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**TRANSFORMATION AND GEOPOLITICS
IN THE POST-SOVIET SPACE:
CHALLENGES FOR THE EASTERN PARTNERSHIP
AND THE CASE OF MOLDOVA**

Design and Deficiencies of the Eastern Partnership

The Eastern Partnership (EaP) emerged as a reaction to the aspirations of post-Soviet countries, beginning with the Ukrainian leadership after the Orange Revolution, which were dissatisfied with the existing integration offers of the European Neighbourhood Policy (ENP). Yet at the same time it came into being as a reaction to the transformational shortcomings in the post-Soviet space: the lack of social and economic development, systematic corruption, deficiencies in the rule of law and democracy, and the subsequent risk for political stability and regional security. Moreover, the EaP evolved as a compromise between mainly Eastern EU members interested in expanding EU integration further eastwards like its original initiators Sweden and Poland, and mainly Western European countries reluctant to make additional commitments.

In effect the EaP, in contrast to the initial ENP no longer ruled out a future accession, but retained ambiguity, effectively postponing the issue of a membership perspective until a later stage. However, with the Deep and Comprehensive Free Trade Area (DCFTA) the EU offered a very far-reaching economic integration into the common market. Through economic integration, the benefits it promised as well as the reforms required to create a viable market economy, functioning

state institutions, in particular regulatory bodies and justice institutions in order to improve the rule of law, DCFTA was meant to become the key driver of change. Since negotiations and the implementation of DCFTA were to take a decade or longer – and consequently also the resulting benefits – the EaP added the incentive of visa liberalisation as at least a medium-term deliverable.

In its design the EaP was based on two implicit assumptions. This was firstly, that the EaP could follow the same logic that underpinned transformational change in Central Eastern European countries in the context of their accession to the EU. Essentially, it offered a kind “enlargement lite”¹, more limited in commitments and scope but based on the same instruments and modelled on the same process – in which the EU would provide the general blueprints for reforms as well as financial and technical support but also relied on the will of the local elites for implementation. Thus, the EaP offered long-term benefits and some medium-term deliverables to societies, but relied on the economic and political elites’ interest in reaping them.

A second assumption – at the time less obvious since largely unchallenged – was that the integration offered by the EaP would be largely uncontested and based on broad support within societies and among political forces. Of the EaP countries, from the outset Azerbaijan and Belarus could not be expected to fully participate owing to democratic deficiencies. But among the other four, European integration was associated with a broadly shared hope for change in the population, and nearly all major parties at least paid it lip service.

Furthermore, there was practically no competing model of integration, as it exists today in the form of the customs and the Eurasian Union. To be sure, Russia always had reservations against Western interference in the post-Soviet space. But it was NATO enlargement, not European integration in the post-Soviet space that Russia opposed far more vehemently. Still, Moscow promoted far more strongly the idea of a common free trade zone with the EU, and the idea of a new security treaty in Europe. Whether realistic or not, whether serious or not, both notions indicated a priority on relations to the West over the post-Soviet sphere. Between Russia and the EU relations were already strained over a couple of issues, and in particular its initiators within the EU also saw the EaP as an instrument to counter-balance Russian influence there, but for most EU actors it was not meant and thus never designed for a conflict with Russia.

Today, the EaP faces a double challenge: The transformational change that it was meant to produce, has largely failed to ensue. Instead the conflict with Russia for which it was not designed, has escalated. As a consequence, war has been visited upon Ukraine, Armenia has opted out of the Association Agreement with the EU, societies in Eastern Europe have been deeply polarized between the EU and Russia and their respective development models, in Georgia reforms are be-

¹ N. Popescu, A. Wilson, *The Limits of Enlargement-lite: European and Russian Power in the Troubled Neighbourhood*, Policy Report, The European Council on Foreign Relations, June 2009, <http://www.ecfr.eu>.

ing reversed rather than advanced, and Moldova, once hailed as the success story of the EaP, has plunged into political crises and suffered a major backlash in its European development.

The consequence is a dilemma for the EU. In dealing with EaP countries the EU's transformational agenda has been increasingly overshadowed and contradicted by geopolitical competition. In the short run, such competition suggests that the EU should support governments in EaP countries for their geopolitical choice rather than for their reform record, even if this record is quite poor, in effect further weakening reform pressure. In the long run, however, the EaP cannot succeed without delivering on its transformational agenda; non-deliverance compromises and discredits European integration. In no other EaP country has this dilemma become so obvious than in Moldova. To find an answer to it is the key for any sound review of the EaP.

The Geopolitical Context: European versus Eurasian Integration

The EaP was partly designed as soft power-competition with Moscow – as an effort to raise the attraction of the European development model, though ultimately also to reach out to Russia – but not as the hard power competition that eventually ensued. As already indicated this was largely due to the different political environment out of which the EaP emerged. Russia's opposition, in fact, only grew over time. That the EU failed to anticipate the resulting conflict in its policies, was in part caused by misunderstandings resulting from ambiguities in Russian foreign policy.

To be sure, Russia was always opposed to any build-up of western influence in the post-Soviet space, but the intensity with which Russia did so varied considerably. In particular Foreign Minister Lavrov rejected the EaP at the outset as a deliberate attempt to establish a European Zone of influence in Eastern Europe², but the harshness of his criticism could be attributed to the tensions emanating at the same time from the war in Georgia. Russia had paid little attention to the initial ENP, and during the Medvedev presidency the overall tone of Russian diplomacy remained more conciliatory, despite a growing number of controversies. It was only in the run-up to Putin's return to the presidency that Russian resistance to European integration in Eastern Europe hardened and took a clearer shape – with the Customs Union and the project of the Eurasian Union.

In part, this strengthening of Russia's resistance can be explained not by changes in the objectives of Russia's foreign policy but by the priority it attached to different objectives. And this change was essentially a defensive turn towards protecting its zone of influence after more ambitious policies to strengthen Rus-

² S. Meister, M.-L. May, *The EU's Eastern Partnership—a Misunderstood Offer of Cooperation*, DGAPstandpunkt No 7, September 2009, dgap.org.

sia domestically and internationally had largely failed, in particular in three aspects:

The first was that a broader modernization of the Russian economy largely failed. When Putin established his authority and broke the power of the oligarchs which had emerged from the anarchic privatization of the Yeltsin years, he resorted to increased state control over key industries while establishing the “vertical of power”. Yet, this course left him only with the logic of a state-run modernization, which proved insufficient to overcome the lack of competitiveness of the Russian economy. This competitiveness was further weakened by unfavourable exchange rates resulting from the effects of the export of natural resources on the trade balance; and the revenues flowing from it further reduced the reform pressure.

It was to increase the reform pressure within Russia, and thus as an instrument for modernization more than for any immediate trade benefits, that liberal reformers within the Russian government promoted economic integration with the EU. But with the continuing lack of competitiveness, integration appeared less favourable, liberal reformers became more and more marginalized, and eventually concepts like the common Free Trade zone from Lisbon to Vladivostok were paid no more than mere lip service by the Kremlin. With the advent of Putin’s return to the presidency the Russian leadership finally resorted to protectionism; and with protectionism came the interest to consolidate Moscow’s own trade block as far as possible in the post-Soviet space.

Secondly, Russia’s foreign policy priorities have also changed over time. The consolidation and recognition of Russia’s influence in the post-Soviet space had always been one of Russia’s foreign policy objectives. But from the Yeltsin years to the Medvedev presidency, Moscow focused far more on an arrangement with the West. In this Russia followed two key objectives: to be recognized, in particular by the US, as a peer power whose interests had to be respected whenever in conflict, and a better inclusion – effectively veto power – in a remodelled European security architecture.

But whereas Russia was pursuing a realist concept of international politics, striving for a bargain in an essentially zero-sum game based on hard power-interest, in particular the overall approach of the EU was necessarily based on its own integration model, striving for a cooperation that seeks common gains in terms of development and liberal values. As both sides’ intentions were different in kind, and not just in direction, they couldn’t be reconciled. In effect, Russia’s policies took different shapes over time, including attempts to split the EU from the US, to build strategic partnerships with individual EU member states and to weaken the coherence of the EU. It was likely resignation over the limited effect of its efforts to find an arrangement with potential Western partners, that led to a gradual readjustment of Russian strategy, which came to bear during Putin’s third term as president, based on a closer rapprochement with China, and an entrenchment in the post-Soviet space against increasing Western influence there.

