THE PUBLIC HAS NO OUTRAGE LEFT:
STATE CAPTURE IN THE REPUBLIC OF MOLDOVA

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ABSTRACT

Since the theft of $1 billion from its economy in 2014, the Republic of Moldova’s nominally pro-European ruling coalition has failed to implement reforms needed to deal with endemic corruption. Instead, power has become increasingly centralized in the hands of controversial oligarch Vladimir Plahotniuc. This thesis tracks Plahotniuc’s consolidation of power and analyzes Moldova’s recent political history to define the unique characteristics of corruption in a small state.
This thesis is dedicated to Moldovans working for justice.

Thank you to all those generous souls who helped along the way. A special thanks to my thesis advisers, Dr. Molly Inman, and Dr. Alan Tidwell, for their patience and support through the writing process. Thank you as well to Igor Ciurea, Stephanie Roland, and Lyndon Allin for their long hours explaining Moldovan politics, to my graduate colleagues and friends, Brian Kerr and Anna Khandros, for their help and support during the writing and research of this thesis.

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INTRODUCTION

“The Moldovan story is fundamentally about the troubled relationship between political elites and the people they claim to represent…”

-Charles King, The Moldovans: Romania, Russia, and the Politics of Culture

The Republic of Moldova is a small landlocked country of three and a half million people wedged between Ukraine and Romania. Its unfortunate geographic position in the contested territory between Eurasian powers has made it the victim of powerful elites and geopolitical machinations for years. Recently, the country has taken a dramatic turn from being a dysfunctional, developing democracy, towards becoming a hybrid state on the path towards authoritarianism. The small state’s high levels of corruption are turning it into a center of instability, money-laundering, and other nefarious activity.

1 Charles King, The Moldovans: Romania, Russia, and the Politics of Culture. 230.
2 Samuel Huntington describes these regions as “cleft countries” referring to countries that are “territorially bestride the fault lines between civilizations” noting that these states have particular problems maintaining unity.” Samuel Huntington, The Clash of Civilizations and the Remaking of World Order. (162-65).
4 Sergiu Gaibu. “Money Laundering in Moldova.” U.S. Department of State, and Bureau for International Narcotics and Law Enforcement Affairs. “International Narcotics Control Strategy Report, 1997: Washington, D.C., March 1998.” In 2000, Moldova was identified as the country with the second highest level of state capture in Eurasia after Azerbaijan. See Hellman, Jones, and Kaufmann, Seize the State. 7, Table 1; 9, Table 2. For the methodology see pp. 7–10. See also World Bank, Anticorruption in Transition, 13. Also- Theodor Tudoroiu, “Democracy and State Capture in Moldova.” The consolidation of power in a group of unelected business elites has only increased in recent years. Also see “State Capture: The Case of the Republic of Moldova.”
The short war that broke out on the banks of the Dniester river from September 1990 to July 1992, and resulted in the deaths of more than 1,000, and displaced thousands more, remains unresolved to this day. Since then, Moldova has hosted an intractable conflict with its Russian-backed separatist region of Transnistria. The conflict between the government of Moldova and the aspiring statelet is of little interest to most Moldovans. Instead, corruption and the impunity of the small country’s elites are the critical concern for most Moldovans. Additionally, corruption is a primary driver in hindering a settlement between Tiraspol and Chisinau as elites on both sides of the Dniester benefit from the smuggling and the illicit economy facilitated by Transnistria’s unique status. Without addressing the issue of corruption, and particularly state capture, in Moldova, there is little hope for a final resolution of the conflict between Chisinau and Tiraspol.

Moldova provides a case study in the important role of small states in the international system and the significant effect of corruption on smaller polities. Despite the consistent degradation of small states by corruption, scholarship has not focused on the role of impunity in small state decline. Affected by corruption and poor governance, these countries are in the penumbra — the unstable gray-zones in the international system — and are being exploited by

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5 “UCDP - Uppsala Conflict Data Program.”

6 In polls conducted by the International Republican Institute Transnistria has consistently been shown to be of minimal concern to Moldovan citizens. Poll respondents are asked to spontaneously list their three top concerns, and Transnistria rarely appears on this list. “IRI Moldova Poll: Next Prime Minister Must Fight Corruption and Deliver Reforms | IRI.” “Moldovans Concerned About Corruption and Electoral Integrity | IRI.” See also: Appendix B.

7 Occasionally, accords are reached between Chişinău and Tiraspol exhibiting the cooperation is possible when it is in the shared interest of business elites on both sides of the Dniester. For instance, speculation exists that the lucrative illegal trade in contraband cigarettes facilitated a deal that allowed rail traffic to transit through Transnistria from Ukraine to right bank Moldova. To facilitate this, two joint Moldovan-Transnistrian customs stations were set up in left bank Moldova staffed by Moldovan and Transnistrian customs officials. DeWaal, “Transdniestria: ‘My Head Is in Russia, My Legs Walk to Europe’.
larger powers and kleptocracies. From the case of Moldova, we can draw important lessons on how to address this serious challenge to international security: corruption in small states.

Moldova was hailed as a success story after the electoral defeat of the hybrid regime of the Party of Communists (PCRM) in 2010. Today, Moldova has returned to a high level of state capture, first revealed on the international stage following the now infamous billion-dollar theft. How did a country, widely considered to be a burgeoning success story in 2010, backslide to hybrid state status by 2014? What does the case of Moldova tell us about the process of state capture in small states with weak institutions? To explore these questions, I review Moldovan politics post-2009, which has received little scholarly attention. This period featured the reconsolidation of a single power vertical after the dismantling of the regime of President Vladimir Voronin. Three political events define this reconsolidation of power: (1) the collapse of the second Alliance for European Integration (AEI-2) in 2013; (2) The cooperation between the Party of Socialists of the Republic of Moldova (PSRM) and the Democratic Party to pass the 2017 electoral reform that solidified their power; (3) The annulment of the 2018 Chisinau mayoral election. I also provide brief commentary on the most recent, February 2019 parliamentary elections, the results of which continue to be negotiated by the winning parties. These three political events demonstrate the rise of Vladimir Plahotniuc, currently the most powerful oligarch in Moldova, who has managed to consolidate his power to become the key political player in the state.

Plahotniuc’s power remains, nonetheless, checked by two sources: International actors such as the United States and European Union that he depends upon for legitimacy, and

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Moldovan electoral politics, which have remained unexpectedly competitive. I focus on the process of consolidation of power in the hands of the controversial oligarch, exploring the conditions that have allowed him to capture the Moldovan state. I conclude this paper with policy recommendations that will address the high level of state capture in Moldova by developing these two checks to further challenge state capture.

LITERATURE REVIEW

Small and weak states face a multitude of threats to their security within the international system. One area deserving further attention is state capture, which can be an existential threat to a country and the wellbeing of its citizens.\(^9\) Despite the proliferation of the capture of small and weak states in recent years studies have failed to examine the critical role of this form of corruption in undermining the capacity of the state to provide services and protection for its citizens.\(^10\) While it is difficult to prove conclusively that capture would be more likely in smaller states than larger states, it can be noted that in small states with limited resources, and a decreased number of political players, corruption and state capture can be an especially salient issue.\(^11\) Larger states with larger populations and more diverse power centers face increased competition between diverse actors, especially in the context of weak institutions.

This review begins with a general introduction of the corruption literature, before moving on to define its component of state capture. I then examine the small and weak state literature. The scholarly work surrounding veto players illustrates the political situation in Moldova.

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\(^10\) Despite passing references to corruption being a problem, there is no reference for instance in Cooper and Shaw’s, *The Diplomacies of Small States* to the threat posed by poor governance and corruption in small states. One exception is found here: Sebastian Wolf, “Korruption Und Kleinstaat. Elemente Einer Theorie. (Corruption and Small States).” 2011.
\(^11\) Maass argues for a diverse use of definitions and holds that the term small state requires “more than one Definition”, because of the diversity of conceptualizations of the small states. Mathias Maass, “The Elusive Definition of the Small State.” 2009. 80.
The earliest academic focus on political corruption began in the mid-20th century. Much of the pre-1960 academic writing on corruption was divided between moralists and revisionists who argued for and against the merits of corruption as a necessary evil used to grease the wheels of power. Colin Leys, writing in 1965, provides one of the first comprehensive reviews of corruption. Joseph Nye builds upon the work of Leys, attempting to dispel the myth that corruption was only a problem of less-developed countries. Arnold Heidenheimer and Michael Johnston’s 1989 *Handbook on Political Corruption* provided the first systematic review of the subject. Heidenheimer and Johnston moved beyond the moralist, revisionist paradigm to focus on corruption as an objective field of study. The subsequent editions of the *Handbook* have played a foundational role in the development of corruption studies. Heidenheimer’s writings before 1989 contextualized corruption within diverse moral and political milieus. In 1973, the Watergate scandal shifted academic conceptions of corruption from something that happens “over there” to something that could happen at the highest levels of any government. Other authors have unpacked and defined Heidenheimer’s specific components of corruption in order to better understand the conditions that allow it to persist.

With the collapse of the Soviet Union, global perceptions of corruption reached new levels in what one author termed “the eruption of corruption.” Open and accessible media

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A sizeable amount of the literature on corruption began to focus on countries that had established independence in
formats exposed corruption to the wider public for the first time, leading to a greater academic focus on the topic. It was this greater interest that initiated the founding of the global anti-corruption organization, Transparency International, in 1993. Transparency International and its more than one hundred national chapters have driven increased policy discussion of the negative effects of corruption and innovative ways to combat it. The organization’s lobbying efforts have made challenging corruption a central pillar of international development strategies. Today, the study of corruption has grown into a well-developed and diverse field. However, the corruption literature remains largely absent from discussions related to small states and is only peripherally present in the literature examining weak states.

