to tricks, lobbying, bargaining and loopholes rather than improving efficiency or quality, where all sorts of personal networks and informal organizations run the economy' (Sik 1992:170).

Research focused on Romania's post-socialist transition suggests that the state was not very successful in becoming a source of morality for the population. A telling example is the phenomenon of literally devastating former collective property, such as farms and factories, where everyone from the managerial group to the former workers appropriated some of the resources (Mateescu 2005). Mateescu's interviews with people engaged in 'collecting' the last remnants of a pig factory show how her respondents justify their actions by implying that stealing also occurs at higher levels of state bureaucracy and that the state actually tolerates this behaviour. The state is used as a moral alibi for bending the rules, and at the same time for refusing to take personal responsibility for one's actions (2005:17). Drawing on ethnographic research in three different Romanian companies from the public service sector, Heintz also shows how 'socialist anachronisms' persist, underlined by a shared belief that the entire society is corrupted (Heintz 2005:104-105). She finds companies to be deceiving their employees, employees deceiving their bosses and their clients, clients deceiving enterprises, and their employees, all together, deceiving the state – which in any case, is considered to be deceiving them all²⁰ (74).

Participation in the second economy also taught people to be focused on short-term profit, to work slowly and have no initiative, and to stress quantity over quality (Sik 171). It is not difficult to look at guesthouses through this framework: the almost exclusive focus on increasing accommodation space, building big and constantly extending existing buildings reflects an orientation towards quick gain.

Local history in Bran, Moieciu and Albac

If we take a closer look at local history in Bran, Moieciu and Albac, we find evidence from the past showing how people have found ways to organise their economic life by going around the political authority.

In Albac, during the communist period, many people worked in the state-owned forestry enterprises. At the same time, there was also a significant underground timber economy. Although private trade was officially forbidden, by having the right connections and by bribing state officials, people generally managed to trade or sell timber on their own (Vasile 2010:6). Although the dissolution of the communist regime was followed by an expansion of private timber enterprises, this did not put an end to informal exchange and 'black market practices' (Vasile 2010). As Vasile learned, wood is often exploited illegally by bribing foresters who are supposed to monitor and limit the cutting of trees while most of the sawmills function without authorisation (Vasile 2010:9,19). The

²⁰ Forms of deceit include tax evasion, fake work contracts, packaging and selling products at higher price than their real worth, and so on (Heintz 2007:76).

skills for bending the rules and for going around the law did not become obsolete when the political regime changed. Quite the contrary, in a more lax political and economic context, they carried on and they broadened, expanding to emerging business areas such as tourism.

In Bran, there are even older accounts of bypassing political authority. According to descriptions from the 17th century when this was a border area between the Principality of Wallachia (under Ottoman influence) and Transylvania (then part of the Austro-Hungarian Empire) villagers were crossing the border and re-settling on the other side, in order to escape taxing from one part or another (Moşoiu 1930:30). Shepherds who were required by the authorities to sell their sheep to Turkish traders for a fixed and inconvenient price would secretly make better deals with other buyers. They also used to go around the customs points, through the mountains, to avoid paying the border tax (ibid. 45).

During the communist period, there were strict official limitations regarding the number of animals someone was allowed to have, and for each of these animals people had to pay or give a share to the state. For this reason, villagers were tempted to declare fewer animals than they owned and this meant keeping the rest of their livestock away from the eyes of the state. Villagers were sometimes resorting to inventive techniques, such as building a secret underground level in their barn. The hiding was sometimes done with the support of inspectors from the local authorities, as the following event recounted by one of my respondents illustrates. The mayor sent the man, together with the Party Secretary, to investigate a lead they had on a villager who was allegedly hiding 100 sheep. He reproduces the following dialogue:

‘You, Nelu! Tell us: look – there is a complaint on your name, the mayor sent us, and so on..’ He [Nelu] says:

‘Mr. Director, it’s true that I have 100 unregistered sheep. But I have 100 at the hodaie [barn far up on the hill] and 100 at home. If someone comes, they find here 100, if they go there, they find 100 too, but they don’t go there anymore’
[Laughing] ‘Ok, then, cook us a steak there, give a glass of wine, and we’ll be on our way’ (IR, Moieciu).

The story presents a scene resembling well with current practices in tourism. Instead of sheep, people now try to hide tourists or rooms, and tolerant inspectors are still invited for a meal now and then.

