

## Moldova at an Impasse

# Can the Formation of the Latest Government Forestall Crisis?

*Sarah Pagung*

European and Moldovan politicians both tend to reduce Moldovan politics – and the EU’s policy toward the country – to a simple formula: “European Union vs. Eurasian Union.” While the debate about the direction of Moldova’s foreign policy is certainly of enormous importance, it tends to distract from two other significant facts: the country’s longstanding corruption and its inability to push through effective reforms. The Moldovan public is still reeling from the discovery in December 2014 that as much as a billion euros had vanished from three Moldovan banks, but the country’s political situation remains at an impasse. The corruption and self-interest of Moldova’s political elite consistently impede the development of the small Eastern European country and its rapprochement with the EU. Whatever its geopolitical preferences, Moldova remains in the hands of the elite. At present, the EU is not presenting any robust solutions to the problem.

In late January in Moldova’s capital, Chisinau, President Nicolae Timofti appointed a new government under Prime Minister Pavel Filip – the fifth government since parliamentary elections were held in December 2014. The latest of these had collapsed in the fall of 2015, brought down by the “Great Moldovan Bank Robbery”: the discovery, shortly before the December 2014 parliamentary elections, that almost a billion euros had been siphoned off from three Moldovan banks. The whereabouts of a large part of that money is still unknown, and the scandal remains unresolved. Since the bank fraud debacle, the government coalition has been unable to agree on a common candidate, and as a consequence, no proposal has been put to a vote in parliament. The current political tug-of-war takes place against a background of mounting public protest against corruption and the country’s economic decline.

### **The Government Coalition Wants to Prevent New Elections**

Pavel Filip’s appointment as prime minister met with vigorous public protest. In the run-up to the December elections, President Timofti had initially refused to nominate the oligarch Vladimir Plahotniuc, the candidate of the pro-European government coalition. He cited Plahotniuc’s lack of integrity and drew on a constitutional court ruling that declares integrity to be a requirement for the position of prime minister.<sup>1</sup> Considering Timofti’s reputation for not rocking the boat, this move came as a surprise. The government coalition objected that the constitutional court, in another ruling, denied the president the possibility of not appointing a prime minister who had been elected by parliament.

Parliament eventually achieved a majority for the new government and Filip's election, but only with the help of a new parliamentary splinter group consisting of members of the pro-Russian opposition parties. Filip is thus essentially a compromise candidate, whose role is to enable the formation of a government and prevent the necessity of electing a new parliament.

Moldova's parliamentary opposition and citizen protesters are calling for new elections in an effort to stem the government's rampant corruption and loss of credibility. The ruling parties, however, want to avoid elections at all costs, for current polls indicate that the pro-Russian opposition would beat the pro-European camp. What is more, the polls suggest that People's Power, a party whose supporters include the civic platform Dignity and Truth, would gain entry into Moldova's parliament. This platform has been instrumental in organizing the demonstrations of the past months, loudly decrying the self-interest of the political class. The group casts itself as the advocate of genuine rapprochement with the EU as opposed to the superficial EU alignment of the governing parties. It remains to be seen whether the common threat of new elections will be enough to cement the power groups of the current coalition or whether their diverging interests will also cost the new government its power. It was, after all, differences of interest that have prevented a government from being formed in recent months.

A crucial point will be the upcoming presidential elections. Since an amendment of the election law in 2000 by the communist government, the president is elected by the parliament and not by public vote. Most political crises since then had their starting points in the inability of the parliament to agree on a common candidate, which led to several coalitional crises and break ups. Recently, the Constitutional Court of Moldova ruled that this amendment to the presidential election law is unconstitutional and that the president should once again be elected by popular vote.

This could be interpreted as a partial victory for the protestors, who have also called for direct presidential elections. More likely it is a new episode in the power struggle between the different coalition parties and their respective power elites, which started in the governmental crisis of 2009. It is also a strategy of the power elite to calm the protestors with a symbolic decision, while continuing to hold real power in their own hands. The presidency of Moldova is for the most part a symbolic position with relatively little real authority. The term of the current president ends this spring, so elections were initially scheduled for March. Now, due to the decision of the constitutional court, the election will probably not

be held before autumn. The elections will show if this development has a real impact on Moldovan politics. In particular it will depend on whether the opposition (especially the protest platform Dignity and Truth) manages to put forward its own candidate or if the power elite and opposition parties control who runs.

## Oligarchs Continue to Dominate Moldovan Politics

It is doubtful that Filip's appointment can put an end to the crisis in Moldova. Like his recent predecessors, Filip is merely the face of a small power elite, a group of oligarchs that dominate Moldovan politics and largely pursue their own interests. Their activities reach the public in the form of scandals and personal power struggles, such as the billion-euro bank fraud and the exclusion of the Patria party from the 2014 elections.<sup>2</sup>

Much of the wrath of Moldova's demonstrators is directed at one figure: the entrepreneur and politician Vladimir Plahotniuc, who is widely regarded as the real power behind the scenes. In fact, the oligarch is merely emblematic of a larger problem, namely the monopolization of the country's financial resources and positions of power in the hands of a small elite. Not only does Plahotniuc have a considerable fortune at his disposal; he is also reputed to control the Moldovan prosecution with his deft power politics. The attorney general is said to be a close associate of his. It is perhaps no coincidence that, when the banking fraud came to light, the attorney general's investigations led to the imprisonment of Plahotniuc's political rival and head of the Liberal Democrats, former Prime Minister Vlad Filat. While it is quite possible that Filat was indeed involved in the scandal, the fact that he was the only high-ranking politician to be prosecuted suggests that the scandal was exploited for Plahotniuc's benefit.

