

## Moldova: from oligarchic pluralism to Plahotniuc's hegemony

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Moldova's political system took shape due to the six-year rule of the Alliance for European Integration coalition but it has undergone a major transformation over the past six months. Resorting to skilful political manoeuvring and capitalising on his control over the Moldovan judiciary system, Vlad Plahotniuc, one of the leaders of the nominally pro-European Democratic Party and the richest person in the country, was able to bring about the arrest of his main political competitor, the former prime minister Vlad Filat, in October 2015. Then he pushed through the nomination of his trusted aide, Pavel Filip, for prime minister. In effect, Plahotniuc has concentrated political and business influence in his own hands on a scale unseen so far in Moldova's history since 1991. All this indicates that he already not only controls the judiciary, the anti-corruption institutions, the Constitutional Court and the economic structures, but has also subordinated the greater part of parliament and is rapidly tightening his grip on the section of the state apparatus which until recently was influenced by Filat.

Plahotniuc, whose power and position depends directly on his control of the state apparatus and financial flows in Moldova, is not interested in a structural transformation of the country or in implementing any thorough reforms; this includes the Association Agreement with the EU. This means that as his significance grows, the symbolic actions so far taken with the aim of a structural transformation of the country will become even more superficial. Furthermore, the Moldovan government system, which has become monopolised by a single political centre, is very unstable. This is so because Plahotniuc's position is strengthening, while 95% of the public declare a dislike of him. Given the arrogant manner in which Plahotniuc's camp took power in the country, all this has rekindled protest sentiments, which are nevertheless unlikely to change the political situation in Moldova. It also seems unlikely that this situation could be affected by the restrained reactions from Moldova's Western partners.

### From the alliance of the two oligarchs...

When the Alliance for European Integration took power in Moldova in 2009, it kicked off the gradual process of subordinating the state apparatus to the leaders of the groupings which formed the government coalition (which was nominally pro-European and implemented the policy of EU integration). The key actors and beneficiaries of this process were Vlad Filat, the leader of the Liberal Democratic Party of Moldova (PLDM),

the largest grouping in the coalition, and Vlad Plahotniuc, the informal but real leader and sponsor of the coalition's second largest grouping, the Democratic Party of Moldova (PDM)<sup>1</sup>.

<sup>1</sup> Plahotniuc's influence and power are to a great extent an effect of his close co-operation with President Voronin (the leader of the Communist Party) and his son. When the Communists lost power, Plahotniuc became engaged in promoting his own political project, the PDM. Funds offered by Plahotniuc helped the grouping enter parliament in July 2009 and become the second largest force in the government coalition.

The two politicians and the third, smallest, coalition partner, the Liberal Party (PL) led by Mihai Ghimpu, in fact divided influence and positions in the country amongst themselves.

**Vlad Filat and Vlad Plahotniuc, the leaders of the two main groupings in the pro-European government coalition, were the key figures in the process of the appropriation of the state apparatus.**

The system formed this way functioned for more than 5 years, even though it was very unstable and would regularly generate political crises. Although Filat and Plahotniuc formally speaking were allies in the coalition, in reality they were business and political rivals, engaged in a constant struggle for expanding their political influence and control of the state apparatus. However, they were forced to maintain this temporary alliance which ensured them a parliamentary majority and enabled them to remain in power and, consequently, to maintain their influence and secure their political and business interests<sup>2</sup>. Even though it seemed that both politicians remained equally strong, over time it could be detected that it was Vlad Plahotniuc who had larger assets and greater sway (especially among the judiciary and partly in the law enforcement agencies) and who was more successful at limiting the position of his competitor. The fact that Filat was dismissed from the position of prime minister as a result of the political crisis in 2013 was one sign of this.