Thirdly, an increasing ideological rift has opened up between Russia and the EU or the West in general. For most of the time since the break-up of the Soviet Union Russia did not fundamentally distinguish its form of government from the Western model. The Russian leadership rather pointed to particular challenges for Russia to justify divergences from the Western model of liberal democracy and market economy. Notions of a “sovereign” or “guided democracy” – though designed to shield the Russia leadership against criticism – still confirmed rather than contradicted this fact, and only gradually did Russian state ideology depart from Western modes of legitimacy as the political system became more authoritarian. However, Putin’s third presidency also marked a major shift in this respect, as he now increasingly based the political system on cultural differences, a conservatism rooted in Russian and Orthodox traditions, and instead of recognizing an advance of the West, now claimed superiority of Russian values over Western decadence³, accompanied by an increasingly polarizing propaganda. Implicitly or explicitly this new ideological foundation also included other post-Soviet societies, which shared common historical and cultural links with Russia, into a common frontline against the EU.

In turn, the EU’s policies were even more ambiguous than Russia’s policies, and contributed themselves to mutual misconceptions and misunderstandings, not least within the EU itself. Neither the ENP nor the EaP constituted pro-active strategies based on a coherent vision of the EU’s interests and aims in Eastern Europe. Although the EU occasionally and rather generally assessed its own interests and aims – such as in the security strategy of 2003 as well as in the key documents of the ENP and the EaP – EU policies rather emerged as a reaction to the aspirations of Eastern European countries themselves and as compromises of different viewpoints and interests within the EU.

As a compromise, the intentions of the EaP were generally not so much defined by the outcomes it should produce but by the outcomes it should prevent – in particular two: 1) While Central Eastern EU members promoted further enlargements to the East, the majority of member states and the EU institutions wanted (and continue to want) to prevent a new enlargement debate due to concerns over a loss of coherence of and support for the EU in their populations; 2) While Central Eastern European countries, too, saw EU integration in Eastern Europe as a means to strengthen security and influence vis-à-vis Moscow, there was a broad consensus among European leaders and politicians in general to prevent a conflict with Russia. Both motives, however, worked together to downplay the extent and the consequences of the EaP, both in the minds and words of EU leaders.

In fact, the EaP was designed to be fully complementary to all the agreements Russia had with EaP countries, including the free trade agreements to be negotiated between members of CIS. It was only later, and in reaction to the pro-

³ W. Rodkiewicz, J. Rogoża, *Potemkin Conservatism: An Ideological Tool of the Kremlin*, OSW Point of View 48, February 2015, www.osw.waw.pl.

gress of the EaP, that Russia seriously created and pursued a competing integration project in the post-Soviet space. And the time this took to happen – from a first step with the Customs Union created in 2010, but only finally when Putin began to endorse the idea of a Eurasian Union during his re-election campaign 2011 – indicates that Russia itself took time to realize the consequences of the EaP.

However, the failure to anticipate the ensuing conflict on both sides had less to do with actual policies than with misconceptions. One of these concerned the respective communication of the EU and Russia. Not intending conflict with Russia, EU leaders responded to Russia's growing opposition with reassurances of their non-confrontational intentions. Not regarding interference in the affairs of its neighbours to be legitimate, they rejected rather than apprehended the Russian viewpoint and did not prepare for conflict. The Russian leadership, in turn, may have relied initially on EU reassurances, even understanding them as an indication of a willingness to compromise.

A second misconception concerns the nature of politics itself. For Russia's foreign policy essential remains a zero-sum game for power and influence, expecting its interests to be respected. EU politicians, however, even if they are aware of Russia's view, are compelled by their political culture as well as by the resulting expectation of public opinion to refute zones of influence, and to seek mutual gains based on co-operation and mutual values. One consequence is that the EU discussed the legitimacy or illegitimacy of Russia's actions rather than discussing what to do about them. The most consequential misconception, however, was the belief that the EaP need not lead to conflict.

Notwithstanding and even contrary to its intentions, the EaP was already from its initial design bound to lead to a conflict. After the Maidan, the conflict escalated in a way which was neither foreseeable nor planned. But that there would be a conflict of interests: that was foreseeable from the beginning, even though it was probably not planned by either side. And generally the reason for this was that in economic and political terms, a successful EaP was bound to create a widening gap between the development of Russia and other post-Soviet countries while reducing differences between them and the EU.

Already with the original ENP, Russia had chosen to develop its relations with the EU on a separate track. This, however, was rather due to reasons of prestige as a great power – for Moscow not to be treated on equal terms with more a dozen other countries. With respect to the content of policy the four common spaces in which the EU and Russia agreed at the same time to develop their relations rather created a parallel and in some aspects a further reaching approach. However, when the EaP was developed, Russia's relations with the EU were already largely stagnating, and while Russia was departing from further integration, the EaP meant to deepen ties considerably with its addressees.

The depth of economic integration as envisaged by DCFTA and of the political transformation connected to it inevitably had to be perceived as a challenge

by Russia. DCFTA would in fact spell a far-reaching economic integration into the EU's common market, including the implementation of all relevant EU legislation. DCFTA and the eventual benefits from economic integration, in conjunction with the countries' commitment to reforms of the judiciary, administrative and regulatory bodies, was also expected to set a strong incentive and pressure for reforms strengthening the rule of law and democracy. By stressing the difference to enlargement, many politicians from the EU either neglected or downplayed the extent of integration offered by the EaP. For notwithstanding the question of an explicit membership perspective: after the successful implementation of the association agreements, accession to the EU would be the comparatively smaller step as well as the logical consequence.

Taking this into account, the EaP had to create in particular in three aspects a challenge for Russia. The first and probably least important reason concerns economic losses. If EaP countries adjust legislation to EU standards they also divert from common standards with Russia, which can generally complicate economic interactions between them. However, that Russian companies anyway need to adjust to EU standards enabling their – by comparison far more extensive – direct exports to the EU, points to the limits of eventual losses. But also in view of future adjustments of standards, Russia must be interested in building a trading bloc of its own as a means to improve its negotiating power to counter the agenda-setting power of the EU in economic relations.

Moreover, however, Russia has raised particular concerns on the possibility that through DCFTA on the one hand and the free trade agreement in the CIS on the other EU goods could flood the Russian market, bypassing Russian trade tariffs by ways of relabeling. This argument, together with sanitary issues, has been the justification for Russian trade sanctions against Moldova and Ukraine. It, too, is not completely without justification, since there are examples of abuses. However, the impact of the issue can also be limited by improved controls of certificates of origins. Overall this problem has been probably more emphasized by Russia for the validity of the legal principle behind it than for its real extent.

Secondly, and probably most importantly, Russia has to expect a considerable loss of influence and leverage over EaP countries. The successful implementation of the DCFTA would lead to a considerable rise in trade with the EU as well as in direct investment from the EU, more and more outweighing Russian trade and investment. And generally, political influence can be expected to follow economic interest, too. Moreover, a successful transformation towards a strengthening of the rule of law and democracy can also be expected to strengthen links to the EU and pave the way to future accession. Moreover, economic development, political transformation and EU approximation will stabilize societies, remove Russian leverage and thus Russia's possibilities to control or influence the countries' future direction. And this would not only apply for the EU but also for a future NATO accession. Irrespective of whether a country would actually choose to join either

organization in future, Russia would lose the means to influence such a decision. In consequence, a successful EaP could for Russia spell the effective dissolution of its sphere of influence in Eastern Europe and leave Russia with the choice of either adjusting to the European integration process or becoming isolated in Europe.

Thirdly, a successful transformation of post-Soviet countries would also be a direct political and ideological challenge. For Russia's leadership justifies the peculiarity of its own system, as different from the West, with its distinct values. But it also emphasizes the common historical and cultural bonds, including the Orthodox tradition, with its European neighbours in the post-Soviet space, in particular the Ukraine, to justify its claims for special interests and influence, and as a rationale for Eurasian as opposed to European integration in the region. In this respect, the very idea that European integration could succeed in the post-Soviet space, and with it a transformation based on the Western model, draws into question the distinctiveness of Russian values as well as the claim that Russia shares these values with the other post-Soviet countries in Europe.

Plus: political developments in the post-Soviet space can be taken as direct examples of what could happen in Russia, too. The Russian leadership must therefore have an interest in neither European integration nor political changes brought about through street protests like the Maidan succeeding. How much this motivation weighs for the Russian leadership, is difficult to measure. However, it is safe to say that a succeeding EaP would not only leave Russia largely isolated in Europe as a country but also isolated and challenged with respect to its political system.