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16 Frank Vogl, one of the founders of Transparency International, writes that towards the end of the Cold War corruption shifted from being an accepted cost of doing business, to be identified as a major problem affecting the development of states. In 1986 the Philippine’s People Power Revolution drove the corrupt dictator Ferdinand Marcos and his wife, Imelda, from the archipelago to exile in Hawaii. He writes of the Philippine’s revolution that, “the world’s media was full of stories of the extraordinary secret wealth of the Marcos family, right down to the hundreds of high-fashion shoes found in Imelda Marcos’s palace closet” acquired with funds stolen from the Filipino people. The level of corruption exhibited by the Marcos’, sparked public outrage in the United States, and increased interest in addressing corruption. As Vogl writes, “It was colorful stories like these that cemented the image of vastly corrupt leaders of very poor countries who had long enjoyed grand support from Western governments and their aid agencies”. Frank Vogl, Waging War on Corruption. September, 2016. 60. It was towards the end of this period in the early 2000’s that President Vladimir Putin consolidated power in the Russian Federation. Famously, in 2000, Putin was reported to have told a group of gathered Russian oligarchs, “I only want to draw your attention straightaway to the fact that you have yourselves formed this very state, to a large extent through political and quasi-political structures under your control. So perhaps what one should do least of all is blame the mirror.” David Hoffman, “Putin Aims to Assure Tycoons: Russian Disavows Pressure by Police,” Heidenheimer and Vogl also note that the World Bank tended to tolerate petty corruption to lubricate development projects. This practice was definitively rejected in the 1990s, when “anti-corruption endeavors [transitioned] from a cottage to an industrial level of organization”. Since the early 2000’s the World Bank and IMF have refocused development practices to include good governance and combating corruption as central to achieving their larger development goals. This shift was also an important milestone in focusing global attention on the problem of corruption. Vogl, 60-67. Also see: Heidenheimer, 101-102.

17 There are some examples of corruption discussed in relation to small island states. See: Chêne, “Corruption Challenges in Small Island Developing States in the Pacific Region.”
State capture is one expression of corruption that has garnered attention from policymakers around the world. The concept of state capture was drawn from George Stigler’s 1971 development of the term “regulatory capture.” Stigler defined the process of regulatory capture as when an organ of the state that is meant to be regulating a private interest is controlled by the interest it is designed to regulate. 18 The term builds upon the influence of special interests, focusing on the problematic nature of a relationship between a regulator and a firm that is being regulated. 19 His argument is a part of the moralistic, post-Watergate tradition that state capture and corruption are problematic for society, creating victims deprived of the services expected of a functioning state, namely regulation of firms. 20

The term state capture itself was coined as part of Hellman and Kaufmann’s framework of a 1999 collaborative research project between the Policy Studies Program of the European Bank for Reconstruction and Development (EBRD) and the World Bank. In 2000, Hellman, Jones, and Kaufman further developed the term state capture by shifting from Stigler’s focus on the state’s influence on firms to the influence of firms on the state. 21 Using data from the 1999 Business Environment and Enterprise Performance Survey (BEEPS), the authors clarified the broader term of corruption into definable and measurable components, focusing on the specific component of state capture. 22

19 This “problematic nature” depends on the normative concept that instead of serving the interests for which the regulatory agency was created, it is instead serving the interests of the firm, or in terms of state capture, a state is serving the needs of a small minority instead of performing its normative function of serving its citizens. Dassah, 10.
20 Génaux, “Social Sciences and the Evolving Concept of Corruption.” Ibid. Also see- Dassah.”
21 Hellman, et al. defines state capture as firms shaping and affecting formulation of the rules of the game through private payments to public officials and politicians. Hellman, Seize the State. 3. Also see- Tudoroiu, 657
22 They also identified administrative corruption, or “petty corruption”, or when bribes are paid to individual officials to shape the performance of their roles. influence when firms provide political benefits to politicians and
Since Hellman, Jones and Kaufman’s initial development of the term, other definitions of state capture have appeared in the literature. Hellman and Kaufman later described state capture as: “the propensity of firms to shape the underlying rules of the game by ‘purchasing’ decrees, legislation, and influence.”\(^{23}\) Transparency International defines state capture using a normative concept that a government ought not to be corrupt:

“…one of the most pervasive forms of corruption, where companies, institutions or powerful individuals use corruption such as the buying of laws, amendments, decrees or sentences, as well as illegal contributions to political parties and candidates, to influence and shape a country’s policy, legal environment and economy to their own interests.”\(^{24}\)

Through state capture, the functions of government are corrupted. Using political connections, corrupt actors unduly influence the regulatory environment making the government “the opposite of what it should be as it serves illegal interests disguised in legal form.”\(^{25}\) State capture creates a system that Heidenheimer refers to as “white corruption” or legalized corruption.\(^{26}\) Maurice O. Dassah notes that the focus on firms obscures the significance of a common agent in state capture: the captor actor.\(^{27}\) These definitions have also failed to note the manner in which the bureaucrats. They note that reforms should be targeted to promote this influence that provides firms legitimate ways to seek to promote their interests without seeking to “change the rules of the game”. Hellman, 3.

\(^{23}\) Hellman, J. & Kaufmann “Confronting the challenge of state capture in transition economies”

\(^{24}\) Hellman, J.S., Jones, G., Kaufmann, D. & Schankerman, M., *Measuring governance and state capture: The role of bureaucrats and firms in shaping the business environment: Results of a firm-level study across 20 transition economies.*

\(^{25}\) Martini, “State Capture an Overview.”

\(^{26}\) Dassah.


While Hellman and Kaufman’s original definition referred to the role of “firms” in the process of state capture, captors can also be private sector individuals or even public officials acting in their own interests. Bruce Bueno de Mesquita and Alastair Smith, while not identifying it explicitly as state capture, describe the role of the municipal authorities in capturing the city of Bell, California to massively increase their salaries to the detriment of Bell’s tax payers. Mesquita and Smith, *The Dictator’s Handbook.* xii-xix. Providing another example, Dassah describe Vladimo Montesinos Lenin’s use of Peru’s intelligence services in the 1990’s to personally benefit at the expensive of Peru’s citizens, as another example of state capture by a public official. Under Peru’s President Alberto Fujimori, Lenin captured the media and key institutions such as the judiciary and military. Also, Dassah, “Theoretical
state is captured, which is usually through the funding of political activities.28

State capture is by nature hidden, and consequently, even after a state or regulatory agency is captured, the level of its independence may be disputed in public discourse.29 Dassah writes that “in state capture situations, the nature of the business entity–state relationship is illicit, which implies that laws and regulations made or actions taken are products of corrupt acts or transactions.”30 In the case of Moldova, for instance, the status of the country as a captured state remains disputed.31 State capture’s covert nature means that only the dogged efforts of researchers, journalists, and law enforcement can expose the complex manipulations of this form of corruption.

THE SMALL STATE AND CORRUPTION

The literature on state fragility, state weakness, and state size discusses the relative nature of state capacity but does not address the issue of state capture. The definition of “small state” remains disputed, given the variety of metrics available to researchers: state size, population, or capacity.32 Vaughan A. Lewis argues that the definition of such states should not be based on their geographic area but on their relative weakness.33 The literature disagrees on what indicator to apply to define a small state though.34 There is a benefit to maintaining loose definitions of

Analysis of State Capture and Its Manifestation as a Governance Problem in South Africa.”
28 Dassah.
29 Martini, “State Capture: An Overview.”
30 Dassah.
31 Understandably, members of the Plahotniuc regime, and Plahotniuc himself resist the term, see Plahotniuc’s statements here- “Highlights from Moldovan Press, Websites 14 June 18.” Also see Filip’s statement’s here- “Moldova Is Not A Captured State, Maintains Premier Filip.” And Ghimpu’s statements here- “Mihai Ghimpu—Very Controversial Unionist with Undeclared Wealth.”
32 Some even argue that relative to its neighbors of China and Russia. Kazakhstan, the 9th largest state by geographic area, is a small state.
33 Cooper and Shaw, The Diplomacies of Small States. XV.
34 Maass, “The Elusive Definition of the Small State.” There remains no universally agreed on definition of what a “fragile state” is. Terms such as a “weak state”, “crisis state”, and ineffective state are all used interchangeably to describe the manifestations of a state that is performing inadequately in providing for its citizens. Rotberg’s book,
these terms in order to account for situational and relative levels of state capacity.

Geopolitics, not corruption, tends to dominate discussions in small state studies. Robert Keohane’s discussion of the ability of small states to work together to act as “Lilliputians” to protect their interests by counterbalancing the strength of larger “Gulliver” nations, makes no mention of the internal difficulties or lack of capacity driven by corruption that may hinder Lilliputian cooperation.35 The literature on small states tends to be driven by a focus on the Scandinavian and Baltic states and thus can show a general bias towards the positives of small states and their strengths, especially in responding to larger powers.36

Neither corruption nor its component of state capture are major themes in the field of small states studies, despite the threat that corruption poses to the security of small states. The oft-muddled lines in state governance formed through the intimacy between the ruled and their rulers might augment the problem of corruption. In states with small populations, “Distinctions between state and non-state or political and economic tend to be blurred, and the external tends to be relatively more salient than in larger states.”37 Consequently, there may be an effect on the perception of corruption in smaller states where citizens are more likely to witness malfeasance.