Totalitarian political regimes, by their attempt to permeate every aspect of social life, generated powerful representations concerning the opposition between the state and society. Since the dissolution of the communist regime in Romania, these notions were kept alive by a perception of inefficient governance and corruption. In the words of Giordano, informality ‘is strictly linked to the dreadful experiences that members of a given society have continuously had with the state both in a recent and distant past’ (2013:42). According to him, a state’s failure to gain legitimacy in the eyes of its people, leads to the emergence of what he names ‘*public mistrust societies*’ (Giordano 2013:31). In these cultures, the prevailing system of morality places more value on the private sphere

than on the public one and it is this perceived opposition between the two realms that generates informality. At the centre of the private sphere lie the family and the kinship relations (ibid. 32).

Turning to the particular case of rural guesthouses, this perspective puts informal practices into a new light, showing how *pensiuni* could be prone to informal transactions because of traits inherent in their very nature. Guesthouses are small firms, often family owned, with self-employed workers, and to a great extent overlapping with the household production. The household economy is confined to the private sphere and it has generally been described as 'a non-monetised, autonomous group of activities such as growing one's own food and repairing the house' (Wallace and Haerpfer, 2002:33). Guesthouses could be seen as an 'intensified' version of household production. In a *pensiune*, people spend extra time with house-related works such as cleaning, maintenance, or building more living space. They also produce more food or they acquire products locally through the usual unregulated transactions among villagers. Work is usually carried out as a form of social transfers where family members and kin help out. Usually, such activities remain outside the market and they do not generate income, but in the special case of guesthouse-households, 'the market' actually comes in with the paying tourists as household activities become commoditised. Since for the family members, who own and run the business, the *pensiune* overlaps with their home and it is strongly associated with a private space, this can explain their tendency to ignore state regulations and their reluctance when it comes to paying taxes.

The brighter and the darker side of the black market

The anthropologist and the interpretative sociologist view informality and its practices [...] as being neither good, nor bad, neither positive, nor negative and neither functional or dysfunctional, but simply sensible in a given sociocultural context (Girodano and Hayoz 2013:14).

Although my argument was so far guided by this outlook, next, I would like to step outside the normative boundaries of these disciplines and explore the positive and negative implications of the informal practices described. I believe that even though actions are sensible and 'rational' in a given context, for a given actor, they still have (sometimes unintended) implications for the wider social context and for the long term. My questions are focused on the consequences of informal practices for the actors and institutions involved in tourism, and for the destinations as a whole.

In order to discuss the implications of informal practices from the point of view of the state and its institutions, I borrow from the political sciences a widely cited²¹ model introduced by Helmke and Levitsky (2004). The authors speak of institutions, rather than

²¹ See the recent volume coordinated by Giordano and Hayoz: *Informality in Eastern Europe: Structures, Political Cultures and Social Practices*.

practices, and they group them in four categories, based on whether their outcomes are convergent or divergent with the goals of the formal institutions, and based on whether the formal institutions are effective or ineffective in enforcing their regulations (2004:728). I reproduce below the matrix presented by the authors to illustrate their model:

Outcomes	Effective formal institutions	Ineffective formal institutions
Convergent	Complementary	Substitutive
Divergent	Accommodating	Competing

Fig. 1. A typology of informal institutions (Helmke and Levitsky, 2004: 728)

Unregulated transactions can bring benefits to the state ‘the very entity which [they seek] to evade and undermine’ (Portes and Haller 2005:419). In the Romanian countryside, informal economy enabled tourist destinations to emerge without any state investment. These destinations now attract not only domestic tourists, but foreigners as well. From this point of view, the outcomes desired by the Tourism Authority were convergent with the goals of the unregistered tourism entrepreneurs (i.e. what I referred to as *intended* informality). The informal rural tourism sector could be seen as *substitutive*, given that it achieved ‘what formal institutions were designed, but failed, to achieve’ (Helmke and Levitsky 2004:729).

Turning to the institutions responsible with issuing various authorisations, we can divide their aims into three broad categories: health and safety/consumer protection, environment protection, and safeguarding the urbanism plan. Given that *pensiune* owners have a strong motivation to make their guests return and recommend their services to others²², they aim to keep them safe, healthy and happy. The number of permits an accommodation unit has, or does not have, may make no difference for the tourists. Looking at a popular website for accommodation reviews in Romania, I found that 29 out of 94 guesthouses (30%) with very good reviews and with ratings of over 9 points²³, were unregistered. Following Helmke and Levitsky’s typology, these institutions appear to be, once again, *substitutive*. However, in the case of environment protection, breaches of regulations have divergent outcomes and informal practices can be seen as *competing*. Those who avoid paying the tax for waste management services take trash disposal into their own hands, often with very negative consequences for the environment. Trash bags can be spotted in the surrounding forest and septic tanks are emptied in the river²⁴, posing a serious hazard to the environment and to the people who come into contact with water. Finally, the bypassing of urbanism regulations has proven to be at odds not just with the existing codes and regulations, but also with the intended

²² The majority of my respondents stress that ‘mouth to mouth advertising’ is the best way of getting new clients and that many of their clientele consists of returning guests.