<sup>2</sup> For more information on the functioning of the oligarchic system focused around Filat and Plahotniuc see: Kamil Całus, A captured state? Moldova's uncertain prospects for modernisation, *OSW Commentary*, 22 April 2015, <http://www.osw.waw.pl/en/publikacje/osw-commentary/2015-04-22/appropriated-state-moldovas-uncertain-prospects-modernisation>

### ... to Plahotniuc's autocracy

The turning point which led to the duopoly of power breaking took place on 15 October 2015, when – upon a motion from the prosecutor general, who was believed to be controlled by Plahotniuc – Filat was deprived of parliamentary immunity and was subsequently arrested by the Central Anti-Corruption Bureau and sent to jail. He was charged with being directly involved in siphoning off US\$1 billion from the Moldovan banking system at the end of 2014 and of accepting a bribe of US\$250 million from Ilan Shor, the Israeli-Moldovan businessman who is believed to be the architect of this intrigue.

Plahotniuc's influence began to expand rapidly after Filat was arrested. He managed to subordinate to himself the greater part of the political scene in just three months. The PLDM fell apart and became a marginal party, and some MPs from this party decided to openly support the candidate for prime minister put forward by the PDM. There was also an unprecedented split inside the Communist Party (PCRM) – most (14) of its MPs left the party and declared they were willing to co-operate with the PDM. It also seems almost certain that Mihai Ghimpu's Liberal Party is at present under Plahotniuc's strong influence. Many local activists and some *primars* (mayors), predominantly from the PLDM, have decided to join the structures of the PDM.

Capitalising on his ever stronger control of parliament, Plahotniuc made an attempt to become prime minister himself. This decision contradicted his previous strategy, which had included avoiding holding any important positions in the state administration, instead delegating people who were completely dependent on him or were members of his clan to these positions. However, the nomination of Plahotniuc (despite pressure and alleged blackmail) was not accepted by President Nicolae Timofti, who entrusted the former prime minister, Ion Sturza, with the mission of forming the

government on 21 December 2015. However, Sturza failed to win a vote of confidence, and the Constitutional Court, which was under Plahotniuc's influence, passed a decision restricting the president's right to nominate candidates for prime minister at his discretion<sup>3</sup>.

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Despite this, Timofti, referring to the Constitutional Court's decision of 2013 (stating that holding senior positions in the state administration by individuals of dubious honesty was contrary to the law)<sup>4</sup>, refused to nominate Plahotniuc as a candidate for prime minister for the second time, and instead put forward his secretary Ion Paduraru as candidate<sup>5</sup>. However, Paduraru withdrew from the mission of forming the government in circumstances which are yet to be defined. The PDM put forward a compromise candidate, Pavel Filip, Plahotniuc's close and trusted associate. The president accepted this candidate. On 20 January 2016, Filip won a vote of confidence in parliament and formed a new cabinet. The key positions in the new government, including those in charge of financial flows and the law enforcement

agencies, were taken by people linked to Plahotniuc or technocrats with no political base. As a result, in addition to the institutions they already controlled (the judiciary, anti-corruption institutions, the National Bank of Moldova (NBM) and the Constitutional Court<sup>6</sup>), Plahotniuc's clan gained control of the fiscal and customs services (which are a serious source of revenue from corruption<sup>7</sup>) and the Ministry of Internal Affairs and the police. All state institutions and the management of state-owned companies have undergone an overhaul of personnel aimed at removing the PLDM's nominees and replacing them with people linked to Plahotniuc's clan. Despite public and international protests, Plahotniuc's clan has been tightening their grip on the institutions he already controls. One example of this was the re-election of Mihai Poalelungi on 7 February 2016 as president of the Supreme Court<sup>8</sup>. At the same time, business assets owned by Filat are being seized. This process is presented as a way of regaining the funds he had allegedly stolen from the Moldovan banking system<sup>9</sup>. Plahotniuc's influence in the media sector, which is vast already, is also being expanded (this is described in more detail below).