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35 Robert Keohane, “Lilliputians’ Dilemmas: Small States in International Politics.”
36 Eastern Europe’s small states receive some scrutiny, focusing occasionally on Georgia and Moldova, and their place on the outskirts of Europe. Wivel and Ruxandra Lupu Dinesen, “Georgia and Moldova: Caught in the Outskirts of Europe?” Many of the small former Yugoslav states, countries in the Caucasus, and states in Latin America have exhibited state capture, weak institutions, and thus are generally classified as weak states. The Russian Federation, hardly a small state, has a very centralized state, but also lacks independence from corrupt actors. Even in states with low levels of perceived corruption and high levels of capacity, corporate lobbies can become extremely powerful. Corrupt actors can use lobbying of legislatures, “the revolving door”, and strategic campaign financing to exert undue influence over the rules governing their operations. At the regional level, the capture of government institutions by non-state actors is also a major threat to the rule of law, but an understudied phenomenon. Heidenheimer, “Disjunctions between Corruption and Democracy?”
37 Cooper and Shaw, The Diplomacies of Small States. 11.
committed by their governments firsthand.

THE WEAK STATE AND CORRUPTION

Weak states lack the capacity to provide the expected functions of a state due to the chicken-egg problem of lack of state capacity allowing corruption and corruption hindering state capacity.38 High levels of corruption both degrade government capacity by undermining public trust in the state and weaken the ability of the state to monopolize legitimate violence and provide public services to its citizens. A mutually reinforcing cycle of corruption and state weakness is studied in the literature focusing on weak states.39

Since the establishment of the modern nation-state system, many polities, weak before the threat of an internal or external threat, have failed. These states have then been absorbed by some other power or have reformed themselves into a new country. Stronger powers, through cooperation or, more likely coercion, incorporated failing states into their own polities. Arjun Chowdhury notes that the literature focusing on state weakness (and more recently, “fragility”) posits weakness as an aberration from the norm, despite its historical prevalence. Given the danger and instability caused by state weakness, it should follow that weak states would fade from the international order, leaving the world composed of strong states. Weak states persist, however, with strong states remaining the minority.40

As weak states continue to exist and proliferate, they merit and receive extensive study. Robert Rotberg defines contemporary weak states within his broader framework of weak, failing,  

38 Hameiri, “Failed States or a Failed Paradigm?” also see Holmes, “Corruption and Organised Crime in Putin’s Russia.”
39 Rotberg, When States Fail. 163. Correa-Cabrera et al notes that in the case Mexican corruption has caused the state to lose the “monopoly of violence”. Correa-Cabrera, Keck, and Nava, “Losing the Monopoly of Violence.”
40 Arjun Chowdhury, “Incapable Yet Central.”
and failed states. He notes that weak states exist across a broad continuum and that no single factor characterizes or causes their weakness. Deep internal ethnic, linguistic, and religious cleavages undermine weak states, along with their “geographic position, physical or fundamental economic constraints, and a combination of greed, despotism, [or] external attacks” can weaken the state and stop it from ever gaining full control over its territory. Rotberg also highlights that the dire economic situation and the “embarrassingly high and escalating” levels of “venal corruption” further weaken and undermine contemporary states.  

Beyond Rotberg, weak state literature has begun to focus more on the corrupting role of strong non-state actors. In weak states, these actors are able to use the transnational space to move, multiply and act with impunity. Much is written focusing on the rise of non-state military groups in the Middle East and Africa, oligarchs in Eastern Europe, drug gangs in Latin America, and the role of the mafia in Italy and other European countries. Accompanying the study of these violent and powerful non-state actors, there is a growing focus in conflict management literature on the necessity of restoring the state’s legitimate control of violence within a given territory, qualified by rule-of-law rhetoric and sharing policy implementation with civil society. 

The weak state literature is explicit about the role that corruption plays in hollowing out and hindering development and rule of law. It provides a useful context to the workings of small states as well as defines the role that the development of a consolidation of power in a small group of veto players, or single veto player, can play in degrading state authority and function.

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41 Rotberg, When States Fail, 7-8.
43 Neubert, “Local and Regional Non-State Actors on the Margins of Public Policy in Africa.” See also Cunningham, “Veto Players and Civil War Duration.”
Veto players are actors, individual or collective, whose agreement is required to change the status quo. These actors’ roles in small and weak states remain understudied. George Tsebelis’ foundational review of the consociational literature found that elites were usually willing to accommodate when facing a political crisis, and that conflict was generally initiated by the masses. Using Belgium as a case study, Tsebelis argues that when conflict occurs in a society, it is often because the masses prevented accommodation. Tsebelis, however, does not acknowledge the role elites play in managing and initiating conflict.

Tsebelis identifies two key archetypes: institutional and partisan veto players. Institutional veto players are veto players in a state that have been granted veto power by the constitution. Tsebelis provides the example of an institutional veto player as tri-cameral organs of the U.S. government which are specified in the Constitution are the three actors (one individual, the President, and two collectives, the Senate and the House of Representatives) that are the institutional veto players in the United States. Tsebelis defines the second archetype of veto player as the partisan veto player which is a veto player generated inside institutions by the political game. In Tsebelis’ example of the American government, in the House of Representatives, or the Senate, the majority party in charge of Congress would be the real (partisan) veto player.

Guillermo O’Donnell provides a view of restraints on veto players through a system of checks and balances that extends beyond the ballot box, or what O’Donnell calls “horizontal accountability”. O’Donnell identifies vertical accountability as the accountability that makes

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46 Ibid., 17
48 Ibid, 310-11.
officials answerable to the ballot box.\textsuperscript{49}

Tsebelis’ analysis is focused on states with high levels of rule of law, where veto players are constrained by norms and the functional trappings of democratic systems. For instance, he writes, “if the constitution identifies some individual or collective actors that need to agree for a change of the status quo, these obviously are veto players.”\textsuperscript{50} His analysis, when applied to less developed countries with constitutions that may or may not be followed, becomes significantly more complicated but is still useful. Tsebelis notes that in situations when there is not enough information about how decisions are made in order to identify collective veto players, identifying a single veto player can provide a reasonable approximation of the power structure.\textsuperscript{51}

Other important contributions include Harrison Wagner’s, and Bruce Bueno de Mesquita’s study of decision theory, which defined war as a costly lottery played by veto player.\textsuperscript{52} As in war, elite power struggles can be seen to have two chief outcomes—victory or defeat—where information known only to the belligerents plays a key role in explaining why a negotiated settlement is impossible. Elite power struggles that end in long prison sentences, the loss of fortunes, and political defeat or assassination can define why a negotiated settlement is impossible. Wagner’s focus on how war can be used to create a better position at the bargaining table is also applicable to elite-level politics and conflict. Wagner’s observation that “the fact that fighting is expected to lead to a negotiated settlement may have an impact on the way states fight,” may be analogous to elite actors battling for control of institutions within the state.\textsuperscript{53}

Tanya Bagashka applies veto player analysis to post-socialist countries in Eastern

\textsuperscript{49} O'Donnell, “Horizontal Accountability in New Democracies.”
\textsuperscript{50} Tsebelis, Veto Players. 78.
\textsuperscript{51} Ibid, 78-81
\textsuperscript{52} Wagner, “Bargaining and War.”, also see: Mesquita et al., The Logic of Political Survival. 471-74
\textsuperscript{53} Wagner, 470.
Europe. Bagashka contributes the concept of multiple veto players as potential strengtheners of rule of law and as a check on other veto players. This concept appears as early as the Federalist Papers, where James Madison introduced institutions as multiple checks that hold the government to be responsible to its citizens. Standard veto-player models which focus on the difficulty of policy change in systems with multiple veto players do not imply a necessary link between veto players and corruption.

Jana Kunicova and Susan Rose-Ackerman write that where many veto players exist, “the corrupt only needs to find the weak link and corrupt that group” in order to gain power. In contrast to standard veto player theory, more recent models investigate the effect of numerous veto players on the adoption of policies that hurt social welfare. The existence of diverse and numerous veto players is able to discourage policy changes which would strengthen the power of rent-seekers and weaken the state. Bagashka argues conversely that diverse veto players can serve as counterbalances. She suggests that “rent-seekers need to compensate veto players to enact policies that hurt the public interest”, because of the costly political action of the actor. Thus, the greater the number of veto players, the higher the cost will be for the compensation of would be rent-seekers who must purchase the votes of veto players. This, concludes Bagashka, serves as a process to make rent-seeking less profitable. Political competition between veto

54 Steffen Ganghof’s review of the literature on veto players approaches to power accepts that Tsebelis and Lijphart’s analysis are useful from a theoretical approach, but also notes that the real-world analysis and application of these theories are practically complicated. Ganghof, “Promises and Pitfalls of Veto Player Analysis.” Tanya Bagashka. “Unpacking Corruption: The Effect of Veto Players on State Capture and Bureaucratic Corruption.”
56 Rose-Ackerman, and Kunicova Corruption and Government. 144.
58 Unlike Tsebelis’ veto-player analysis, this approach focuses on the idea of separation of powers explored by Scott Gehlbach and Edmund Malesky instead Tsebelis’ “separation of purpose” see: Gehlbach and Malesky, “The Contribution of Veto Players to Economic Reform.” 959
players then can, “motivate veto players to expose each other’s corrupt acts and thus inflict high personal costs, unless they all collude and agree to accept the bribes and vote against public-interest policies (thus eliminating the private costs for accepting bribes)”. Where such collusion does occur state capture results.

METHODS

Measuring the intangible strength of veto players is inherently difficult. I focus on the recurring perception of power expressed through the media sources. I also explore power through political events. Moldova, as a small, weak state, with high levels of corruption and the perception of a single veto player, Plahotniuc, provides a case study to test the combined literature to explain state capture in a small, weak state. Using process-tracing and veto player analysis, this thesis tracks the consolidation of power and explores the conditions that have allowed for Moldova to become a captured state. I examine three key events that evidence Plahotniuc’s capture of the Moldovan state: (1) The collapse of AEI-2 and the “migration” of politicians that occurred in 2014 and provided the PDM with control of the parliament, (2) the consolidation of control of the parliament through reform of the electoral system in 2017, (3) the expression of control of the judiciary through the invalidation of the 2018 Chisinau mayoral elections. I will also briefly explore the developing situation following the 2019 parliamentary election. Process-tracing will track the rise of Plahotniuc since 2014 and the international and domestic responses to increasing state capture in Moldova.