## The State as a Source of Personal Enrichment

Politics, the judiciary, and administration in Moldova have evolved into a self-serving system whose goal and purpose is rent seeking; the elite treat the state as a source of resources and income and maintain it for these purposes with no regard for fulfilling the state's true responsibilities. Public welfare has become incidental. When it comes to distributing state ownership, key positions of political power, financial resources, and lucrative contracts, the personal enrichment of the elite takes center stage – not the development and transformation

of state and society. The electorate is degenerating into a mere majority maker that is waiting to be duped, while the substance of politics consists increasingly of the quest for power and resources.

Such rampant corruption and the judiciary system's inability to control it are considerable obstacles not only to further reforms but also to Moldova's EU rapprochement. The government is highly selective in implementing the reforms required by the EU, which are set out in the Moldova-European Union Association Agreement. Only reforms that benefit the interests of the Moldovan power elite receive attention. Hence, much-needed judicial reforms (for example reforms of the public prosecution system and reformation of law enforcement) are not undertaken because exerting leverage on the judiciary is considered an effective means of protecting oneself from prosecution while at the same time eliminating one's opponents by having them prosecuted instead.<sup>3</sup>

### European Union vs. Eurasian Union?

Moldova's rapprochement with the EU and the country's overall geopolitical orientation are leitmotifs in the debate in and about Moldova. European and Moldovan politicians alike tend to reduce Moldovan election campaigns and EU decisions on the country to the simple formula "European Union vs. Eurasian Union." The country's elite use this dichotomy as an instrument of mobilization in election campaigns. The population is divided in its attitude to foreign policy, but the constant exploitation of the discourse further deepens the rifts and bars the way to constructive solutions.

It is, moreover, doubtful to what extent the parties would actually translate the geopolitical preferences postulated in the election campaigns into governmental responsibility. It was in fact the pro-Russian Communist party that initiated EU rapprochement in the 2000s in order to obtain the EU's help in modernizing the country. The pro-European governments have merely continued on that course, but because they have not implemented reforms rigorously enough, Moldova's pro-European alignment is currently suffering considerable setbacks.

### The EU Wants to Keep Moldova on Track

The debate about the direction of Moldova's foreign policy is without doubt of crucial importance, but it distracts us from the country's corruption and inability to reform. Whatever its geopolitical preferences, Moldova remains in the hands of an elite. The EU, in its putative race with Russia and its desire not to surrender its former star pupil from

the Eastern Partnership (EaP), is prepared to make concessions. Early this year, for instance, the EU granted the separatist republic of Transnistria access to the free-trade area with Moldova, although Transnistrian leaders had not yet implemented the necessary reforms and adjustments to EU standards (e.g. in areas of trade, product labeling, and quality assurance). The EU has given Transnistria two years to make good.

In addition, the EU continues to support Moldova's pro-European powers – that is, the present government coalition – even though these individuals are turning out to be at least as corrupt as the opposition parties. The EU underestimates the power- and resource-oriented mechanisms of the elite. Or perhaps it even turns a blind eye to them so as not to jeopardize the republic's pro-European course. However, a pro-European focus that serves as an instrument of mobilization does not constitute a genuine implementation of European principles; it violates the EaP's principle of conditionality. On the one hand, as mentioned above, the EU is unwilling to surrender the EaP's former favorite in its geopolitical competition with Russia. On the other hand, it has not thus far come up with an adequate plan for responding to the problem and taking rigorous countermeasures. The principle of conditionality, however, remains irreplaceable as an instrument that provides structure and motivation.

The present government and power elite are incapable of implementing the necessary reforms. Moldova's prospects remain gloomy as long as there is no credible change of elite. Such a change would, however, be hard to attain and would have to be followed by a protracted process of transition and reorientation in the country's government bodies and authorities, because corruption is so deeply rooted. The protracted nature of such a project and the immense obstacles it entails can be observed in some of the Balkan countries, where similar difficulties have been experienced since the war there ended. The EU has such a long list of problems of its own that it hardly has the political will to be more active in Moldova and to push for, and support, a change of elite. The same goes for Russia. Intervention in Syria, the annexation of Crimea, and the support of pro-Russian regimes in separatist areas throughout the former Soviet Union are costing Moscow many resources. It does not seem to have any present interest in seeing the Transnistrian conflict escalate; the mere threat of such a scenario was enough to influence politics in Chisinau. For the foreseeable future, Moldova and its protesting citizens are on their own.

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## Notes

- 1 The pro-European government coalition consists of the Democratic party (of which Plahotniuc is a member), the Liberal Democratic party and the Liberal party. The Communist party and the Socialist party make up the opposition.
- 2 The Patria party, led by the elusive and controversial politician and entrepreneur Renato Usatii, is pro-Russian in orientation and was excluded from the last parliamentary elections in 2014 shortly before polling stations were opened. Polls had predicted that the party would get into parliament, which could have shifted power relations in parliament in favor of the pro-Russian opposition. The party's exclusion from the elections is to be understood primarily as responding to a threat to the coalition government's power.
- 3 For further information, see Igor Botan et al., "Euromonitor: Implementation of the EU-Moldova Association Agreement during Aug-Dec 2015," January 27, 2016 <<http://www.expert-grup.org/en/biblioteca/item/1202-euromonitor-aa-august-decembrie-2015&category=7>> (accessed March 11, 2016).