## The pillars of Plahotniuc's system

Vlad Plahotniuc (born in 1966) is a billionaire and simultaneously the most important, the most controversial and the most mysterious

<sup>3</sup> The decision from the Constitutional Court of the Republic of Moldova of 29 December 2015 on the nomination of Ion Sturza for prime minister, <http://www.constcourt.md/libview.php?l=ro&id=428&idc=7&t=/Prezentare-general/Serviciul-de-presa/Noutati/Desemnarea-dlui-Ion-Sturza-in-calitate-de-candidat-pentru-functia-de-Prim-ministru-constitutional-Sesizarea-nr-59a2015>

<sup>4</sup> Decision from the Constitutional Court of the Republic of Moldova of 22 April 2013, <http://constcourt.md/libview.php?l=ro&id=428&idc=7&t=/Prezentare-general/Serviciul-de-presa/Noutati/Mentinerea-in-functie-a-Prim-ministrului-unui-Guvern-demis-pentru-motive-de-coruptie-este-neconstitutional>

<sup>5</sup> Mediafax.ro, Ion Păduraru, desemnat premier al Republicii Moldova, 14 January 2016, <http://www.mediafax.ro/externe/ion-paduraru-desemnat-premier-al-republicii-moldova-14965938>

<sup>6</sup> A number of decisions passed by the Constitutional Court over the past three years proves that this institution has been used by Plahotniuc. These decisions enabled him, for example, to prevent Vlad Filat from returning to the position of prime minister in 2013 and to push through the nomination of Pavel Filip for the post in January 2016.

<sup>7</sup> On 3 February 2016, Eugen Baleca, Plahotniuc's close aide, who had worked for companies linked to him, became the head of the Customs Service. Baleca replaced Tudor Balitchi, linked to Vlad Filat.

<sup>8</sup> Moldpress.md, Mihai Poalelungi a fost reales preşedintele Curţii Supreme de Justiţie, 9 February 2016, <http://www.moldpres.md/news/2016/02/09/16001079>

<sup>9</sup> Publika.md, Andrian Candu: Milioanele furate din cele trei bănci cu probleme sunt recuperate zilnic, 8 December 2015, [http://www.publika.md/preview\\_2468661.html](http://www.publika.md/preview_2468661.html)

figure in Moldova's political and business life. He embarked on his career in the 1990s, when – according to his official declarations – he was engaged predominantly in exporting wine to Russia and building a Moldovan-US investment fund. However, some Moldovan media outlets have suggested that pimping and human trafficking were important sources of his income at that time<sup>10</sup>. This presumed criminal activity reportedly helped Plahotniuc to build an extensive social network with political and business elites not only in Moldova but also in Romania and Ukraine. This has also reportedly enabled him to blackmail his prominent clients.

**State institutions and the management of state-owned companies have undergone an overhaul of personnel aimed at removing the PLDM's nominees and replacing them with people linked to Plahotniuc's clan.**

It cannot be ruled out that this was one of the reasons why Plahotniuc received a managerial position at Petrom Moldova, a subsidiary of the Romanian giant, in 2001. His position and influence helped him to establish close contacts with Vladimir Voronin, the then president of Moldova and leader of the Communist Party (which ruled the country by itself from 2001-2009) and his son, Oleg, one of Moldova's leading businessmen. Allegedly, resorting to blackmail and capitalising on his influence inside the state structures (the police, fiscal services and judiciary) resulting from his contacts with Voronin, Plahotniuc reportedly took over private companies and destroyed his business competitors<sup>11</sup>.

<sup>10</sup> Jurnal.md, The show of a puppeteer or the enslavement of the political elite from Moldova by the former pimp and slave trader Plahotniuc, 3 February 2016, <http://jurnal.md/en/politic/2016/2/3/the-show-of-a-puppeteer-or-the-enslavement-of-the-political-elite-from-moldova-by-the-former-pimp-and-slave-trader-plahotniuc/>

<sup>11</sup> Jurnal.md, Epopeea oligarhului care se visează preşedinte, 6 January 2015, <http://jurnal.md/ro/politic/2015/1/6/epopeea-oligarhului-care-se-viseaza-presedinte/>

At the same time, he was also building his fortune via the irregular privatisation of state property. The influence and assets he acquired at that time became a foundation on which he was able to build his present strength after Voronin relinquished power.

The system of controlling the state apparatus and the Moldovan political scene created by Plahotniuc is based on four complementary main pillars.

The first one is the clan, the group of Plahotniuc's close aides, many of whom have close kin relations with him<sup>12</sup> and hold key positions in politics and business (usually owing to his patronage)<sup>13</sup>. The members of the clan who owe their positions to Plahotniuc's influence include the incumbent parliamentary speaker Andrian Candu and Prime Minister Pavel Filip.