²³ On a scale from 1 to 10.

²⁴ According to someone I interviewed who used to own a trout farm, the water became so polluted that his fish had died and he was forced to close down his business.

outcomes of those who chose to ignore them. Many people have found themselves owners of oversized villas that remain empty most of the time. Such large buildings, apart from the fact that they alter the countryside landscape, are difficult to maintain and very costly to heat up during the winter.

Turning now to the implications of informality for the local population, there are a number of benefits that can be noted. The undeclared economy provided a safety net for many households where unemployment was a problem. Even more, it enabled locals to significantly improve their housing and raise their living standards. It also helped reduce inequalities that would be given by the differences in education and bureaucratic-know-how, enabling almost any villager with at least one extra room available for renting, to gain a small income from tourism.

A positive effect of the informal sector, noted by Portes and Haller, is the fact that it provides a protective environment for young businesses, which later enter into the formal sector (2005:420). Wallace and Haerpfer describe it as '*a seed bed for new enterprises*' (2002:32). This was the case with many of the *pensiuni*. At the same time, the reverse move, from registered to unregistered status, actually provided a mechanism for coping with the financial crisis. Many businesses decided to go off the books with their transactions and were thus able to survive.

Turning to the negative aspects, the 'black market' of tourism can be a hindrance to the registered, law-abiding businesses. Taxpaying owners have to keep prices higher than their unregistered neighbours and this often means attracting fewer tourists. Non-locals were the ones who suffered the most in this case because they were also burdened by bank loans and, unlike the local population, they lacked the option of falling back onto subsistence farming and agriculture. The number of non-locally owned *pensiuni* listed for sale is a telling evidence: only in the first two weeks of 2014 there were more than 100 new listings on one of the most popular classified websites. As regulations were easy to disregard, access to the market was also fairly easy and eventually led to the current situation in which the offer exceeds the demand.

While the shadow economy can offer people more security by keeping them away from the eyes of control authorities and reducing their expenses, it also limits the development of their business. Being unregistered and unclassified comes with the price of visibility, an important asset in a competitive tourist market. Because online marketing companies do not ask for any papers when registering a guesthouse on their website, some owners take the risk of advertising online. At the beginning of 2013, I identified 61 unclassified *pensiuni* on one such website, by comparing the online listing with the official record of the National Tourist Authority. However, this simple procedure is also available to the control authorities and as they started resorting to this strategy more often, many guesthouse owners have been discouraged from advertising.

The overreliance on social transfers is another negative outcome of informality. Family members who work in their own *pensiune* are seldom officially employed and without paying their social contributions, they are deprived of the state's support for health care, unemployment, and later on, a pension.

Finally, consensus and cooperation are more difficult to achieve in a community where there is no general agreement about what are the good and the bad business practices, and where neighbours find themselves in an increased competition for tourists.

Conclusion

Since the informal economy does not result from the intrinsic characteristics of activities, but from the social definition of state intervention, the boundaries of the informal economy will substantially vary in different contexts and historical circumstances (Portes and Castells 1989:32).

One of the underlining tasks of this article was to demonstrate the variety of practices hidden under the notion of informality. A typology with three categories was outlined and illustrated with ethnographic evidence from three touristic destinations in the Romanian countryside. I described unregistered businesses as cases of *intended* informality and I showed how the costs of being visible in the eyes of the state go beyond the monetary value of the taxes. Once registered, guesthouses fall under the incidence of regulations imposed by various institutions. Numerous inspections from control authorities are creating a climate of tension and uncertainty. Frequent changes in the legislation and limited access to information are nurturing the context for *unintended* informality, when *pensiune* owners are inadvertently breaching rules that they did not know existed. There are also those situations in which people who run registered businesses and generally try to be law-abiding, ignore some regulations in order to either maximise their profit, or to minimise their losses. This was labelled *contextual* informality. Here, I paid particular attention to the bypassing of urbanism and environment norms.

While I showed that in many of these cases, informal practices appeared as sensible choices in an unfavourable bureaucratic and fiscal climate, I also turned to the wider national and historical context in order to find further evidence regarding a particular worldview which is accountable for an inclination towards 'getting things done' informally. I suggested that the state and its institutions suffer from a deficit in legitimacy, partly because of Romania's socialist legacy, and partly given the country's difficult transition towards democracy, during the past two decades. Returning to the site of my fieldwork, I showed this worldview at work with examples from the local histories of Albac, Bran and Moieciu.

Finally, I explored the positive and the negative implications of informality, showing how, in some cases, they proved to be supporting similar outcomes as those intended by the authorities and they were beneficial for the local population. I also drew attention to the negative consequences that informality can have for those owners who try to be law-abiding, as well as for those who remain in the shadow.