59 Bagashka, 176.
60 Rikard Jozwiak, “European Parliament Slams Moldova As A ‘State Captured By Oligarchic Interests.’”
61 Transparency International Moldova. “State Capture: The Case of the Republic of Moldova.”
63 “Hundreds Rally In Chişinău Demanding New Mayoral Election.”
This thesis employs a process-tracing method examining Russian, Ukrainian, Romanian and English language reporting to describe the process of the rise of Plahotniuc and his consolidation of the capture of the Moldovan state. It demonstrates the degree to which Moldova is captured and responds to claims that Moldova is not a captured state. After briefly reviewing state capture through Moldova’s third president, Vladimir Voronin, and the Rule by the Party of Communists (PCRM) (2001–2009) Alliance for European Integration (AEI)/Pro European Coalition (2009–2014) I will focus on political events in Moldova that have not yet been examined systematically.65

CASE SELECTION: WHY MOLDOVA MATTERS

Moldova, positioned at the nexus of east and west, is a deeply divided society.66 Despite a history of a competitive democratic system67, recent political developments have exposed an increasingly authoritarian bent amongst Moldova’s ruling elites.68 While providing the illusion of a Western-leaning state, Moldova’s self-serving elites are actually undermining institutions which could lead to a wholesale breakdown in security. Such a scenario has regional implications for security situations in neighboring Romania and Ukraine, themselves weakly governed.69 In a country as divided and weakly governed as Moldova, a reversion to civil

66 “Moldovans Concerned About Corruption and Electoral Integrity.”
67 Way.
68 Most notably the invalidation of the Chişinău Mayoral election and the 2017 electoral reforms. Mihai Popsoi. “Electoral Reform | Moldovan Politics.” “Moldovan Supreme Court Upholds Decision To Void Chişinău Mayoral Election Amid Protests.”.
69 A breakdown of security in the region would cause a new refugee crisis on Europe’s eastern edge, further weakening the European Union. Ukraine’s 2014 anti-corruption protests and the Russian Federation’s invasion of eastern Ukraine have provided the contours of a potential breakdown in security. Moldova’s separatist-controlled region of Transnistria, where several hundred Russian troops are stationed, could be used as a base for a Russian operation against Moldova. The country’s Danube River port of Giurgiulești, a short sea journey from Russian-occupied Crimea, could be used to invade from the south. Russian soldiers would find support, or at least little resistance, amongst the pro-Russian population of the Gagauz autonomous region, who are themselves deeply frustrated with the levels of corruption in Moldova. Cristina Gherasimov, "Moldova's Proposed Electoral Change Is a Blow to Democracy. The EU Must Oppose It.", Mihai Popsoi, "How Vulnerable Is Moldova to a Russian Invasion Through Its Only Port?" The weakness of the Moldovan state, deeply undermined by corruption and weak
conflict is worryingly possible. Because of its proximity to a NATO ally, Romania, the outbreak of conflict in Moldova could lead to the nightmare of a confrontation between Russia and NATO. If impunity remains unaddressed, Moldova will continue to teeter on the edge of instability. Conversely, addressing state capture, corruption and the weakness of the Moldovan state stands to benefit the entire region.

Following the collapse of the Soviet Union, Moldova’s ethnic and linguistic divisions had previously made authoritarian consolidation impossible. Lucan Way notes that Moldova should be seen as a failed attempt to centralize authority, or as he terms it, “pluralism by default,” which he defines as a form of political competition specific to weak states. Way argues that Moldova’s weakness and the political chaos caused by authentic competition have been essential for resisting the reestablishment of a strong authoritarian regime after the end of the Soviet Union.

Institutions, allows for crime and nonstate groups to exist with impunity. Gherasimov notes that, “there is a threat of criminal activity like money laundering, trafficking and smuggling from further east sweeping across the EU’s eastern border” from Moldova. Gherasimov, Cristina. “The Rule of Law Is Under Attack in Moldova.”

There have already been instances of Russian operatives using Moldova as a base for launching destabilizing operations against Ukraine, most recently in the case of an effort to provoke ethnic tensions in Ukraine’s Zakarpattia oblast (see: Алена Рощенко. “Москаль приоткрыл, кто причастен к поджогу венгерского общества | Украинская правда.” or sending operatives to destabilize Moldova itself (see here- Moritz Rakuszitzky. “Second GRU Officer Indicted in Montenegro Coup Unmasked.”

Also, the effect of Russia’s military involvement in Donbas has included military training for Moldovans, who are returning to Moldova and may serve interests to destabilize the already weak Moldovan state-

In addition to the threat of violent conflict in Moldova, the weakness of the Moldovan state is turning the country into a major money-laundering hub that could be used to finance armed groups and other nefarious activities. See: Sergiu Gaibu, "Money Laundering in Moldova,"

The collapse of the USSR left both a weak civil society\(^{70}\) and highly competitive elite politics that initially manifested as war in Moldova’s region of Transnistria in the early 1990s.\(^{71}\) The divided nature of ethnic and national identity in Moldova has complicated relationships with both the Russian Federation and the European Union.\(^{72}\) In Moldova, the pluralism caused by ethnic divisions has exposed the country to a higher level of external pressure from foreign actors exploiting co-ethnic relationships across their borders and to the internal intrigues of elite conspiracies.\(^{73}\) It was however also this pluralism that has hindered the type of authoritarian consolidation witnessed in Belarus, Armenia or Azerbaijan.\(^{74}\) In Ukraine and Romania, competition between elites has proven to be an effective route for civil society and international backers to leverage in order to fight corruption.\(^{75}\) These forces of political competition, in part, that have pushed Ukraine’s President Petro Poroshenko to implement anti-corruption reforms\(^{76}\), and that allowed for Romania’s National Anti-corruption Directorate the independence to launch a crackdown in 2016 that indicted 1,250 public officials and a sitting prime minister for corruption.\(^{77}\) It has been the lack of political competition that has allowed for the consolidation of corruption under Plahotniuc since 2015 and the significant slowing of anti-corruption reforms

\(^{70}\) Bertelsmann Stiftung Transformation Index: Moldova Country Report. Notes that despite hosting over 10,000 registered civil society organizations (CSOs) in right bank Moldova, “sustainability remains a key problem for Moldovan CSOs. The state does not support CSOs financially, and there are no partnerships between CSOs and businesses. “Bertelsmann Stiftung Transformation Index: Moldova Country Report.”

\(^{71}\) Stuart Kaufman, “Elite Conspiracy in Moldova’s Civil War.”

\(^{72}\) Knott. 834-35.

\(^{73}\) Beyer and Wolff, “Linkage and Leverage Effects on Moldova’s Transnistria Problem.”


\(^{75}\) Also, in Romania, strong institutions and democratic competition promoted a major crackdown on corrupt government members in 2016. MacDowall, “The DNA of Romania’s Anti-Corruption Success.” Unfortunately, since 2016, Romania has experienced significant backsliding in its previous anti-corruption success. Ioana Burtea, “Divide and Conquer.”

\(^{76}\) Ukrainian President Petro Poroshenko’s decision to establish an anti-corruption court was likely linked to competition imposed by the Ukrainian presidential election. “Ukraine’s President Creates Anti-Corruption Court.”

\(^{77}\) Andrew MacDowall, “The DNA of Romania’s Anti-Corruption Success.”
since then.

Corruption has long been a problem in Moldova. François de Tott, a French diplomat, was astounded by the level of exploitation by the ruling elites of the population while traveling through Moldova in the 1760s. At that time Moldova was ruled by a Phanariot Greek court appointed by the Ottomans. “It seems that the Despot, concerned solely with destruction, thinks that he may gain advantage only in the measure that the people decrease in number and the land in fertility” wrote de Tott. 78 Moldova’s elites have been stronger than the formal institutions of the state since the independence of the country, and the consolidation of corruption in Plahotniuc is a symptom of deeper structural problems in Moldovan society.

Stuart Kaufman divides the role of elite-led and mass-led processes of conflict escalation while noting that in Moldova the elite-led process drove both independence from the Soviet Union and the subsequent war with Transnistria. 79 He highlights the key role that elites played in initiating Moldova’s independence and instigating the short war that broke out between the left and right banks of the Dniester river in the early 1990s.

The long history of Moldova’s elites pilfering the state reached new heights after the so-called “billion-dollar theft”. The 2012-2014 theft of $1 billion, or one-eighth of Moldova’s economy, led to a few politically motivated arrests, but the key individuals who profited from what many have referred to as “the theft of the century” have still not faced justice. 80 In the same

78 King, 17.
80 Mihai Popșoi, “High-Level Corruption Threatens Moldova’s European Aspirations,” Plahotniuc actually used the event to eliminate one of his main political opponents, Vlad Filat. See: Josh Wilson, “Moldovan Politics: Recent Scandals and Fallout.” Prime Minister Filat was widely suspected of having been arrested in order to consolidate the power of Vladimir Plahotniuc, while many of those involved and implicated with the theft remain free. “Moldova’s Ex-PM Jailed For Nine Years.” Transparency International. “Corruption Index Reflects Moldova’s Disappointing Response to Corruption.” A report that investigated the stolen billion named Ilan Shor, a 28-year-old Moldovan oligarch as a key player in the Theft. Shor had purchased ownership in the Banca de Economii in 2013, organized the lending carasel where “Loans at one bank were paid off with loans from another and were then followed by yet more borrowing” Mr. Shor, who was placed under house arrest in his mansion in Chisinau, but later ran for mayor for the town of
year, the Organized Crime and Corruption Reporting Project reported that a bank in Moldova, in a scheme led by government officials and members of Moldova’s judiciary, had moved $20.8 billion in funds stolen from the Russian treasury through Moldova’s banking system. The massive theft became known as the “Russian Laundromat.” The case provides further evidence of how Moldovan regulators have been captured by corrupt interests and consistently fail to indict those responsible for large scale financial crimes.