According to initial information, Plahotniuc's clan is formed of two circles: an inner and external circle. The former is a group of no more than a few highly trusted aides who have co-operated with Plahotniuc for years and of members of his family (including Candu and Filip). This circle is constant and constitutes the core of the clan. The other circle, which is much wider, consists of people who co-operate with Plahotniuc above all for their own gain and to secure their interests. However, Plahotniuc does not fully trust this group, and its composition may change<sup>14</sup>.

The second pillar is that of business and financial power. It is estimated that Plahotniuc has assets

<sup>12</sup> According to Moldovan tradition, not only relatives or spouses count as close family members, but also godchildren and godparents, wedding witnesses, etc. In the case of Moldova, the fact of belonging to a family causes a very strong bond and generates obligations that are much more serious than those a citizen has with regard to the state or state institutions.

<sup>13</sup> It seems that the most important people in Plahotniuc's clan include Andrian Candu (his godson, who serves as the parliamentary speaker), Ghenadie Sajin (who has been his aide for many years; he manages Finpar Invest, a holding owned by Plahotniuc) and Constantin Botnari (the secretary of the Democratic Party of Moldova until February 2016).

<sup>14</sup> М. Левченко, Влад Плахотнюк: человек в тени, Open Democracy, 18 February 2016, <https://opendemocracy.net/od-russia/maria-levenco/chelovek-v-teni>

worth around US\$2-2.5 billion at his disposal, which is a staggering sum of money by Moldovan standards (around one third of the country's GDP). His financial capabilities are additionally strengthened by his real control of numerous, formally state-owned, companies and, since Filat has been removed, also of the country's financial flows. The gap in the financial potential of Plahotniuc and all the other major political and business actors is so vast that, even acting together, they would be unable to match him.

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Control of the administration of justice is the third pillar of the system. The prosecutor general, who held his position until 26 February 2016, is believed to be controlled by Plahotniuc<sup>15</sup>, and his predecessor, Valeriu Zubco, was probably a member of his clan. There is no doubt that the new person holding this function will also be under his influence. Control of the Moldovan judiciary is a key element of the Plahotniuc clan's governance system, since it allows the use of the combined 'carrot and stick' system to subordinate political decision-makers and business people. According to information available, public servants (at both the central and local levels), politicians and businessmen who are ready to co-operate with the Democratic Party of Moldova (which is controlled by Plahotniuc) will receive financial benefits or promises of impunity from the judiciary, fiscal inspections, etc. However, at the same time they are also aware of the fact that

<sup>15</sup> Рапогата.md, Дьяков: Генерального прокурора контролирует Плахотнюк, 4 December 2015, <http://www.pan.md/vlast/dyakov-generalnogo-prokurora-kontroliruet-plahotnyuk->

if they show disobedience, they will not only lose what they have gained, they will also have to face court proceedings (based on either real or fabricated evidence)<sup>16</sup>. The initiation of court proceedings is not the only way to intimidate someone-another method is to disclose compromising materials<sup>17</sup>. Furthermore, control of this part of the state apparatus allows Plahotniuc to secure himself comfortable conditions to run and develop his own business, and this helps his business position grow<sup>18</sup>.

The fourth pillar is control of the greater part of the Moldovan press. Plahotniuc currently owns four of the five TV stations with nationwide coverage and three radio stations, as well as a number of newspapers and news portals. Furthermore, decisions made by the Moldovan Broadcasting Coordinating Council also give cause for suspicion that this agency is also under Plahotniuc's influence. His holding has also monopolised practically the entire advertising sector. Plahotniuc has thus gained a convenient instrument of pressure on the press, which is still formally independent and earns money mostly from advertising revenue<sup>19</sup>.