Apart from bringing a significant contribution to the incipient field of tourism and informality, this study can present interest for policy makers. A few courses of action seem to be immediately noticeable. Instead of blindly fighting anything that falls under

the label of 'black market', the solution for the authorities could be to redraw those boundaries in a way that is sensitive to the specific needs of rural entrepreneurs. Awareness should be raised to the fact that tourism is rarely the only economic resource of the households and practitioners cannot be expected to invest so much time and money in the bureaucratic requirements of an activity which, given seasonality and fluctuations in the demand, is only complementary and often not very profitable, given the high competition. Currently, the legislation concerning the four or five authorisations required for a registered guesthouse has a broad reach and it is not specifically designed for the particular case of rural *pensiuni*. Simplifying and adapting these norms could prompt people to take them into account.

In some cases, it has been demonstrated that reducing the fiscal burden has the potential of diminishing the informal sector (Ciupagea 2002, Sik 1992). Conversely, introducing more rules in an attempt to control informal transactions actually has the opposite result. This is what Portes and Haller have described as the 'paradox of state control' (2005:409). Simpler, more reasonable legal demands and consistency from authorities and control bodies are needed. The legitimacy of the regulations is weakened when people notice that those who are supposed to enforce them are, in fact, playing by their own rules, guided by private interest. The high frequency of inspections, the perceived arbitrariness of the penalties imposed and the sometimes-corrupt behaviour of the control authorities, have generated widespread perceptions of harassment and abuse, instead of a genuine respect for the law. Institutions should work towards changing these representations by showing more awareness regarding the needs and limitations of rural entrepreneurs and by providing a stricter control over the informal practices of their own employees.

Stricter building regulations should be followed in order to prevent large, urban-looking dysfunctional houses completely altering the aesthetic of villages. The vast majority of visitors to the countryside are attracted by the 'rural idyll' imagery and they will eventually abandon a destination that fails to live up to their expectations. Also, environment regulations should not be taken lightly and local authorities need to provide an adequate infrastructure for waste management. If villages had a sewage system, then people would stop emptying their tanks into the river. Overall, more effort has to be put into educating both locals and tourists towards respecting the environment.

Unemployment has forced people to retreat to the household economy and tourism has brought an opportunity to turn domestic activities into a source of profit. In spite of an increasing taxation and regulation burden, people survived by largely engaging in informal transactions. Popular tourism destinations emerged largely through unregulated activities. However, if the taxation and regulation systems remain insensitive to the specific needs of rural tourism entrepreneurs and continue to encourage a generalised disregard of rules, the same informal practices that initially enabled tourism development, may eventually engender its decline.

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ANNEX 1 - Changes in the legislation concerning the registration and classification of a guesthouse between 1995-2013

Y E A R	Types of guesthouses	Max. no. of rooms / no. of beds	Classification symbol	Tourism authorities in charge with on-site verification	No. of permits required from other institutions	Copies of permits must be included in the application	Additional requirements introduced
1995	Touristic	NS (not specified)	Stars 1-5	Specialists from the Ministry of Tourism and ANTREC representatives	2 or 3 for those providing catering	YES	
1999	Urban touristic	20 / NS	Stars 1-5	The Office for Tourism Authorisation and Control	3 or 4 for those providing catering	YES	Environment Authorisation
	Rural touristic	10 / 30	Daisies 1-5				
	Agrotouristic	NS	Daisies 1-3				
2002	Urban touristic	20 / NS	Stars 1-5	The General Department for Authorisation and control	4 or 5 for those providing catering	YES	Training in 'guesthouse administration' for at least one member of staff (in units over 2 stars/daisies)
	Rural touristic	10 / 30	Daisies 1-5				
2008	Touristic	20 / 60	Stars 1-5	The General Department for Authorisation and Post-Privatisation	The same permits as in 2002 are required, but owners are not expected to send copies of the documents. They only sign a statutory declaration stating that they have the required permits.		Training in 'guesthouse administration' for at least one member of staff (in all units including 1-2 stars/daisies)
	Agrotouristic	8 / NS	Flowers - daisies 1-5				
2010	Touristic	15 / 60	Stars 1-5	The General Direction for Control and Tourism Authorisation	4 or 5 for those providing catering	YES	
	Agrotouristic	8 / NS	Flowers-daisies 1-5				
2011	Touristic	15 / 60	Stars 1-5	A commission from the public institution responsible with tourism	Self-assessment. Permits no longer required. The certificate is issued without the prior inspection from the authorities.		
	Agortouristic	8 / NS	Flowers-daisies 1-5				
	Touristic	15 / 40	Stars 1-5				