Their intentions – not to enter into a conflict – as well as their values – which branded Russian interference illegitimate – caused EU leaders rather to dismiss Russian opposition than to prepare for it. As a consequence, it was one of the key weaknesses of the EaP that it was ill-equipped for the unavoidable competition and eventual conflict with Russia. It offered long-term development perspectives for the addressee countries. But Russia can dispense to their governments both considerable short-term benefits – such as reduced energy prices and loans – as well as short-term detriments – such as imposing trade sanctions, limiting access for migrant workers, negative campaigning of influential Russian media, inciting domestic opposition, raising tensions in separatist regions, and, finally, supporting armed insurgents, and intervention. Yet, while armed intervention didn't allow for a direct response other than political and economic sanctions, the EaP also offered little arsenal to counter most of the other measures Russia could take.

In conclusion, the conflict with Russia over the EaP was no accident, and it is likely to stay for years. In this conflict, Russia has opposed the EU's soft power with its own hard power instruments. That the EU lacked adequate responses, revealed an EU weakness, and demonstrated that without hard power to back it up, soft power remains limited. Moreover, Russia countered the EU's attractiveness with its own soft power instruments in the form of effective propaganda warfare – to which the EU cannot respond in kind with its liberal values. And this has been

all the more effective as the EU has been shaken by deep crises over the Euro and refugee inflows.

Nevertheless, Russia's actions have proved limited in effectiveness, too. Only in the case of Armenia, which was particularly vulnerable to pressure, did Russia manage to turn around a country from European to Eurasian integration. In the Ukraine, the attempt led to disaster since it provoked the Maidan and the overthrow of the government. The resulting confusion enabled the annexation of Crimea and separatist insurgencies in Donetsk and Lugansk, but would still amount to a strategic loss for Moscow if the rest of Ukraine consolidates on a pro-European course. In fact, it was where Russia used military force, as in Georgia and Ukraine, that societies rallied around a pro-Western orientation.

Therefore, the most consequential impact of Russia's opposition to the EaP was that it contributed to deadlocking transformational processes. In fact, Russia never prevented any reform process. Vested interests did that in the countries themselves, and often within the so-called "pro-European" camps, in particular in Moldova and Ukraine. But, firstly, Russia's opposition offered them an excuse for doing so without losing EU support, since it turned the continuation of European integration by EaP countries, even if only superficial, into a matter of EU prestige. Secondly, Moscow's actions, in particular through propaganda and the support for the build-up of pro-Eurasian opposition parties, polarized societies, in which European integration had previously enjoyed broad support, between Russia and the EU, in particular in Moldova today and the Ukraine before the Maidan.

This created an additional dilemma for reform forces. Not only did they need to push for reform against vested interests within the pro-European parties. Their paramount objective shifted from reforms towards maintaining power against an opposition that could be expected to fundamentally reverse course. And this further increased the veto power of the holders of vested interests; for after all, if pushed too much, they could change the balance in favour of the other camp by switching sides. And even where, like in the Ukraine, the escalation of conflict finally strengthened national unity, still the armed struggle has distracted and occupied the limited capability of the reform forces in governments, and, also allowed vested interests to obstruct reforms. The result is a race against time, since the EaP can only achieve sustainable success through real transformation, and since a lack of progress in conjunction with the prevalence of vested interests will sooner or later discredit and turn the tide against European integration, as already happened in Moldova.

Domestic Challenges for Transformation

With its instruments modelled largely on previous enlargement processes, an assumption underlying the ENP as well as the EaP was that transformation processes

in Eastern Europe would follow a similar logic to those in Central Eastern European countries. So far, experiences with countries in the post-Soviet space have refuted this assumption. Often, this failure has been attributed to the lack of the crucial incentive of the membership perspective. This explanation, however, falls short of the mark. This is not to say that the perspective would avail nothing. It can encourage reform forces and in particular it can refute one powerful argument of Russian anti-EU propaganda – which states that all efforts towards European integration are futile, anyway, because the EU would not let EaP countries join in the first place.

But the membership perspective would fail to address the key problem: the veto power of vested interests whose holders or representatives do not want crucial reforms, membership perspective or not. For them, the perspective is only wanted for one purpose: to strengthen their legitimacy and grip on power. But the perspective would not be an incentive for reforms, and nor would it take away their power to effectively obstruct them. In other words: the perspective would simply not alter the formula of power and interest that has limited change even under “pro-European” governments in particular in the Ukraine and Moldova.

It is not so much the lack of the membership perspective; it is the whole logic of the enlargement processes that is unsuitable for the post-Soviet space. This logic was based on the understanding that transformation would come with democratization, and that the EU would offer blueprints and assistance, but that the countries would do the reforms themselves – responsibility for which would rest solely with local elites. Yet, the precondition was that there was a broad consensus among elites for the substance as well as the direction of reforms on the one hand, and that reformers could marshal enough real power to implement crucial reforms on the other hand.

This consensus was of crucial importance. Firstly the difficulties of transformation during the enlargement process usually didn't allow governments to keep popularity, in particular if they were pushing for bold reforms. Thus, it was more common for governments to lose than to win elections, so that the success of transformation ultimately depended on successive governments – and therefore also on the respective opposition – to continue reforms after an electoral victory. And, secondly, as broad as the consensus was among elites about reforms, those opposed to them couldn't gather enough power for successful obstruction. Herein are the two key differences to the post-Soviet space. At first, reform forces need to act more carefully in view of democratic elections because the oppositional forces cannot be expected to continue but rather reverse course. And secondly, even or in particular in their own party or coalition they have to face vested interests with considerable veto power.

The reason behind this is that even besides the geopolitical polarization, the structural challenges for reform are far heavier in the post-Soviet space than they have been in Central Eastern Europe. It is not that the challenges in the post-Soviet

space are fundamentally different in nature. But they are far more pronounced, to the extent that they create veto powers that didn't exist in Central Eastern Europe. The reasons for this consist of a number of mutually reinforcing challenges.

The first, and perhaps most obvious problem, are oligarchic structures – meaning the control by or crucial influence of business people over economic assets, mass media, political parties and key state institutions excluded from political and economic competition. The economic structure underlying this is only partly or superficially that of a market economy but in large parts just a rent-seeking economy divided into monopolistic or oligopolistic structures. Intransparent ownership structures and offshore links can be used to conceal operations, including raider attacks, money laundering schemes and the massive bank frauds in the Republic of Moldova. The extent and intransparency of state enterprises as well as their possible privatization offer ample opportunities for those in power to tap into or channel financial flows, including for purposes of maintaining or extending political loyalties and control.

Political power has served as a tool for oligarchs to maintain and redistribute economic assets. One of the key instruments has been control over political parties or parts of them, usually through financial dependencies of party structures and relevant members. In Ukraine – which is large enough to maintain quite a number of competing oligarchs – major oligarchs have effectively had their own fractions within most parties; in smaller Moldova, in each of the two largest of the so-called pro-European parties which have governed since 2009, the Liberal Democratic (PLDM) and the Democratic Party (PDM), financial control was effectively monopolized by two businessmen respectively, Vlad Filat in the former case, and Vlad Plahotniuc, the only true oligarch in the country, in the latter.

Moreover, strict but only selectively enforced legislation on illegal party financing, anti-corruption and transparency, in conjunction with the deterring of donations has made it nearly impossible for opposition parties to finance themselves through contributions from the wider society. There is no established tradition of membership fees, bureaucratic procedures limit small donations, and in the event of larger donations the donor must expect retribution from government – in the form of investigations, prosecutions, or the loss of contracts for businesspeople or threats thereof. In Moldova, pro-Russian forces appear to be able to rely on foreign support, which the government seems reluctant to interfere with. But since any party financing from abroad is prohibited and the EU or its member states cannot support parties anyway, the pro-European parties now in opposition are all constrained by a lack of resources. One of the consequences is that any bottom-up party building is generally quite difficult in the post-Soviet space. Thus, even without directly manipulating the elections, oligarchs can effectively still manipulate the democratic process by limiting the choices voters have in the first place.

In addition, the voter's effective choice is further limited by the control, which oligarchs exert within different parties. In effect, holders of elected office

often follow loyalties, which are different or even contradictory to the preferences and promises for which they have been elected. In Ukraine, oligarchic sub-fractions within parliamentary parties have been instrumental in obstructing policies for which their respective parties were elected. The November 2014 election in Moldova was only superficially characterized as a geopolitical contest between pro-European and pro-Russian camps. While it resulted in a pro-European majority, a quite different majority was formed after the elections, crossing boundaries between both camps and in direct contradiction to the pledges of all involved parties before the election. The governmental crises in 2015 were largely just political theatre – a sequence of effectively failing attempts to justify the newly established majority to the Moldovan public and Western partners as a necessity forced upon coalition parties instead of the deliberate choice it actually was.