Moldovan institutions feature the “informality” that Huseyn Aliyev describes comprehensively in relation to other post-Soviet states. Informality provides actors, “with the organizational and operational means to engage in informal activities,” often acting alongside or through formal institutions. A key aspect of this informality in Moldova are the family and marriage connections that hold groups, or “clans”, together to support each other and promote illicit activity.

Transparency International’s 2017 Corruption Perceptions Index (CPI) ranks Moldova alongside Azerbaijan and Djibouti in 122nd place of 180, indicating steadily rising rates of perceived corruption since 2012. Moldova received its lowest score to date in 2017, which indicates a perception of the deteriorating state of rule of law in Moldova. Low CPI scores

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82 Tudoroiu, “Democracy and State Capture in Moldova.” 663-664

83 Plahotniuc generously rewards his friends and family members who support him. His “wedding godson” Andrian Candu, and Ghenadie Sajin, the current head of the State Inspectorate for Construction help to implement Plahotniuc’s power. “Offshoreplaha.” Also see “PlahotniucLeaks.” for detailed description of Plahotniuc’s family connections to his empire.

84 Christi Vlas. "Corruption Perceptions Index 2016: Moldova on the 123rd Place with a Score of 30/100."
suggest that countries are plagued by "untrustworthy and badly functioning public institutions," where anti-corruption laws exist, but are not enforced and citizens regularly encounter extortion and bribery.\(^{85}\)

Moldovans are growing increasingly frustrated with the levels of corruption in their country. Some analysts predicted that large-scale street protests against corruption in Ukraine in the winter of 2014, and in Romania during the summer of 2018, could play a role in initiating a broader grassroots campaign against corruption in Moldova. In response to the stolen Chisinau mayoral election, for instance, tens of thousands of Moldovans took to the streets to protest the government.\(^{86}\) These protests proved to have little effect however and did not change government policy in Moldova. A February 2018 poll by IRI showed that corruption is increasingly becoming the primary political issue in Moldova. Ninety-six percent of Moldovans surveyed identified corruption as a major problem, far higher even than concern over the unresolved conflict with the separatist region of Transnistria. Moldova’s decline since 2011 has been chronicled by the World Bank’s Worldwide Governance Indicators in all areas of governance. Decline in governance has been most notably in the areas of rule of law and control of corruption.\(^{87}\)

Corruption in Moldova is a vertically integrated network that begins at the very top of the country’s power structures.\(^{88}\) The consolidation of power in the hands of a single business magnate--Plahotniuc--profoundly undermines Moldova’s economy and public trust in the state.\(^{89}\)

\(^{85}\) Transparency International, "Corruption Perceptions Index 2017,"
\(^{86}\) RFE/RL and Moldovan Service, "Thousands Of Antigovernment Protesters Rally In Moldova,"
\(^{87}\) "Worldwide Governance Indicators." Knoema.
\(^{88}\) Sarah Chayes. “The Structure of Corruption in Moldova.”
Also see: Transparency International, "Corruption Perceptions Index 2016,”
Operating behind the façade of the Democratic Party (PDM), and controlling nearly all of the country’s major media outlets, Plahotniuc has captured the Moldovan state and shows increasing reticence to implement necessary reforms. Through the use of paid lobbyists in Washington and Brussels, dirty political tricks, and blackmail and bribery, Plahotniuc has built a corrupt network both domestically and abroad that depends upon his paying of rents.

Moldova’s captured parliament has passed numerous pieces of legislation that exhibit the high level of capture by elite business interests. The Moldova Citizenship by Investment Program, for example, allows foreign citizens to purchase Moldovan citizenship for an investment of 250,000 euros ($285,000), providing a route for illicit funds to be laundered through the Moldovan government.

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Mihai Popsoi, "Changing the Rules of the Game in Moldova."

90 In addition to controlling "General Media Group" trust, including Publika TV, Prime TV, Canal 3 and Canal 2, and passing legislation which targeted Russian “propaganda” TV shows that are re-broadcasted in Moldova through the local franchises and tend to promote Igor Dodon and the PSRM See:“PlahotniucLeaks.” and: Christi Vlas, “Moldova Parliament Adopts Law Banning Foreign Propaganda TV Shows, Dodon Threatens to Block It.”

91 Александра Батанова. “Соединенные демократы Америки. ДПМ подписала контракты с лоббистами из США на полмиллиона долларов.”

Eleanor Knot and Mihai Popșoi. “Our Man in Moldova.”

92 For instance, the creation in April of 2014 of a new political party with the same acronym of the Party of Communists of the Republic of Moldova (PCRM) (the new party was the Party Communists for the Reform of Moldova (PCRM) (“Partidul Comunist Reformator Din Moldova (PCR) [2014–2015] / Partide.Md.”) meant to confuse and draw votes away from the Party of Communists of the Republic of Moldova. Ruslan Popa, the founder of the party, was reported to have acquired a new car shortly after the creation of the party. “Încă un partid comunist în politica moldovenească. Fostul lider al Congresului Civic anunță crearea Partidul Comunist Reformator The new party, drew approximately 4% of the vote despite being led by a political no one named Ruslan Popa, later identified as bringing an anti-defamation case against media who reported on his chicanerous activities. The judge in the case, despite wide criticism including from Freedom House, found in favor of Popa. “General Information about the Parliamentary Elections of 2014 in Moldova / Elections 2014.” “Nations in Transit Methodology”

93 PRIME.MD - Prima televiziune din Moldova :: Primele Știri :: Emisiuni :: Noutăți,” Another example was the bribing (and possibly coercion) of six members of the PCRM to join the PDM in 2016. See: Mariana Colun. “Luxul deputaților.”

94 "Împreună Împotriva Corupției,"

95 This is an issue in many small countries “Selling Citizenship Is Big Business—and Controversial.” The Economist, September 29, 2018. In the United States the EB-5 visa program allows for individuals to buy a US Green card for a $500,000 investment and by creating ten jobs. See: Mosk, Matthew, and Brian Ross. 2015. “The $500,000 Green Card | The EB-5 Visa Program - ABC News.” ABC. February 3, 2015. Moldova’s Economy Ministry signed a contract with MIC Holding LLC Henley & Partners Government Services Ltd, to develop and
Additionally, the Fiscal Reform Package of Tax Initiatives and Capital Amnesty approved in August 2018 legalizes undeclared gains if individuals agree to pay the government 3% of the value of the goods by February 2019, effectively legalizing ill-gotten gains. 96

Combined, these dynamics create obstacles to the entry of small and medium-sized enterprises and undermine key sources of sustainable growth. 97 Meanwhile, Moldova’s 2017-2020 National Anticorruption Strategy remains barely implemented, after the 2011-2017 strategy stagnated under poor implementation, as well. 98 These legislative schemes nominally aimed at encouraging investment and fighting corruption have fallen under criticism of the EU and Moldova’s civil society.

Private investments in politics by Plahotniuc and other elites weaken the legitimacy of the state and undermine the provision of basic public goods and services. Simultaneously, state capture is discouraging foreign and domestic investment in the economy, driving Moldova’s citizens to seek work abroad. An unfriendly business environment plagued by brain drain and a system of selective justice captured by elites, conspire to undermine economic growth.

Meanwhile, massive emigration from Moldova plays a significant role by reducing social pressure, as four people leave the country every hour for work abroad. This facilitates broad political apathy, brain drain, and a concession of the state to corrupt interests. 99

promote the “Citizenship Acquisition Program” on July 11, 2018. 2018. This company is the same company associated with the Individual Investor Program in Malta. Before her murder in 2017, Daphne Anne Caruana Galizia, a Maltese Journalist accused the firm of being involved in “nepotism and bribery” in the small Mediterranean state. Neacsu, “Moldova’s Passport Sale Will Turn Sour, Experts Warn.” 99

99 Simion, "Moldovan President Endorses Controversial Fiscal Amnesty Package.,".
97 Gherasimov, "Moldova's Proposed Electoral Change Is a Blow to Democracy. The EU Must Oppose It.
99 Elena Prohnițchi. "A Fight against Corruption in Moldova: What’s Wrong and What Can Be Done?”
The further consolidation of power in Moldova will only add to corruption.\textsuperscript{100} Despite his attempts to present himself as a benevolent politician, Plahotniuc is at the center of kleptocracy in Moldova. Additionally, his large private security force, rumored to be strong enough to challenge Moldova’s relative weak security forces, provides Plahotniuc the ability to use violence should he see it in his interest.\textsuperscript{101} His control of a large private security force, which also contracts to provide security for parts of the Moldovan government for nearly half a million dollars in 2019, provides another source of leverage for Plahotniuc to apply against anyone who might challenge him in Moldova.\textsuperscript{102}

The level of corruption in Moldova has severely distorted the economy in Europe’s poorest state. Shortly after assuming his current position as an influential leader of the PDM, the account of Moldova’s largest companies moved inexplicably from state banks, such as the Banca de Economii, to Plahotniuc’s own Victoriabank.\textsuperscript{103} The shift of resources made Victoriabank one of the three largest banks in the country. The consolidation of power in Plahotniuc, and what Sarah Chayes calls his vertically integrated kleptocratic network, mismanages state resources and is deleterious to both the quality of governance and strength of independence. These dynamics will lead to increased political instability and social inequality if left unaddressed.\textsuperscript{104}