A government system subordinated to a single person is very difficult to change. At present, there are no political and business circles in Moldova that would be able to compete

<sup>16</sup> Radio Chisinau, Valeriu Streleț: PD a ajuns la putere prin diferite scheme de șantaj, 9 February 2016, [http://www.radiochisinau.md/valeriu\\_strelet\\_pd\\_a\\_ajuns\\_la\\_putere\\_prin\\_diferite\\_scheme\\_de\\_santaj-30373](http://www.radiochisinau.md/valeriu_strelet_pd_a_ajuns_la_putere_prin_diferite_scheme_de_santaj-30373)

<sup>17</sup> It is suspected that the video material that was made public after Filat's detention, showing him with his lover, could have commissioned by Plahotniuc.

<sup>18</sup> In November 2014, one of the former directors at the Ministry of Internal Affairs, Chiril Motpan, admitted that the Prosecutor General's Office and the Ministry of Internal Affairs had special lists of companies owned or controlled by Plahotniuc which had to be protected by these institutions: Jurnal.md, Colonel în rezervă: 'Lista firmelor lui Plahotniuc, pe masă la PG și MAI; E interzis să fie atinse', 27 November 2014, <http://jurnal.md/ro/social/2014/11/27/colonel-in-rezerva-lista-firmelor-lui-plahotniuc-pe-masa-la-pg-si-mai-e-interzis-sa-fie-atinse/>

<sup>19</sup> Point.md, Михалаке: Плахотнюк владеет 80% рекламного рынка, 25 February 2013, <http://point.md/ru/novosti-politika/mihalake-plahotnyuk-vladeet-80-reklamnogo-rinka>

with Plahotniuc's clan. Even if the political scene changed radically and, for example, the pro-Russian groupings (the Party of Socialists led by Igor Dodon, and Our Party led by Renato Usatii) managed to obtain a parliamentary majority, this would not necessarily mean that Plahotniuc would be removed from power.

**A system subordinated to Plahotniuc's clan is very difficult to change. At present, there are no political and business circles in Moldova that would be able to compete with its power.**

There are well-grounded suspicions that these groupings (especially the Party of Socialists) are connected to Plahotniuc. Furthermore, the disproportionately large financial advantage of his clan, combined with his control of the judiciary and dominance of the media, offer vast opportunities to influence the shape of the political scene and to either create new political parties or to discredit existing ones and their leaders.

### **The reaction of the Moldovan public to the progressing monopolisation of power**

The fact that Vlad Plahotniuc attempted to become prime minister and that his trusted aide, Pavel Filip, was finally nominated to this post, has radically stoked anti-governmental and anti-oligarchic sentiments among the Moldovan public. Their outrage has to a great extent been provoked by their increasing awareness of the fact that power is being monopolised by Plahotniuc, who is extremely unpopular (he is trusted by 2% of the Moldovan public, while 95% of them distrust him<sup>20</sup>) and who is commonly perceived as having been involved in the siphoning off of around US\$1 billion from

the Moldovan banking system. The manner in which Plahotniuc made attempts to gain the nomination for prime minister (reportedly by blackmailing President Timofti, using his influence inside the Constitutional Court, etc.) additionally stirred up outrage.

The establishment of the new government has led to a tactical alliance of the two anti-government opposition camps, which are formally ideologically hostile to one another: the pro-European camp (where the main role is played by the informal Civic Platform Dignity and Truth, which was established in February 2015 by well-known Moldovan social activists, publicists and lawyers, and the political party originating from it which bears the same name) and the pro-Russian camp (the Party of Socialists and Our Party). These two groups previously protested independently of one another (two protest tent cities existed from September 2015: the pro-Russian one in front of the parliament building and the pro-European one in front of the government headquarters). However, since 21 January, the leaders of the three major opposition forces have occasionally acted together, without displaying the symbols of their political parties.