The mask finally fell in late autumn when large parts of both the Party of Communists (PCRM) and the PLDM fractions seceded to join the new majority dominated by the PDM, which then moved even to propose Plahotniuc as Prime Minister. Allegations by some MPs who refused to join the new majority point to the use of both bribery and blackmail in establishing it. That the generally pro-Romanian Liberal Party (PL) under their leader Mihai Ghimpu joined the majority after the local election of 2015 also indicates a decisive influence of Plahotniuc there; for although it provided the PL with access to resources, it was a near suicidal move. By joining the government the PL didn't gain any real leverage but plunged in the polls from 10% to just 2%.

Moreover, the split in the PCRM didn't appear as an hostile act, and it is quite possible that their remaining MPs serve as a reserve force for the government majority, kept separate just to preserve the structures and votes of PCRM for a future election; nor would it be surprising if Plahotniuc's control extended over some MPs of the Party of Socialists (PSRM) – which means he may have still considerably more votes to replace any group of MPs who dropped out of his majority. In effect, the PDM, which won 15% in the November 2014 elections, now dominates the national government based on a broad majority in parliament that no-one elected and which according to opinion polls has a less than 10% support rating⁴.

Control over the media reinforces control over parties in order to consolidate political power. The extent of really independent mass media is very limited in all post-Soviet countries. Mass media ownership is usually a political rather than an economic investment made or held not for financial return but to promote particular interests or parties, discredit opponents or withhold publicity from them in the first place. In Ukraine, at least the plurality of oligarchs is reflected in the ownership structure of mass media. In Moldova, however, the one remaining oligarch now controls the bulk of TV stations with national coverage⁵ and most of the advertising

⁴ *Barometrul de Opinie Publică, Institut de Politici Publice*, April 2016, <http://www.ipp.md>.

⁵ N. Gogu, *Who really rules the airwaves in Moldova?*, Open Democracy Russia and Beyond, March 28th, 2016, www.opendemocracy.net.

market impeding financing for independent media. This dominance over the media is used to promote the government and to either discredit or to largely exclude oppositional forces from media access at all. Left wing parties receive still support from Russian media. But the pro-European opposition has little access to mass media and found support in particular by a channel kept alive by a businessman who had been forced abroad over a conflict with Plahotniuc.

In turn, control over state authorities has been established as a means to redistribute and safeguard possession of economic assets but furthermore also to effectively overtake and privatize key institutions. In all post-Soviet countries, the weakness of state institutions in conjunction with strong top-down command structures, and inadequate salary schemes in conjunction with firmly established and systemic corruption, opened easy gateways for oligarchic influence. In Eastern Europe far more than in Central Eastern Europe the key task of transformation is essentially state and institution building, which has to happen in an environment where key political forces and authorities are controlled by vested interests.

The spoils systems, which came to characterize the administration of post-Soviet countries, also led to personnel, clan or clientelist loyalties largely prevailing over professional ones in public offices. In addition, low salaries in the public service made office holders susceptible or even needing extra income either by using the authority of their function to extract money or by accepting bribes or payments in exchange for political alignment. Thus, interests and dependencies outside of the duties and hierarchies of the public service emerged while the vulnerability of the affected officials to blackmailing increased. As a consequence, parallel structures of command, rewards and sanctions emerged in public authorities – overlaying or often superseding professional responsibilities and chains of command.

Key state institutions – in particular those carrying real power such as judicial, law enforcement and financial authorities – were effectively taken over by vested interests bypassing control by constitutional authorities in parliament and government. In the Ukraine this process has extended to both central authorities and the evolution of regional strongholds controlled by various oligarchs or financial political groups⁶. In smaller Moldova, it centred on national institutions. The process actually accelerated with the so-called pro-European coalitions since 2009, whose three protagonists agreed not only to distribute governmental positions among themselves but also control over key non-political institutions. Most notably, Filat took the tax and custom authorities, Ghimpu the National Bank, and Plahotniuc law enforcement, in particular the Prosecutor General.

The control that Plahotniuc appears to have consolidated over judicial and law enforcement institutions became the cornerstone of his grip on power⁷. A num-

⁶ B. Jarábik, M. Minakov, *Ukraine's Hybrid State*, April 22, 2016, Carnegie Endowment for International Peace, carnegieendowment.org.

⁷ K. Calus, *Moldova: from Oligarchic Pluralism to Plahotniuc's Hegemony*, OSW Commentary, April 11th, 2016, <http://www.osw.waw.pl>

ber of judgments indicate that his influence extends to nearly the whole of the judicial system, starting with the constitutional court which has issued a couple of critical – though legally quite questionable – decisions in his favour. These decisions included the banning of his chief opponent, Vlad Filat, from becoming Prime Minister again after the coalition crisis of 2013, directing the President in late 2015 to nominate the person proposed by a majority of MPs – which would be Plahotniuc himself – as Prime Minister (a decision the President did not adhere to)⁸; and the sudden introduction of direct presidential elections – by declaring as unconstitutional an amendment passed 16 years ago according to which parliament had elected the head of state ever since⁹ – which took away part of the public pressure on early parliamentary elections.

Another high profile example indicating political control over the judiciary is the removal of Renato Usatii and his party – whose high showing in the polls had become a threat to the ruling majority – from participating in the November 2014 elections. Under the political realities in Moldova, this move would have hardly been possible without the consent of Filat and Plahotniuc. Irrespective of the reason cited for his removal – party financing from abroad – the timing for once was clearly political, coming immediately after the expiry of the period before the election until which Usatii could have switched to running for another party. But more telling is another point: A failed attempt to remove Usatii would have resulted in a surge of votes for him from an infuriated electorate. The move itself therefore suggests that the decisions of the central election commission and the courts were known in advance; and thus were likely just delivered as ordered.

In particular criminal prosecutions or the threat thereof have been used to expand and consolidate power. The arrest of Filat – over his alleged involvement in the banking fraud – and the way it was staged, is an example of selective justice. At the same time, the owner of the banks in question, Ilan Shor, who was responsible for all their operations and whose confession provided the justification for Filat's prosecution, remains a free man. And the government's efforts in seriously investigating the fraud have so far remained questionable at best. The arrest of the former communist MP Grigory Petrenco after a demonstration in front of the Prosecutor General's office suggests a political background. So too does the conviction of former Finance Minister Veaceslav Negruta, a person with a solid reputation for integrity who had for a long time warned against the fraud in the banking system, over a dubious allegation of abuse of power in a case

⁸ V. Socor, *Plahotniuc's Power Base in Moldova: Allies and Instruments*, Eurasia Daily Monitor Vol. 13, 7, January 12th, 2016, <http://www.jamestown.org>.

⁹ M. Popșoi, *Controversial Ruling by Moldova's Constitutional Court Reintroduces Direct Presidential Elections*, Eurasia Daily Monitor, Vol. 13, 46, March 8, 2016, <http://www.jamestown.org>.

where his ministry paid compensation according to a court ruling which was later overturned by the supreme court¹⁰.

As a result of these examples, the sense of intimidation has grown among oppositional elites. Together with incentives like financial offers and assurances of impunity, threats of prosecutions and court proceedings seem to be directed at politicians and officials also on the local levels in order to encourage alignment with the government and the PDM. One rather high profile example is the removal from office of the mayor of Taraclia – who also happened to be a leader of the Bulgarian minority – over the alleged felling of some trees without permission¹¹. After the arrest of Filat the PLDM in particular complained about targeted attempts to get their local structures to switch allegiance.

The arrest of Filat finally put an end to the competition between him and Plahotniuc that dominated Moldovan politics since 2009. But it also put an end to all effective checks and balances of power. In effect, Plahotniuc not only took control of the ministries and authorities under the control of PLDM and Filat; other remaining key institutions also seem to have fallen into his fold. A particular case is the national bank which – like the responsible law enforcement agencies – took no action to stop the fraud in the Banca de Economii but in March 2015 froze shares of one bank and dismissed directors of a second, both of which are controlled by Veaceslav Platon¹², another shady businessman who happens to be in conflict with Plahotniuc. Said to be a billionaire, it is difficult to establish his real worth or the share of the GDP he effectively controls or redistributes, but it is certain that the financial resources and flows he controls marginalize the possibilities of his opponents into insignificance in comparison. In terms of control over politics, state institutions and economic resources Plahotniuc represents a possibly unprecedented degree of one oligarch's power over a country, challenged only by the near-universal disapproval of the population.