\textsuperscript{100} “Nations in Transit 2018.”
\textsuperscript{101} Moldova is a neutral country according to article 11 of its constitution and spends only .37% of its already meager GDP on military expenditures, Plahotniuc’s well-armed private security forces could be a solution of final resort for the oligarch. See: “PlahotniucLeaks.”
\textsuperscript{102} “Argus-S, Firma Afiliată Liderului PDM, a Căștigat o Licitatie de Milioane Cu Statul | Ziarul de Gardă.”
\textsuperscript{103} Tudoroiu, “Democracy and State Capture in Moldova.” 61-672. Plahotniuc has holds enormous sway over the Moldovan justice system and banking sector. During [the time frame of the Russian Laundramat and “Theft of the Centry], he controlled a large stake in one of the banks involved in money laundering. He also controls the prosecutor general. “Plahotniuc fails to mention the billion dollars stolen from Moldovan banks under his watch and the failure to prosecute the main fraudster – Ilan Shor, as identified in an independent Western financial forensic investigation.” See: Cristi Vlas, “Deconstructing Vlad Plahotniuc’s Article in the Wall Street Journal.” Lavinia Ţerban, “Russian Oligarchy is Seizing the Republic of Moldova.”
\textsuperscript{104} Sarah Chayes. The Carnegie Endowment, June 2016,
Joel Hellman and his coauthors, the first to describe state capture as a phenomenon, identified a negative correlation between levels of state capture and protections for civil liberties. A 2017 white paper published by a coalition of civil society organizations in Moldova reported:

“State capture has serious repercussions on the rule of law, it deteriorates the democratic, economic and social development of the country. It affects the morale of Moldovan society, distorting its image and chances for European integration. It causes a massive depopulation of the country and leads to dictatorial governance – all of the above present a serious threat to national security.”

As the functions of the Moldovan state are captured, democratic decision-making will prove ineffective, and Moldovans will increasingly lack recourse to eject corrupt leaders. Two recent events have clarified this: First, the electoral reform legislation, passed in the summer of 2017, which changed Moldova’s electoral system from proportional representation to a mixed system, giving an unfair advantage to the ruling PDM. Second, the 2018 annulment of Chisinau’s mayoral election, which brought further condemnation from the IMF, EU, and the World Bank. These two actions further evidence the manner in which state capture undermines democracy as Moldovan policymakers-cum-oligarchs act against the interests of the Moldovan state. The hypocrisy of nominally pro-European politicians has eroded the legitimacy of the

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107 Anastasia Albert, “Republic of Moldova: Transition from Communism to Democracy”.

108 “EU Blocks Aid to Moldova over Democratic Concerns.” Alexander Tarnas, “EU Freezes Aid to Moldova as Row Over Mayoral Election Festers,”
Moldovan government. In Moldova, increasing degradation of democratic standards will set
back democratic development for years to come.109

THE CONSOLIDATION OF POWER IN MOLDOVA

Through the 1990s, the former Soviet Union experienced a period of massive upheaval,
social change, and often violent competition between ruling oligarchs.110 In Moldova, a milieu of
"pluralism by default" existed.111 No single figure managed to consolidate control of the state due
to the deep cleavages in Moldova’s population.112 That began to change in 2001 during the
presidency of Vladimir Voronin.113 Despite having transitioned from a presidential to a
parliamentary system in 2001, under Voronin’s rule, the country came to be labeled a hybrid- or
semi-consolidated democracy. Moldova’s “pluralism by default” and the deep cleavages that
existed in the post-Soviet society halted a total consolidation of power in the early 2000s.114 The
chaos of the 1990s allowed the Voronin regime to gain significant power and maintain effective
control of the state.115

This was undone by massive street protests in 2009, as protesters stormed Chisinau’s
government buildings and set them on fire.116 The protests were the public’s response to a
constitutional crisis that took place in 2009 following a disputed election on April 5 of that year.117

109 Tudoroiu, 672-673.
110 Dumitru Alaiba, "Democracy Is Under Major Attack in Moldova. Is Anyone Paying Attention?"
111 A period that some have referred to as “the crazy nineties” Meissner, State Capture, Political Risks and
International Business. 122.
112 Way. 93.
113 Ibid. 92-114.
114 That changed beginning in 2001. President Vladimir Voronin was able to consolidate power from 2001-2009 and
tilted the country towards authoritarianism and closer relations with the Russian Federation. Voronin however
continued to tack between East and West. By suddenly shifting course on a peace agreement known as the Kozak
Memorandum, which would have turned Moldova into a federated republic with Transnistria, Voronin acceded to
Western pressure, and alienated President Vladimir Putin, who was forced to cancel his trip planned for the signing
ceremony. Ibid, 106.
115 Ibid, 114.
117 Hale, Patronal Politics.398-409
The protests launched a massive political shakeup in Moldova that led to reforms and refocusing power from the presidency to the parliament of Moldova. Following the disputed elections, the Parliament was dissolved after failing to elect a President, early parliamentary elections were then held on July 29, 2009, these elections, resulted in the first parliament not under the control of Voronin’s Party of Communists (PCRM) since independence.\textsuperscript{118} Voronin was forced to resign from the post of president as a result of the protests and new elections were called.\textsuperscript{119} Four opposition parties formed a coalition known as the AEI, which brought their total number of seats to 53, out of the total of 101 seats, while the PCRM continued to hold 48 seats.\textsuperscript{120} The Democratic Party of Moldova (PDM), the Liberal Democratic Party of Moldova (PLDM), the Liberal Party (PL), and the Party Alliance Our Moldova (AMN) made up the initial AEI.

In September of 2009, Vladimir Filat, the leader of the PLDM was appointed to the position of prime minister by Moldova’s parliament through an agreement between the AEI.\textsuperscript{121} The AEI, however, failed to reach the 61 seats required under the Moldovan constitution to elect a president. This impasse eventually triggered new elections again in November 2010. The new elections ejected the smallest party of the AEI from parliament when it did not meet the minimum number of votes to gain seats in parliament. The remaining three AEI coalition members formed the Alliance for European Integration 2 (AEI-2) with 65 seats in parliament, providing a clear majority, and allowing AEI-2 to select a new president.\textsuperscript{122}

\textsuperscript{118}“Parliamentary Elections in Moldova on April 5, 2009 / Alegeri.Md.”
\textsuperscript{119}“Moldovan President Resigns, Hopes New Authorities to Continue His Legacy.”
\textsuperscript{120}“Moldova’s Opposition Parties Agree to Coalition Government”; “New Moldovan Coalition to Hold Talks with Former Ruling Party to Elect President”; “New Moldovan Ruling Coalition Sets Governing Principles.” “Results of the July 29, 2009 Early Parliamentary Elections / Early Elections 2009.”
\textsuperscript{121}“Moldova; Parliament Okays Filat’s Appointment as Moldova’s New Pm.” Woehrel, “Moldova: Background and U.S. Policy.”
\textsuperscript{122}“Early Parliamentary Elections in Moldova on November 28, 2010 / Alegeri.Md.”
After the November 2010 elections, infighting between the AEI-2 parties continued, but a secret agreement was reached in the division of state functions. The three leaders of the AEI-2 parties, Mihai Ghimpu of the PL, Vlad Filat of the Liberal Democratic Party of Moldova (PLDM) and Marian Lupu of the PDM (and by extension Plahotniuc) had drawn up an agreement to divide and politicize the functions of government. The parties associated with the AEI ran on a platform focused on removing the "vertical of power" that Voronin and the communists had built from 2001 to 2009 and decreasing the high level of corruption that had taken hold at the highest levels of the previous administration. Instead, the AEI fell into the same pattern of corruption as their predecessors. Filat, Lupu, and Ghimpu’s division of influence over Moldova’s institutions followed typical patterns of state capture and corruption. The parties

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123 Calif, “Vlad Filat.” Also see Cassani and Tomini, Autocratization in Post-Cold War Political Regimes. 107-108.
collaboratively worked to establish “direct oligarchic control over policymaking.” In 2013, documents were leaked from the AEI agreement that explicitly showed that the three leaders of the coalition had agreed to divide control of government institutions.

The collapse of the Voronin power vertical presented a new opportunity for Moldova’s business elites to capture the Moldovan state. This would be made possible through the weak institutions that existed in Moldova. While the corrupt Voronin regime may have been dislodged by the protest movement of 2009, the deeply embedded culture of informality remained unaddressed.

**THE RISE OF PHLAHOTNIUC**

The second AEI coalition was made up of the PDM, PL, and the PLDM. The PDM at this point was already understood to have been purchased by Plahotniuc after he defected from Voronin’s camp. Little is known about the rise of Plahotniuc and where he gained his wealth. Plahotniuc remained in the shadows of Moldovan politics while building an economic empire through commercial raiding. His initial wealth is also widely regarded to have come

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125 Nizhnikau, 368-39. “Although the oligarchization of Moldova’s political scene had already started under Voronin, whose family owned massive financial assets, the arrival of pro-European coalition has elevated an elite club of Moldova’s oligarchs into higher echelons of power” Aliyev, 134.

126 Amazingly, the three main parties actually had a written and signed document, signed by the heads of the three AIE-2 parties, Mihai Ghimpu, Vlad Filat and Marian Lupu dividing the functions of government. See: “(Doc) Acordul AIE2, Mina Care a Desfășurat Alianța! Cum s-au Partajat Funcțiile?”