Despite the clearly increasing frustration and public mobilisation caused by the recent political developments, the effectiveness of the opposition's moves is quite limited. The combined demonstrations have brought together no more than half as many people as those held by Dignity and Truth managed to by itself in May and September 2015. This is to a great extent an effect of the disillusionment of the public with the lengthy and ineffective protests. The government has disregarded the opposition's demands with impunity, which adds to the feeling that the protests are pointless. For many months now the media controlled by Plahotniuc has been running a campaign aimed at discrediting the opposition (in particular, Dignity

<sup>20</sup> Institutul de Politici Publice, Barometrul Opiniei Publice, Noiembrie 2015, [http://www.ipp.md/public/files/Barometru/Brosura\\_BOP\\_11.2015\\_prima\\_parte\\_final.pdf](http://www.ipp.md/public/files/Barometru/Brosura_BOP_11.2015_prima_parte_final.pdf)

and Truth), and this has also had an impact<sup>21</sup>. Even though the opposition became temporarily united against the governing political arrangement, it remains divided not along ideological lines, but also as regards the methods of protest and their demands. The leaders of both the pro-European and the pro-Russian demonstrators agree on some points, such as the need to hold a snap parliamentary election, but they disagree on when it should be held.

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There is no doubt that these divisions within the opposition (between the pro-European and the pro-Russian camps) will continue to grow in the coming months due to the preparations for the presidential election which – as a result of a surprising decision from the Constitutional Court of 4 March 2016<sup>22</sup> – will most likely be held in autumn this year. The opposition will certainly prove unable to put forward a com-

mon candidate. Schisms may be expected inside both camps, especially between the Party of Socialists and Our Party. Relations between these two groupings are already tense (given the fact that they are vying for the same electorate), but they most likely will become even more tense due to fact that Renato Usatii, the leader of Our Party, will not be eligible to run for the presidency because of his age (he is 37, while the required minimum age is 40)<sup>23</sup>.

Another very important factor limiting the scale of the opposition's activity is the fact that the demonstrators, despite high frustration levels, are painstakingly trying to avoid a violent scenario and bloodshed. The PCRM's victory in the parliamentary election brought in April 2009 led to riots, during which several people were killed and many were injured; the trauma connected to this incident is still alive among the Moldovan public. Both this memory and the serious concern that the Ukrainian Maidan scenario could be repeated in Moldova (and, in effect, the fear of a Russian intervention) play their part in making the violent scenario less likely. The government is perfectly aware of this and has definitely refrained from using any violent solutions so as in order to avoid provoking the demonstrators. However, it has instead threatened that court proceedings will be launched against demonstrators who break the law. This intimidates the protesters and discourages potential participants from taking part in the protests.

### Possible developments

The future of Vlad Plahotniuc's monopolist position is currently uncertain. His position could

<sup>21</sup> It has been emphasised above all that the Platform is an instrument used in the play between Plahotniuc and his émigré business opponents: Victor Topa and Viorel Topa, and not a representative of public interests. These allegations are not completely groundless. The Moldovan television station, Jurnal TV, which supports and promotes the activity of Dignity and Truth, is owned by Victor Topa, and the Platform's leader, Andrei Nastase, served as an attorney for both Victor and Viorel Topa during their conflict with Plahotniuc in 2011.

<sup>22</sup> On 4 March, the Moldovan Constitutional Court passed a decision stating that the constitutional amendment of 2000 changing the manner of the election of the president, from direct into indirect election (the indirect election is held by the parliament) was contrary to the constitution. Thus the court obliged the government to hold the next presidential election according to the new procedure. The incumbent president's term in office ends on 23 March 2016. For more on the political reasons behind the amendment of the constitution see: Kamil Calus, *Moldawia: Sąd Konstytucyjny zmienia tryb wyboru prezydenta*, OSW Analyses, 9 March 2016, <http://www.osw.waw.pl/pl/publikacje/analizy/2016-03-09/moldawia-sad-konstytucyjny-zmienia-tryb-wyboru-prezydenta>

<sup>23</sup> The issue of the age census of candidates for president further proof that the Moldovan Constitutional Court has been politicised. In its decision of 4 March 2016, the court ruled that the original version of the article concerning the presidential election be reinstated, with the exception of the part setting the age census, which in the version before the amendment was 35 years. This amendment prevented Renato Usatii from running for the presidency.

be challenged, for example, by the activity of the anti-government opposition and the deteriorating economic situation. Although the protests are at present limited, it should not be ruled out that there could be an escalation of tension or even provocation, and this may lead as far as the collapse of the present cabinet and a snap parliamentary election. Paradoxically, the present political deal will benefit from the new procedure of electing the president which was introduced as a result of the Constitutional Court's decision in March this year (by general election instead of election by parliament).