The term which came into common use for this state of affairs in Moldova is that of a “captured state”¹³. The description fits, but the reality will be difficult to reverse. For the dynamics of oligarchic control follow an intrinsic logic as the weakness of state institutions creates a dilemma even for oligarchs: if they don't take control, an opponent may do so in order to fight them. And if you relinquish control, the result may not be the establishment of independent institutions but just the takeover by another culprit who then uses his control against you. Thus,

¹⁰ M. Colun, *Sentence of Veaceslav Negruta condemned in the case of record-compensations, upheld by the Court of Appeal Chisinau*, Centrul de Investigatii Jurnalistice, December 12th, 2015, anticoruptie.md

¹¹ P. Tapiola, *Citizens of Moldova deserve independent justice*, IPN, April 9th, 2016, <http://www.ipn.md>

¹² NBM Blocks 40% of MAIB Shares, Infotag, March 3rd, 2016, <http://www.infotag.md>

¹³ The term has even been taken up by the Secretary General of the Council of Europe: Thorbjorn Jagland, *Bring Moldova Back From the Brink*, New York Times, August 10th, 2015, <http://www.nytimes.com>.

the informal nature of the effective privatization of institutions under oligarchic control may be a greater challenge to the build-up of a liberal democracy than a direct authoritarian state. In the latter case the task is to change the way power is exercised, redefining the command structure within the state. In the former case, there is largely just a façade of a state, and no longer a clear command structure to start with. It would need to be rebuilt first, by eradicating all the parallel, informal and corrupted chains of control that hide behind the facade. Thus to liberate a captured state may actually prove to be more challenging than to liberalize an authoritarian one.

Underlying the vicious circle of weak institutions, systemic corruption, oligarchic control and state capture in large parts of post-Soviet space are two social factors. The first is that most post-Soviet countries lack a strong and self-affirming national identity. The consequence is that societies, instead of embarking on national projects, rather get easily polarized over politics. Besides the fact that the Rose Revolution, unlike the Orange Revolution in Ukraine or the April 2009 protests in Moldova, established a leadership determined, united, and powerful enough to bring change, the stronger national identity in Georgia may explain why Georgia's transformational successes has been an exception in the post-Soviet space.

The second factor is the extremely atomized societies in the post-Soviet space. Its most significant characteristic is the high level of interpersonal mistrust. Mistrust leads to high interaction costs and a low level or non-existence of organizational culture. Behind every organization or institution, any norm, contract or law, people easily suspect only a special interest and a hidden agenda. The investment into sufficient confidence building between individuals for effective collaboration and information sharing is accordingly very high. People rely far more on personal relations than on merits, with the consequence that the former indeed regularly play a far greater role in social advancement.

Social interests hardly ever organize themselves. A broader civil society – which in Western democracy bundles and promotes these interests in politics – is largely non-existent. Civil society in the post-Soviet space is usually limited to small NGOs, which operate on implementing projects predominantly financed by Western donors but which only form a thin layer without deep roots in their societies. The efficiency of governmental structures is also suffering from the same problems which are reflected in an often extreme top-down structure of decision making, a lack of delegation, information sharing, engagement and collaboration as well as planning and co-ordination capabilities. This, in turn, slows down and impedes the implementation of policies, even if the necessary political will for reforms exists, and eases obstruction. Finally, the high level of mistrust fuels rather paranoid sentiments, making people and societies more receptive to misinformation and adding to their difficulties to distinguish between rumour and reality. Convincing the electorate of any policy is thus more difficult than

obstructing by spreading confusion. This is why democratic government in the post-Soviet space has not been a driving force for reform but often fallen prey or simply been instrumentalized for manipulations in the service of vested interests.

Political Developments, Transformation, and European Integration in Moldova

Although Georgia achieved more progress with domestic reforms and Ukraine started negotiating an association agreement with the EU earlier, Moldova came to be called the success story of the EaP before the November 2014 election. A changing political context in both the other countries – reform backlashes in Georgia after the 2012 elections, first the Yanukovich government and then the internal conflicts in Ukraine – contributed to this perception, as did the interest of the EU in presenting at least one clear cut success story in the EaP. Moldova's size and proximity also added to a greater readiness within the EU to consider the country a candidate for faster integration. But in its relations with the EU Moldova also made swifter progress. Though the negotiations for Moldova's association agreement commenced later, they nevertheless progressed more quickly. Moldova was also the only country to gain visa-free travel to the Schengen area by implementing the requirements agreed with Brussels.

Between 2009 and 2014 relations between Moldova, its Western partners and in particular the EU and its member states deepened considerably. This was reflected by an intense shuttle diplomacy which saw many Western leaders, including US Vice President Biden, German Chancellor Merkel and Polish Prime Minister Tusk as well as the Presidents of the European Council and the European Commission pay visits to Chisinau. In turn Moldovan Prime Ministers were received by practically every Western leader starting with the American and the French Presidents as well as the British and Italian Prime Ministers. Particular close relations developed between Chisinau and Berlin which, together with Russian president Medvedev, initiated the Meseberg Initiative to resolve the Transnistria conflict and which after Brussels and Bucharest became the most frequented destination for visits by Moldovan government representatives, with the German government one of the strongest advocates of Moldova in the EU short of promoting a membership perspective. All this expressed support, but also trust and hope in a European future for Moldova.

In fact, with respect to crucial domestic reforms the so-called success story of Moldova was indeed rather a hope for the future than a reflection of real development. All crucial reform areas – rule of law, the building of functioning and independent institutions, fighting corruption, and, in essence, restricting oligarchic control over the state and the economy – saw little progress, and even backward steps were registered since the “pro-European coalitions” first came to power in 2009.

Since 2009, coalition governments in Moldova have been dominated by a double conflict: an open one between the two pre-eminent leaders of coalition parties, Filat and Plahotniuc, and a less visible struggle between reformers and vested interests. Accordingly, the constellations within political parties were as important for the country's development as the competition both between coalition parties and between coalition and opposition parties. In terms of reform versus vested interests, the pro-European parties contained both the best and the worst characters in Moldovan politics; yet it was the latter who wielded the greater determination and leverage.

Between 2009 and 2013 Moldovan politics were hampered by a constitutional crisis caused by the inability of parliament to elect a new president with the required 3/5th majority which led to the early elections in 2010 and were only overcome with the election of President Timofti in 2012, and a number of coalition crises sparked by clashes between Filat and Plahotniuc. The last and deepest of this crises, which lasted from March to June 2013, resulted in a defeat of Vlad Filat who was replaced by foreign minister Iurie Leanca as Prime Minister.

The following one and a half years of the Leanca premiership proved to be the time during which collaboration within the government worked best. It restored both the confidence of the public and of Western partners in the "pro-European coalition", and saw a number of landmarks in the advancement of EU-Moldova relations, including the initialling, signing, and ratification of the Association Agreement as well as the introduction of visa-free travel for Moldovan citizens into the Schengen area. But the Leanca government also operated almost constantly in a kind of a crisis mood, seeking to repair the deep loss of credibility caused by the preceding infighting in the coalition, to maintain stability in a society increasingly polarized over geopolitical preferences, to defuse resulting tensions with the Gagauz autonomy and other minorities, to address the economic damages caused by the wine embargo and trade embargos imposed by Russia after the initialling and signing of the Association Agreement respectively, and finally by trying to resolve the fraud in the banking system¹⁴. In effect, the Leanca government was also rather a wager on the future. It did develop plans for substantial reforms with a considerable involvement of EU partners, but it failed to push through much progress while in office.

The aftermath of the November 2014 elections proved to be a turning point in the rapprochement between the EU and Moldova, ending the latter's reputation of a success story of the EaP. The first of two key reasons for this was the extent of the fraud in the banking system that came to light, and the apparent unwillingness of the subsequent governments to seriously investigate or prosecute those responsible. The exact amount of money lost has still not been established, but it

¹⁴ V. Kulminski, M. Sieg, *Moldova at a Crossroads: Why an Association Agreement with the EU Matters More than Ever*, DGAPcompact, May 2014, <https://dgap.org>.

is estimated at around \$1 billion – a staggering sum, amounting to more than 15% of the country's official GDP, that directly hurt public finances since the government bailed out the banks shortly before the election.

Yet the only person seriously prosecuted for the fraud was Filat – and his arrest was too clearly a political move, staged to scapegoat him while also removing him as a political leader – and motivated by a sudden confession by Ilan Shor, the former chairman of the Banca di Economii, the biggest of the three failing banks, who blamed Filat for having forced him to give him bribes of \$250m. Shor, on the other hand, who had orchestrated the operations of the three banks, and actually owned through a number of middleman large shares in them, has never been prosecuted but allowed to stand for – and be elected to – a mayorship in the local elections.