127 Tudoroiu, 662.

128 The earliest mention of Plahotniuc in English language press came in September of 2010 in a translation of a Jurnal de Chișinău exploring the mysterious ownership of Publika TV which speculated Plahotniuc as possibly playing a role in the purchasing of the station. Anonymous, “Paper Questions Romanian Media Mogul’s Investment in Moldovan TV Channel.” An earlier more thorough article, in Russian, dove deeper into his background. Бутук, “Почему Владимир Плахотнюк не стал премьер-министром Молдовы?” The notorious lack of archiving of earlier Moldovan news reporting makes it difficult to access earlier sources. Yet, even in this early Russian language article there is comment about Plahotniuc’s somewhat mysterious origins. Бутук, “Почему Владимир Плахотнюк не стал премьер-министром Молдовы?” Also see: Levcenco, “Vlad Plahotniuc.”

129 Moldovan media did not even have a photo of Moldova’s richest man until 2010. Eleanor Knott and Mihai Popșoi, “Our Man in Moldova.”
from illicitly earned profits linked to human trafficking and contraband smuggling.130 Two of Plahotniuc’s most publicly known business ventures involved his role as an executive at the Moldovan branch of the Romanian-owned oil and gas producer Petrom from 2001-2011 and from 2006-2011 as chairman of Victoria Bank.131 Plahotniuc also acquired Moldova’s two largest television broadcasters, Prime and Publika.TV, as well as at least another three TV stations and a half dozen websites associated with his General Media Group.132 These acquisitions would later play a pivotal role in his solidification of power. 133

The limited resources of the small state expose cash strapped politicians to increased influence and favors from powerful elites. Under Voronin, the paucity of resources held by the presidential administration played a factor in Voronin’s relationship with Plahotniuc. This is a theme that is consistent with small states and is part of the reason why corruption can be particularly salient in these polities. Were the presidential administration to be better funded, it’s difficult to speculate if Plahotniuc may not have found some other way to influence President Voronin, but in this case, there is a specific example of undue influence.

By 2008, Plahotniuc became a confidant of President Vladimir Voronin, who “may at any time to sit in Plahotniuc plane and fly where he wanted, whether it be on the heavyweight boxing bout in Moscow, or confidential meetings with politicians and businessmen in Europe, or just hunting.” The author of this article noted that significant savings this offered the presidential

130 Author’s conversations in Chişinău, Moldova in Summer 2017. Also see Cahus, Kamil. “Moldova: From Oligarchic Pluralism to Plahotniuc’s Hegemony.” OSW, April 11, 2016. Also see: Călugăreanu, “Scandal.” Also see: “However in 2013, then minister of internal affairs Dorin Recean confirmed that the Italian bureau of Interpol was interested in Vlad Plahotniuc and suspected him of involvement with the Solntsevskaya Bratva, a criminal organisation from Russia. Plahotniuc himself dismissed this information as conjecture.” See": Levcenco. “Vlad Plahotniuc: Moldova’s Man in the Shadows.” Also, see: Higgins, Andrew. “Moldova Is Rattled as Washington Welcomes a Feared Tycoon.”
133 Бутук, “Почему Владимир Плахотнюк не стал премьер-министром Молдовы?”
administration. Under Voronin’s semi-consolidated authoritarian government, elites promoted their economic interests by deal-making and lobbying high-ranking members of the regime. After 2008, Plahotniuc had positioned himself to be chief amongst these elites.134

Shortly after Voronin lost power in 2009, Plahotniuc and former parliamentary speaker Marian Lupu defected from the PCRM. The two, who had been faithful members of the PCRM before, repositioned themselves as pro-Europeans with democratic agendas. Dumitru Diacov, the founder of the Democratic Party, confirmed that Plahotniuc was essential in recruiting Lupu to defect from the PCRM. Diacov’s addition of Plahotniuc and Lupu invigorated the PDM by providing a significant new source of financial resources to the party.135 By 2010, Plahotniuc’s business empire was estimated at USD $2 billion, making him the richest man in Moldova.136

After the dismantling of Voronin’s regime in 2009, Moldova’s politics entered a new phase as elites purchased leading positions in parties in order to secure government posts that would allow for direct control of state institutions. Moldova became a state directly controlled by business elites, a shift from Voronin’s regime, where influence was largely managed through a corrupt political class. Beginning in 2010 institutions in Moldova’s government shifted from indirect to direct capture.137 This political chaos allowed for Plahotniuc to begin to solidify his direct control of key organs of the state.

In November 2010, Plahotniuc became the vice-chairman of the PDM, and by December he assumed the role of deputy chairman of the Moldovan Parliament.138 Plahotniuc’s control of some of Moldova’s largest media companies would be crucial to maintain the PDM’s success

134RFE/RL; NEWSLINE, MAY 24, 2005 “Bne IntelliNews - Offshore Company Linked to Oligarch Plahotniuc Buys Moldovan Communist Party HQ.”
135Goșu, 403-404.
137Tudoroiu, 671.
138“Moldova; Top Lawmaker Calls for European Integration For Moldova.” Levenco, “Vlad Plahotniuc.”
following their electoral win in 2010.\textsuperscript{139} Despite having defected only a year earlier, Plahotniuc quickly became a crucial player in the PDM, ostensibly because of his enormous financial and media resources.\textsuperscript{140} By 2010 Plahotniuc had purchased a party, his next acquisition would be the state.\textsuperscript{141}

\textbf{THE PĂDUREA DOMNEASCĂ SCANDAL}

In December 2012, the Padurea Domneasca scandal or “Huntgate scandal”, in which a judge and other members of the Moldovan judiciary were implicated in the accidental shooting death of a Moldovan businessman on the property of a national park while poaching. The accident and subsequent coverup sent shockwaves through the political structures, and ultimately undid the alliance that had come to power in 2009. The 2013 scandal would be dramatically overshadowed by the theft of a billion dollars from Moldova’s economy in 2014 which ultimately resulted in the downfall of Filat and his eventual imprisonment.\textsuperscript{142} The downfall of Filat assured Plahotniuc’s control of the state.

In December of 2012, a young Moldovan businessman, Sorin Paciu, was fatally shot on a hunting party attended by several high-ranking Moldovan officials who were poaching in the Padurea Domneasca national park.\textsuperscript{143} Valeriu Zubco, part of Plahotniuc’s clique and the Moldovan prosecutor general at the time, is believed to have fired the fatal shot. The tragic

\textsuperscript{139} Wilson. “Moldovan Politics: The Rise of Vladimir Plahotniuc.”
\textsuperscript{140} This process showed lack of real will on behalf of the then ruling parties: PLDM, PDM and PL. Only on 25 February 2016, the Parliament adopted in final reading the new Law on prosecution service that entered into force on 1 August 2016. And Aliyev (142).
\textsuperscript{141} Tudoroiu, 662.
\textsuperscript{143} Paciu had apparently gone on the hunt to have fun and was reportedly filming and photographing animals for his only 3-year-old daughter who was waiting for him at home. Although the surgery was a successful one, he died on the night of 24 to 25 December. Nicolae Andries, deputy director of the hospital, claims that the doctors announced the police that day and that several prosecutors had arrived in the hall. (Sanduţa and Moşneag, “Vânătoare de Oameni În Pădurea Domnească.”)
accident also included Ion Pleșca, a judge on the Chisinau Court of Appeal (CAC), Gheorghe Crețu, the vice-president of the same court, and Ion Lupu, the director of the Moldsilva Agency, the agency in charge of managing Moldova’s forestry and hunting policies.144

A parliamentary commission would investigate the case and find that in addition to the CAC and Moldsilva, members of the National Police, Security and Information Service, Ministry of Health, Ministry of the Interior, and Ministry of Information Technology and Communications had all participated in the coverup of the incident. The government institutions that should have been protecting the rule of law were instead complicit in the abuse of power, hiding and even faking evidence, and making false statements.145 The incident revealed the embedded nature of the informal connections undermining the rule-of-law in Moldova, even after the nominally pro-European groups had come to power. The incident revealed the embedded networks of state capture that had been constructed under the AEI-2.

Paciu was quietly buried on December 27 in the Central Cemetery on Armeneasca Street in Chisinau. Paciu was Ghenadie Sajin's godson, a close associate of the First Deputy Speaker of Parliament, Plahotniuc. After Paciu’s death, a coverup attempted to hide the murder but it was made public two weeks later by Sergiu Mocanu, the leader of the Anti-Mafia Movement.146

Vlad Filat responded by forcing Zubco, the Prosecutor General, to resign.147 The dismissal of Zubco, who had been chosen by the PDM, brought Filat and Plahotniuc into open conflict.148 Plahotniuc responded in the following month by using the National Anti-Corruption Center (NAC) to launch investigations against a number of LDP government ministers accused

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144 Sanduţa and Moşneag, “Vânătoare de Oameni În Pădurea Domnească.”
145 Tudoroiu, Brexit, President Trump, and the Changing Geopolitics of Eastern Europe.
146 “Moldova; Moldovan President Seeks Commission To probe Businessman’s Death during Hunt - ProQuest.”
147 Woehrel, “Moldova: Background and U.S. Policy.”
148 Tudoroiu.
of corruption.\textsuperscript{149} After Zubco resigned Plahotniuc’s and Filat’s groups began a brutal struggle that would destroy the AEI-2. For the first half of 2013, Moldova’s leaders focused their energies on destroying their former political allies instead of securing a pro-European government. Prime Minister Filat, eventually withdrew from the AEI, citing Plahotniuc’s misuse of Moldova’s law-enforcement organs and saying that “an oligarchic siege, (...) a campaign of sacrificing the state for the personal interest of an obscure individual who bought a place in politics and now wants to buy a country”, had undone AEI-2. The LDP then cooperating with their former rivals in the PCRM voted to remove Plahotniuc from his position as vice speaker of parliament.\textsuperscript{150}