**It cannot be ruled out that if the government system based on Plahotniuc's clan becomes stronger, this may lead to the formation of a specific kind of soft, nominally pro-European authoritarianism in Moldova.**

Even if it prevents Plahotniuc from installing a close aide in this position (and this is his intention, beyond any doubt), it will still remove the risk of a snap parliamentary election which might be scheduled if Plahotniuc was unable to get the 3/5 majority of MPs' votes needed to elect the president (this was required under the version of the constitution invalidated by the court's decision). At present, Plahotniuc has 56-58 votes, and it appears that the main reason that brought about the change of the election system was the fact that he had problems commanding the required majority. Additionally, the court's decision postpones the time of election of the president from May this year to autumn, and this gives the government more than six months to improve its image in the eyes of the public and to promote its own candidate for president (by using its control of the state apparatus and the powerful media complex). The new government, aware of its lack of popularity and the vast public dissatisfaction, is

currently focusing on actions that could quickly improve its image. Since 1 February 2016, gas prices have been reduced by around 10%, the distribution of cheap ('welfare') bread was re-introduced and government inspections of companies have been temporarily withheld. It has also been promised to raise pensions and reduce electricity prices (in both cases by 10%). The government has also made intensive efforts to bring back EU financing which was suspended in summer 2015, to renew the loan talks with the IMF and to receive a loan of 150 million euros promised by Bucharest last year. On 2 March, due to the non-transparent ownership structure and accusations of conspiracy, the NBM froze around 40% of the shares of Moldova Agroindbank, one of the country's largest banks, and dismissed two vice presidents of Moldindconbank<sup>24</sup>. In turn, the parliament passed a number of laws intended, for example, at reforming the prosecution authorities and the NBM and at demonopolising the media. However, nothing seems to suggest that these reforms would really change the existing government system. At the same time, moves have been made to prove to the public how the new government is engaged in combating corruption. It is also suggested that Filat and the PLDM were the main sources of corruption in Moldova, and that it has only become possible to combat it since they were removed from power. These moves are accompanied by a very intensive PR campaign in the media owned by Plahotniuc.

If the government manages to stabilise the economic situation in the country and to remain

<sup>24</sup> The NBM has taken two-level action in the banking sector. On the one hand, its moves will have a positive effect on the government's image (both at home and abroad), since they demonstrate its will to combat the pathologies in the country's financial system. However, on the other hand, they are in fact aimed at taking care of Plahotniuc's interests. Both of the banks which the NBM has recently taken measures against are most likely controlled (using a non-transparent and dispersed system of shareholders) by Veaceslav Platon, a Moldovan millionaire who is in conflict with Plahotniuc.



in power for the next few months despite the social tension, it cannot be ruled out that it will begin to gain popularity. In effect, the government system based on Plahotniuc's clan which has crystallised over the past six months will grow even stronger and expand its influence still further. This may lead to the formation of a specific kind of soft, nominally pro-European authoritarianism, where both the parliament and the government will become fully marginalised, deprived of independence (this process can already be observed<sup>25</sup>) and will only play the role of executive institutions adding legitimacy to the real power centre, i.e. Plahotniuc's clan. In this situation, the chances for pro-Euro-

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<sup>25</sup> One clear proof of this is the practice of passing new laws, quickly and without any discussion, which has been observed over the past few months in the Moldovan parliament.

pean changes in Moldova and a genuine implementation of the Association Agreement will be rather distant. Possible reforms will most likely be limited to the minimum necessary to maintain the dialogue with the EU, and thus to legitimise the present government.

Moscow would benefit from Plahotniuc keeping power, since this will block any real enhancement of Moldova's integration with Western structures, and at the same time will not require any financial engagement from the Russian side (which would be necessary, if pro-Russian forces took power). Furthermore, the operation of this system will be a convenient propaganda instrument for the Kremlin in discrediting the idea of European integration and the effectiveness of the EU's policy with regard to its Eastern Partners.

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