Directly after the November 2014 elections, Leanca as acting prime minister instigated an investigation by a specialized international cooperation. However, this investigation has so far not gone beyond its first – scoping – phase and its findings have remained dependent on the information provided by the national bank¹⁵. The crucial second phase – which would also have verified this information – only commenced after considerable international pressure, in late 2015. The long term passivity of the national bank as well as of the law enforcement authorities – despite the fact that the abuses in the banks, if not necessary their full extent, were known to them long before November 2014 – implicates other powerful actors besides Filat, as he wasn't known to control either of these institutions. While the bailing out of the affected banks put a strain on public finances, the EU reacted by suspending budget support and made its continuation conditional on a serious investigation into the banking fraud and an agreement with the IMF on stabilizing the financial situation¹⁶.

The second reason for a cooling of EU-Moldova relations was that the way in which the new government was formed after the elections cast serious doubt on the seriousness of its commitments to reforms and European integration. Though overshadowed by incidents such as the removal of Renato Usatii or the insertion of a clone communist party on the ballots, the election again produced a majority for the “pro-European” parties. Nevertheless, after more than two month of negotiations a minority government between the PLDM and the PDM was formed, propped up by the Party of Communists. It was presented as without alternative due to the alleged intransigence of PL's leader Mihai Ghimpu.

In reality the negotiations had been merely a charade. They were exposed as such when Ghimpu consented to a compromise brokered by Leanca and mediators from EU partner parties forcing the PLDM and PDM leaders to openly reject a coa-

¹⁵ Despite the contracted company's (Kroll) requirement of confidentiality, the report has been published by Speaker of Parliament Candu, <http://candu.md/opinii/raportul-kroll>.

¹⁶ The most recent conclusions of the Council of the EU: Council Conclusions on the Republic of Moldova, February 15th, 2016, <http://www.consilium.europa.eu>.

lition with the PL themselves. The new government, a “minority” in name only, was in fact based on the majority of their choice, on Filat’s interest in getting rid of Leanca as a potential rival within the PLDM – who couldn’t consent to the collaboration with the PCRM – and on Plahotniuc’s interest in building a new majority that would weaken the position of the PLDM and finally make Filat redundant. The conduct of the subsequent governments also suggests that both men, Filat and Plahotniuc, also shared the common interest to prevent rather than to promote serious reforms and investigations.

The following crises leading to the resignation of Prime Minister Gaburici after the local elections and once again to the dismissal of the Strelez government in autumn were essentially only variations on the same theme; fuelled on the one hand by the need to react to public dissatisfaction and growing protest, and on the other by Plahotniuc’s efforts to extend his own control at the expense of the PLDM which finally culminated in the arrest of Vlad Filat. The following re-modelling of the parliamentary majority brought about by splitting the PCRM and PLDM parliamentary groups finally consolidated Plahotniuc’s position as the sole remaining leader.

Although President Timofti denied him the premiership, with the appointment of Pavel Filip as the new Prime Minister, and Adrian Candu remaining Speaker of Parliament, the two top positions in the new “coalition” were now held by PDM representatives and close Plahotniuc confidants – indicating that all other parties in the new majority were at best junior partners. However, the creation of the government, with a majority that defied the election results, lacked democratic legitimacy, and faced considerable public protests, led to a scaling back of Moldova’s relations with the EU and its member states, with European leaders avoiding visits to Chisinau, and representatives of the Moldovan government usually not receiving high level invitations, except for routine meetings in Brussels.

Nevertheless, the fact that the Moldovan governments continued to associate themselves with European integration also further weakened public support for it. When the “pro-European” coalition was first formed in 2009, European integration, being promoted by all major parties, enjoyed broad support among the population. Thereafter, increasing Russian rejection, propagated by negative coverage in Russian media, and the PCRM following suit towards an anti-EU stance, turned European integration into a key issue dividing government and opposition, with its approval and disapproval ratings now following the public support or lack thereof of the coalition parties. Despite a drop following the coalition crisis of 2013, a small majority was still supporting European integration as opposed to Eurasian integration before the November 2014 elections.

With the formation of the new government in February 2015, however, support ratings for European integration plummeted together with its approval ratings. Since then support for European integration in Moldova has been encour-

aged rather by an increasingly critical stance of the EU towards the coalition's reform efforts and the suspension of financial assistance, than by any collaboration or support for the government. In Moldova today European or Eurasian integration stands less for a geopolitical choice than for different development models. The proponents of both camps are largely united in their disapproval of the government and the corruption it stands for. Yet the pro-Russian camp places their hope rather on an authoritarian solution, while the pro-European camp favours an alternative based on democracy and the rule of law.

As a consequence of the crises and manoeuvrings before and after the November 2014 elections nearly all the parties which shaped the political landscape of Moldova since 2009 became so deeply discredited that the whole party system finds itself in a state of upheaval and new formation. This process started on the left wing, when the PCRM since the beginning of 2014 began to soften its stance on European integration, which opened parts of the electorate heavily influenced by Russian media to a takeover by more radical and pro-Russian parties. Thus, in November, the electoral share of the PCRM more than halved from 39% to 17%. Furthermore, in summer of 2014 PCRM Chairman Voronin expelled the more radical elements of the party, which also happened to be its political and ideological masterminds. This act was an early indication of the alignment and effective takeover of the PCRM by Plahotniuc which first materialized in the readiness of the PCRM to support the minority coalition formed in February 2015. Since this move also contradicted former promises, the PCRM's vote halved again in the local elections of 2015 and all following polls. Thus on the left wing, the position of the PCRM has been largely overtaken by two new pro-Russian parties, the PSRM and Renato Usatii (Patria and Partidul Nostru).

On the centre-right, the banking crisis in conjunction with the dubious backroom deals resulting in the formation of consecutive governments largely discredited the established "pro-European parties". In the local election of 2015 the strength of their respective local structures – as opposed to their competitors which possessed very few thereof – still helped the coalition of PLDM and PDM to avoid a disaster. Yet, after the arrest of Vlad Filat and the subsequent split of the parliamentary group, support for PLDM dropped in all following polls to three percent at maximum. That the PL joined the government after the local elections caused their ratings to plummet to 2 percent. PDM slumped in the polls too, but the resources of Plahotniuc will ensure its survival.

The pro-European (or pro-liberal reform) electorate switched almost completely towards newly emerging opposition parties. At first, former prime minister Leanca formed a new party, the European People's Party of Moldova (PPEM). PPEM initially did well in the polls but due to the moderate course it took lost ground to two other projects which now dominate the pro-European electorate with their clearer oppositional stance. The first is a still emerging party (Party for Action and Solidarity – PAS) led by former education minister Maia Sandu, known

for her strong reform record in government and the tough conditions she put forward when unsuccessfully proposed by PLDM to succeed Gaburici as Prime Minister in the Summer of 2015. The second is a party which developed out of the civil society platform for dignity and truth (abbreviated in Romanian as DA) that started to organize the mass protests against the governments which have continued since April 2015. Together PAS and DA poll at around 20–25%, and together with PPEM and the remainder of PLDM at 30 percent¹⁷. Their overall numbers would make them a serious competitor to both the government and the pro-Russian parties, yet for the moment the new pro-European parties suffer from fragmentation and a lack of resources.

In effect, Moldova has a government claiming to continue and safeguard the European integration of Moldova against the pro-Russian parties while large parts of the pro-European electorate are just as bitterly opposed to it as pro-Russian voters. In fact, the protests which were started by the pro-European opposition, were later joined by PSRM and in particular Usatii, too – which share the key demand for early parliamentary elections. Because giving in to this demand would mean the loss of the existing parliamentary majority and thus threaten to considerably weaken his power, Plahotniuc has so far followed three approaches against the protests. The first was to play for time, calculating that over time resignation (and emigration) would sound their death-knell.

However, the risk remained that increasing anger and desperation among smaller groups of protesters could lead to violent escalation – which could finally destroy all legitimacy of the government at home and abroad. Thus the direct election of the president was, secondly, reintroduced via the constitutional court as a concession which at least partly changed the focus of political actors from the demand for parliamentary elections towards preparations for the presidential elections. Yet, as long as the parliamentary majority remains untouched, the president won't wield much power anyway. And it would be reasonable to expect that underlying the decision for a direct presidential election is a deal with the pro-Russian leader of the PSRM, Igor Dodon – as the likely winner of that election. After all, Dodon doesn't appear to have much interest in an early parliamentary election which at any time soon would see his rival Usatii likely to join parliament at equal strength with him; and the age conditions set by the constitutional court deliberately ruled out Usatii as a possible contender for the presidential election.

