EUROPEAN JOURNAL OF ACCOUNTING, FINANCE & BUSINESS
Volume **14** / 2026 ISSN 2344-102X
Issue 1 / 2026 ISSN-L 2344-102X

EDITORIAL EJAFB

SUPERSUPPORT, ADMINISTRATIVE PRESSURE, AND THE WEAKENING OF DOMESTIC CAPITAL: WHEN THE STATE BECOMES THE MAIN ECONOMIC RISK

PhD Professor Veronica GROSU

One of the most persistent paradoxes of the contemporary Romanian economy is the tense relationship between the state and domestic capital. Instead of functioning as an institutional partner of the business environment, the state has gradually become the main source of uncertainty and systemic risk for economic operators. An analysis of recent developments, the increase in the tax burden, the intensification of controls, and frequent and unpredictable legislative changes reveals the emergence of an economic model in which private capital is treated not as an engine of development, but as a fiscal reservoir of last resort.
Overtaxation is not manifested exclusively through an increase in nominal tax rates, but especially through the accumulation of tax and parafiscal obligations, applied in an unfavorable economic context. Taxes on turnover, extended social contributions, sectoral taxes, and high administrative costs directly affect the ability of companies to preserve their capital and reinvest. From a financial perspective, this pressure translates into a decrease in the self-financing rate and an increase in credit dependence at a time when access to financing is already severely restricted.
In particular, domestic capital is the most vulnerable. Unlike multinational companies, which benefit from access to external financing, cross-border tax optimization, and economies of scale, Romanian companies operate mainly with their own resources and on domestic markets affected by declining consumption. For them, any fiscal or administrative shock has a disproportionate, often irreversible impact. The rapid increase in the number of dissolved companies confirms that the pressure from the state is no longer absorbed by the economy but is turning into definitive exits from the market.
The administrative dimension of the state-firm relationship amplifies these effects. Aggressive tax audits, often lacking a real preventive component, send a signal of structural mistrust. Instead of being geared towards combating systemic tax evasion, they end up penalizing legitimate economic activity in a climate already marked by volatility. From an institutional perspective, this approach undermines voluntary compliance and damages the trust capital that is essential for the effective functioning of any tax system.
At the macroeconomic level, the consequences are profound. Discouraging private initiative leads to reduced investment, stagnant productivity, and increased dependence on consumption and public debt financing. The state thus finds itself in a vicious circle: in order to cover deficits generated by rigid and inefficient spending, it increases pressure on companies, and this pressure reduces the tax base in the medium and long term.
From an accounting and economic governance perspective, it is clear that the sustainability of public finances cannot be achieved by depleting private capital. A functional economy requires a balance between the legitimate need for budgetary revenue and the need to accumulate capital in the productive sector. Without this balance, the state risks becoming its own insolvent creditor in an economy lacking dynamism.
In conclusion, the weakening of domestic capital is not an inevitable side effect, but the result of a set of short-term public policies. Recalibrating the relationship between the state and the business environment through legislative stability, predictable taxation, and efficient administration is an essential condition for moving beyond the logic of survival and rebuilding an economy capable of generating sustainable growth. It can summarize its essential role of intermediating capital to the real economy.

DOI: 10.4316/EJAFB.2026.14100