Finally, and thirdly, deterrence has been reinforced against the remaining but weakened protest movement. The most recent protests of April 24th were confronted by a massive and intimidating presence of security forces, protesters from outside of and within Chisinau were prevented from reaching the demonstrations, and after claims were made that stones were thrown against Plahotniuc's business

¹⁷ Barometrul de Opinie Publică, Institut de Politici Publice, April 2016, <http://www.ipp.md>.

headquarters, the police chief threatened the organizers with long jail sentences for causing public unrest¹⁸.

Besides the protests the dire financial situation – caused by the banking fraud and the reduced support by foreign donors in consequence – could threaten the consolidation of the government. Although the government has already cut public investment by a staggering 70 percent, it is struggling to borrow the money to refinance the remaining budget deficit necessary to continue paying wages and pensions¹⁹. To lessen the strain on the budget a deal with the IMF would be needed – which would improve the credit of the government and on which donors like the EU have made a resumption of their support conditional. However, continuous delays of the negotiations indicates the government's unwillingness to meet IMF and other donors' conditions. It remains an open question whether the government hopes to manage without foreign support or whether it is gambling – by calculating that some Western donors – the EU, the US or Romania – would give in and resume support in order to prevent instability or a resulting takeover by pro-Russian forces.

However, if the government can overcome these immediate challenges, it can capitalize on some advantages. The arrest of Vlad Filat and the parliamentary majority left Plahotniuc as a virtual though unofficial “paramount leader”, effectively removing competing powers as well as checks and balances. That means that the management of government can be streamlined, and far less considerations need to be taken for vested interests outside of Plahotniuc's own structures. The elimination of competing interests allows for a reduction of petty corruption and tax evasion, even without any serious reform. The existing system can be managed far more efficiently, so that a stabilization of the financial and social situation could be possible.

The key question remains whether the new government will make good on its promise to deliver far reaching reforms. Certainly its majority provides it with the power to do so. It is too early for a final judgement. However, there must be doubts. The same majority has essentially been in place since November 2014; and if serious reforms had been wanted Moldova could have been spared all the governmental crises during 2015. Serious reforms, in particular in the crucial areas of rule of law and fighting corruption, would necessarily dismantle Plahotniuc's system of power; and this could likely also create a security dilemma for him as well as threaten the interests of a considerable number of dependent loyalists.

The government will strive to give an impression of reforms, but it will be difficult to distinguish the facade from the reality. The extent of Plahotniuc's

¹⁸ V. Călugăreanu, *Moldova a Intrat în Faza unei Dictaturi Nedecarate*, Deutsche Welle, April 25th, 2016, <http://www.dw.com>.

¹⁹ J. Radeke, *Strained Fiscal Situation and Need for an IMF Programme*, GET Moldova Newsletter No. 32, December 2015, <http://www.get-moldau.de>.

control and the parallel threads through which it can likely be exercised, probably allows for some far reaching legislative and institutional reforms without real change, since their implementation can be limited through dependencies of the personnel involved. The extent of his leverage over legislative, executive and judicative branches of government will also allow him to carry out a number of individual reform measures which may actually be sensitive in themselves but which remain pocket reforms – not really tackling corrupt machinations, since their respective impact could be either checked or bypassed by other levers or schemes within the formal and informal system of power.

Yet, the informal nature of this system of control also creates a challenge. It relies essentially on opportunism and intimidation and thus on the belief that the person in charge will maintain the power to deal out both favours and punishments. If this belief were challenged by a crisis, a collapse of the control over the political system may follow. In the longer run, the current disapproval ratings could create such a challenge, in particular as the next elections approaches. It is therefore also possible that the unsustainability of the existing system of power in Moldova leads to a vicious circle where disapproval rating leads to more control and repression which in turn add to public resentment.

For the EU this situation creates a multiple dilemma. In the short run, the EU is interested in maintaining a minimum of stability and, at least officially, a pro-European orientation of Moldova – also in view of the repercussions that developments could otherwise have on Ukraine. The EU's interest as well as the framework of relations created by the Association Agreement requires the EU to work closely with the government. Yet at the same time, the supporters of European integration within Moldovan society are now largely and bitterly in opposition; and in the long run European integration cannot be maintained in Moldova without winning back popular support.

But while disapproval of the government suggests that winning back this support depends on the strength of the pro-European opposition, the government must have an interest in presenting itself as the only true guarantor of both stability and a pro-European course – for which it may also be interested in keeping the pro-European opposition weak and fragmented. Due to the high disapproval ratings of the government, the low likelihood that the current majority could be returned in free elections, and given the vested interests at stake, neither a reinforcement of repression nor a power-sharing arrangement of the current leadership with pro-Russian forces at the expense of European integration can be ruled out for the future. Thus, while the current government might promise to keep the country on its European path for the time being, it may in the longer run and with increasing certainty present only the alternatives of a government which is either more undemocratic or pro-Russian.

Conclusions: How to Review and Develop the EaP

The limited successes of the EaP requires a fundamental review both of the interests and instruments involved. As for the interests, the EU has to balance two different ones. One is geopolitical, to prevail as much as possible in the conflict that has emerged with Russia in the post-Soviet space, with a maximum goal of European integration succeeding and a minimum goal of preventing Moscow from submitting the region under its own control, including by integration into the Eurasian Union. The second interest is transformational, to ensure security and stability through development within the countries of the post-Soviet space. Ideally, both interests would go hand in hand, whereby the transformation of post-Soviet countries into liberal democracies would also firmly include them in the Western world.

However, past experience suggests that with the existing framework and instruments of the EaP neither the geopolitical interests nor the transformational goals may be achieved. They may even be contradictory, in particular in the short and the long run; since short-term geopolitical interests prompt the EU to support governments despite poor reform records and instead of pushing for reforms stronger; and this, in turn, provides actors which may simply claim to be pro-European ample opportunities for abusing and framing the EU. In the long run, this may not only result in a lack of progress, but also associate the EU with corrupt actors and discredit European integration. Under the realities of the post-Soviet space, a policy whose most immediate goal is to prevent pro-Russian forces from getting into power will be exploited and self-defeating.

In fact, a rapprochement of countries in the post-Soviet space with the EU can only be sustainable if transformational progress can be achieved far beyond what has been registered in particular in the Ukraine and Moldova so far. The disparity between objectives and reality in the EaP suggest for the EU a choice between reducing the goals and reinforcing the means. In the first case this choice would call for a realistic adjustment towards the minimum geopolitical goal. Such a scenario would focus on an arrangement with Moscow, aiming to neutralize the Ukraine and Moldova between Russia and the EU. Recognizing the deficiencies of the governments in question to live up to their European commitments, the EU would renegotiate and downgrade the association agreements, largely excluding the political parts and taking out the deep and comprehensive aspects from the free trade zone. In effect the countries may benefit from simple free trade agreements with Russia and the EU which, in turn, would preclude their integration into the Eurasian Union.

Such a change of policy, however, would not only meet the problem that it could hardly find a consensus within the EU, since it would be widely understood both as a retreat by the EU and a betrayal of its values: a surrendering of solidarity with societies in post-Soviet Europe held captive by Russian interference and by the veto power of vested interests. It would also fail to address the risks which may

emanate from the lack of transformation within post-Soviet countries. The socio-economic situation in particular in Moldova and Ukraine is anything but sustainable, too. Their societies suffer from massive emigration and aging, losing young, skilled and well educated people and increasing the share of dependents. This also strengthens clientelist mentalities within the society which can be expected to erode support for liberal reforms in the electorate and further strengthens the possibilities to manipulate democratic processes in the future. In conjunction with systemic corruption, the effective capture and oligarchic control over authorities undermine the legitimacy of the state and can lead to state failure or disintegration. It has already eased the takeover of power by separatists in Eastern Ukraine; and in the worst case Russia would only need to pick up the fragments piece by piece.

The rent-seeking and oligarchic structure of the economy neither attracts nor generates much investment, which will also rather reduce the competitiveness of the products and increase dependence on finance from abroad, in the form of remittances, loans or international assistance – none of which may be sustainable; as emigrants will integrate into their countries of destination and stop sending money back when there are no close relatives left, and a lack of progress can also impede access to foreign sources of finance. This raises a key question: which business models can flourish in these circumstances? There is a risk that the result can be a habitat for the evolution not of legal and competitive activities but of illegal ones such as all sorts of trafficking and other forms of organized crime. In the worst case scenario the social and economic decline of societies and the capture and disintegration of states in the post-Soviet space can create more direct threats to regional stability and the security of the EU than the geopolitical ambitions of Russia in Eastern Europe. And threats emanating from non state actors have become more difficult to manage – and will remain so – than threats coming from other states.

In order to deal with this challenge, however, the EU would need to adjust the instruments of the EaP. Incentives and support for reforms are not enough to make transformation really work. This is not because post-Soviet societies are generally less supportive of reforms, but their political and economic systems generate so much structural resistance that it is questionable whether the reform forces in the countries will be able to achieve real change on their own. In its current design, the EaP offers long-term benefits to societies but simply runs against vested interests with far reaching veto powers enabling them to obstruct reforms from within. One task EU policies and instruments must therefore be directed at is swaying the balance of power towards reform forces. This would require the EU to accept joint responsibility for the reforms and to employ targeted pressure – meaning that if governments failed to do so the EU should be ready to demand not only general reform goals but also specific reforms and to reinforce their implementation by employing missions to participate directly .

The justification for this approach rests in the commitments the countries have taken in their respective agreements with the EU and in the possibility of

both sides to withdraw from them should these commitments not be met. Vested interests would still object to reforms, and their holders will invoke, implicitly or explicitly, the threat of a Russian takeover should the EU withdraw support. But they too are interested in presenting themselves as pro-European and need Western development partners and in particular the EU for two reasons: financial support and political legitimacy. The Maidan has demonstrated the hopes that parts of the societies still place in European integration, and what must be expected if that hope is betrayed. In Georgia, Moldova and Ukraine, a disengagement from European integration would need to be managed gradually and slowly, while a lack of tangible progress works to discredit hopes placed in the EU. This the EU should not allow, but instead confront governments directly with concrete choices.

The precondition for all other progress to happen in post-Soviet countries is state building. EU instruments would need to aim in particular at the functioning and independence – from political actors, oligarchic control and corrupted interests – of the institutions ensuring the rule of law: the judiciary, the law enforcement authorities, and key regulatory bodies. They also would need to take effect at all stages of reform in which they otherwise could be frustrated: their design, its implementation and the selection of key personnel. To develop the necessary concepts, different methods can be used. First, there is no need to reinvent the wheel, and solutions that worked in other countries could often simply be transferred; the principal obstacle is usually just the lack of political will. For the EU it requires a mechanism to identify and select possible proposals. In Moldova, for example, the EU has recently carried out a peer review process in the judiciary – whereby leading representatives of judicial authorities of EU states analyze problems and suggest solutions.

In this effort it would be crucial to focus on reforms that can be game-changer reforms – and to avoid becoming sidetracked by pocket reforms whose effects can be circumvented by corruption and vested interests. An example for such a game-changer reform can be the establishment of an anti-corruption authority like the Romanian anti-corruption directorate (DNA): The creation of one authority responsible for all charges of high-level corruption, which has the necessary powers and capabilities to directly conduct and control the whole process from investigation to prosecution without the need to rely on the co-operation of any other authority, and with a strong independent position for the institution as well as for the prosecutors involved. The result would be an institution strong enough that even the most powerful oligarch could not be sure to control it nor to be able to bypass or block its proceedings.

In the implementation stage, in particular more human resources and stronger mandates would be needed. Existing instruments like the EU high level advisory missions lack manpower and leverage, as individual advisors can be sidelined and depend in their effectiveness on those advised. Stronger missions, however, call for a combination of the instruments and resources of the European Foreign and Secu-

rity Policy with the EaP. One such example is the EU advisory mission deployed in Ukraine since December 2014 to assist in the reform of the civilian security sector.

In Moldova, one of the instruments developed by the Leanca government but not implemented due to his replacement as Prime Minister was an EU rule of law mission, whereby 60–70 judges and prosecutors from EU states would have been deployed for a couple of years in the major courts and prosecutors' offices to monitor proceedings and support judicial reform implementation on the ground. A central mission headquarters was to be tasked to report on progress and shortcomings and to elaborate with the relevant constitutional institutions of government and parliament the reform measures required to overcome problems. Such a mission should have provided the EU with the possibility to apply reform pressure on all levels of the judicial system, to support decent and reform-minded elements within the system, and to obtain both the intelligence and the leverage to push for crucial and specific decisions – without assuming an immediate executive role.

A direct sharing of executive functions would still remain a red line for the EU as well as for the partner countries due to sovereignty concerns. Yet, at the same time the deployment of EU personnel to key institutions could strengthen implementation capacities and help neutralize them from political influence and informal structures of control. The Ukraine has provided a model for employing foreigners in governmental positions by granting them Ukrainian citizenship, and in Moldova the Leanca government also planned to pick up this example by employing independent international professionals in key institutions. Within such a scheme, EU assistance could still be needed to identify suitable personnel as well as to financially support their employment.

The best reform concept for any state institution can only succeed – or be frustrated – through the selection of personnel. This problem can be addressed in two ways. The first is to raise payments for positions of responsibility in ministries, central agencies, the judiciary, and regulatory bodies by providing incomes comparable to those in the private sector and enabling officials to stay financially independent. Though raising pay scales will not reduce corruption in itself, it is a precondition for doing so. Since the overall number of relevant positions is not very high – perhaps 2–3000 in the Republic of Moldova – the financial requirement – around €20–30 m in the same case – would not be unbearable. The EU could both push and ease this by offering compensating budget support in a regressive form, by paying for instance 80 percent in the first year, 60 in the second, 40 in the third and so on. In return the EU can request the application of high professional standards for the selection and promotion of the public servants affected, with EU officials being admitted to monitor procedures.

The second requirement would be to ensure the selection of an independent and competent leadership for key law enforcement and regulatory bodies such as the prosecutor general's offices or the national banks. One of the problems in this respect is that trust in the respective national institutions is so low that most inde-

pendent candidates would likely not even apply in a competition organized just on the national level. Another concept emanating from the Leanca government in Moldova was therefore to have the EU participate jointly in selection procedures. In this case it would likely not matter much, if EU representatives for reasons of sovereignty only cast consultative votes in the process; for outvoting their advice would already cause considerable political damage. Thus, EU participation would decrease considerably the possibilities of rigging procedures.

So far, the EU has been reluctant to accept co-responsibility for the transformation of other countries. And not without reason; for there are risks involved: the risk that the EU would just add more legitimacy to corrupt governments and bear the blame in case of failure; and the risk that stronger EU involvement would prompt local elites to rely on the EU to fix their problems instead of striving to do so themselves. However, the risk of failure itself will be higher if resistance to reforms cannot be overcome in EaP countries. One challenge remains: By themselves neither the EU from abroad nor probably the reform forces among local elites can ensure that transformation prevails in the post-Soviet space. One precondition for a successful EaP is therefore, too, the forging of effective alliances with reform forces in EaP countries leading to concerted and targeted action against resistance by vested interests.

Transformacja i geopolityka w przestrzeni poradzieckiej: wyzwania dla Partnerstwa Wschodniego na przykładzie Mołdowy

Partnerstwo Wschodnie (PW) UE stoi przed dwoma wyzwaniami: po pierwsze, zaprojektowane raczej do rywalizacji w sferze miękkiej, a nie twardej siły, jest źle przygotowane do geopolitycznego konfliktu z Rosją, który eskaluje w przestrzeni postsowieckiej. Po drugie, ukształtowane podług logiki zmiany transformacyjnej w Europie Środkowo-Wschodniej w kontekście poszerzenia UE, PW oferowało wprawdzie wsparcie dla reform, ale było zależne od chęci i zdolności miejscowych elit do ich wdrożenia. Transformacja w krajach PW w dużym stopniu nie powiodła się z powodu wewnętrznego oporu stawianego przez siły dysponujące prawem weta w żywotnych interesach, nierzadko w łonie tak zwanych partii proeuropejskich. W konsekwencji w UE powstał dylemat. W krótkim czasie rywalizacja geopolityczna sugerowałaby, że UE powinna wspierać rządy w krajach PW, mając na uwadze ich wybór geopolityczny, a nie postępy reform, przeto osłabiając agendę transformacyjną PW. Jednakże w długim czasie PW nie może odnieść sukcesu bez wypełnienia agendy transformacyjnej. W żadnym innym europejskim kraju ten dylemat nie stał się tak bardzo oczywisty jak w Mołdowie. Wymaga on fundamentalnego przeglądu interesów i zaangażowanych instrumentów. Udany postęp PW wymaga ze strony UE zastosowania i nasilenia presji na rzecz konkretnych reform: przyznania priorytetu wymaganiom transformacyjnym, a nie geopolitycznym preferencjom, akceptacji współodpowiedzialności za reformy – zamiast poprzestawania jedynie na roli wspierającej, a także rozwinięcia instrumentów ukierunkowanych na bardziej bezpośrednie zaangażowanie we właściwą implementację reform.

Słowa kluczowe: Partnerstwo Wschodnie, Mołdowa, transformacja w Europie Wschodniej, geopolityka w przestrzeni poradzieckiej