By 2013, Plahotniuc and the PDM solidified control of the judicial branch, with the key acquisition being the prosecutor’s office and the Constitutional Court. This would prove to be decisive in Plahotniuc’s later battle with Filat. Filat, meanwhile, acquired control of Moldova’s financial regulatory institutions.\textsuperscript{151} Plahotniuc’s appointments included his former protégés who became members of the Supreme Council of the Magistrates and the Supreme Court of Justice.\textsuperscript{152} Tensions began to grow between Plahotniuc and the then Prime Minister Filat, as their economic interests came into conflict.\textsuperscript{153} Filat moved management of foreign financial assistance from the PDM controlled Ministry of the Economy to the State Chancellery, headed by the Prime Minister’s associate, Victor Bodiu.\textsuperscript{154}

In March 2013, the PDM, working with the PCRM, held a no-confidence vote that brought down the Filat government. The following month, Filat attempted to meet some of Plahotniuc’s demands to restore the AEI coalition. The PLDM voted with the PDM in major

\textsuperscript{149}Wilson, “Filat’s Gamble.”
\textsuperscript{150}Woehrel, “Moldova: Background and U.S.”
\textsuperscript{151}“(Doc) Acordul AIE2, Mina Care a Desființat Alianța! Cum s-Au Partajat Funcțiile?”
\textsuperscript{152}Tudoroiu, 662.
\textsuperscript{153}Filat, was estimated in 2010 to have a fortune of US$1.2 billion. Tudoroiu, 662.
\textsuperscript{154}Ibid.
changes to Moldova’s election laws, despite criticism from the EU and civil society. This cooperation between the PLDM and PDM would be short-lived. Moldova’s Constitutional Court, by this point firmly controlled by Plahotniuc, ruled that Filat could not resume his position as Prime Minister, because of the accusations of corruption against him. After months of stalemate, a governing coalition was formed at the end of May led by the Vice President of Filat’s party, Iurie Leanca. Filat’s replacement by Leanca was another temporary truce in the war between the two oligarchic groups struggling to capture the institutions of the state.

**THE BILLION DOLLAR THEFT**

The billion dollar theft would be a watershed moment that would largely overshadow the Padurea Domneasca scandal, and raise the issue of state capture in Moldova on the broader international stage. The fraudulent borrowing scheme had major economic consequences and led to a massive devaluation of Moldovan currency as the government bailed out the three affected banks. The bailout devastated the national budget and fostered deep mistrust in the political establishment when the incident became public in November 2014. In response to the theft, international assistance from the European Union and IMF was suspended and inflation

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155 Химшиашвили, “Молдавия получила запасного премьер-министра.” “На политическом будущем Филата поставлен крест.”
156 After months of public pressure and investigation in relation to Leanca’s own connections to the mission billion the former diplomat eventually admitted to having known about the irregularities in the banking system. Leanca would become something of a joke in Moldova after he responded to accusations of his role in the stolen billion that, “I was just a simple prime minister.” Crime Moldova reported that “it was shown that the former premier was an important link, or at least, was used in the theft of funds from the foreign exchange reserves of the National Bank.” Shortly after the stolen billion was Leanca, approved a request by the National Committee for Financial Stability, to secretly grant loans to the three banks at the center of the scandal. “Once the money reached the accounts of the three banks, schemes to steal and transfer money to offshore companies were applied.” “Iurie Leanca, the Former “Simple Prime Minister” Who Is of No Use.” Accessed April 18, 2019.
157 Tudoroiu, 664.
exploded. Massive protests and continued competition between the pro-EU parties led to a period of five new Prime Ministers in a two-year period. Plahotniuc used this period of chaos to fully capture the state. At this time, the PDM only held 19 of the 101 seats in the Moldovan Parliament. Through blackmail and bribery, Plahotniuc formed a coalition of the liberal democrats and Filat was stripped of parliamentary immunity and dramatically arrested in parliament by masked officers from the Anti-corruption Bureau in October of 2015.\textsuperscript{160} Plahotniuc assembled an effective majority using the remnants of Filat’s now decimated LDP through bribery and blackmail of other members of parliament.\textsuperscript{161}

In parliamentary elections held in November of 2014, Moldovans re-elected the disgraced pro-European parties (The PL, PDM, and, LDPM) hoping to move forward with the European Association Agreement, the Visa-Free Regime and lacking better options. Moldova’s new parliament consisted of 25 members of the PSRM, 21 PCRM members. The Pro-European faction was made up of 19 members of the PDM, and 21 PLDM and 13 PL members respectively. In the summer of 2015, three parliamentarians left their parties, stating that a “crisis of trust in their party, the need to change, and that they no longer shared the values of their party” drove them to caucus with a new party. Marian Lupu, a deputy in the PDM, told the media that they would “have some talks with individual MPs, not the party”. Throughout December more defections occurred, and while “crossing the aisle” is not an uncommon occurrence in many democratic systems, there was something particularly suspicious about political migration in this case.

These political migrations were particularly suspicious given the historically low ratings

\textsuperscript{160} “Moldova’s Ex-PM Jailed For Nine Years,”
\textsuperscript{161} Grigorița, “Moldova’s Political Tourists.” Also see: “Valeriu Strelet: „Magicienii de La PD Ar Putea Regiza o Cădere a Guvernului Filip” | Interviu.”
of the Democratic party of Moldova at that time. Transparency International’s Moldova office complained that “As a result of deputies' "migration", the new structure of the Legislature does not reflect the will of the people.” As nearly a third of parliament had switched to the PDM by fall of 2015, despite being elected in 2014 to fulfill the platform of another party. Plahotniuc had gained control of the Parliament.162

**PLAHOTNIUC BECOMES THE VETO PLAYER**

The theft of the stolen billion and the arrest of Filat allowed for Plahotniuc to even more swiftly monopolize his control over state institutions in Moldova. The Padurea Domneasca scandal in winter of 2012-2013 broke the coalition apart. The growing distrust between Filat and Plahotniuc finally reached an impasse at this scandal and the stolen billion presented Plahotniuc with an opportunity to launch his final attack on Filat. It seems that Filat may have believed this to be an opportunity for him to eliminate Plahotniuc as a political rival. In the end, the opposite would occur.

The Padurea Domneasca affair and its political fallout reveal the wide-reaching nature of state capture and the foundations of Plahotniuc’s work to undermine the state in 2012 and 2013. Andrew Wilson, writing in May 2013, noted that after Filat’s defeat in a confidence vote, “he realized that hanging on to office in some form, no matter how, was key, both to his own survival and to any hopes of containing Plahotniuc.”163 Unlike in Ukraine, Romania, or larger countries where more diverse power centers exist, Filat was unable to depend on a divide and rule strategy to break up Plahotniuc’s power or reach externally for recourse. Filat was able to

162 Grigorița, “Moldova’s Political Tourists.” Also see: Transparency International Moldova. “State Capture: The Case of the Republic of Moldova.” 44.
163 Wilson, “Filat’s Gamble.”
counter Plahotniuc while he was Prime Minister. Once he lost this position, he also lost his ability to use the resources of the state to protect himself. No longer could Filat depend on the voting power of the PCRM and the LDPM to resist Plahotniuc’s far superior financial resources.\footnote{Ibid.} Plahotniuc’s control of the judicial branch through his vertically integrated network and massive wealth gave him the veto power to destroy Filat. A nine-year jail sentence was imposed.\footnote{“Moldova’s Ex-PM Jailed For Nine Years.”}

CAPTURING PARLIAMENT: ELECTORAL REFORM 2017

With Filat out of the picture, public perception placed Plahotniuc as the veto player in Moldova. This became even more apparent, in the Summer of 2017. While there are no explicit statements confirming cooperation, there is a widespread belief that the PSRM President Igor Dodon and Plahotniuc benefit from each other’s political position, or even coordinate directly. Plahotniuc is known for using so-called “kompromat” or compromising material to influence the decisions of his political and business opponents. The years that Dodon and Plahotniuc have spent working in the same spaces may present Plahotniuc with the ability to use his control of the judiciary against Dodon should he ever significantly challenge his power.\footnote{Andrew Wilson. “Filat’s Gamble.” OpenDemocracy; London. May 24, 2013.}

Following the Padurea Domnească scandal and the stolen billion, the PDM faced low chances of holding onto power after planned elections.\footnote{IRI polling put the PDM at historically low rates of support “Public Opinion Survey Residents of Moldova June 7–27, 2014.”} However, by gerrymandering the electoral system, the PDM could hold on to power.\footnote{“Одномандатный Дука.” Молдавские ведомости, March 24, 2017. and “Тулбуре: Реформа избирательной системы в вопросах и ответах.” Молдавские ведомости, March 17, 2017.} To achieve this the PDM worked with the PSRM to re-write the electoral laws ahead of the upcoming elections. In early March 2017, the
PDM announced a plan to change the electoral system from a fully party-list, or proportional system, to a single member district, or first-past-the-post system. The Action and Solidarity Party, PAS, led by the 2016 former pro-European anti-corruption presidential candidate Maia Sandu, argued that it was a power grab by the PDM that would stop smaller parties with smaller budgets will have a hard time securing votes.\textsuperscript{169}

President Dodon stated, shortly after the announcement of Plahotniuc’s plan, that he would oppose it. Dodon announced that he would be \textit{“dead against this undemocratic initiative, which destroys the republic’s multi-party system. I am convinced that the socialists’ faction in parliament will not support this bill either.”}\textsuperscript{170} Despite being initially opposed, President Dodon, surprised many when he proposed a mixed system on April 18 as a compromise to Plahotniuc’s plan.\textsuperscript{171} This was not the first time that supposed opponents Plahotniuc and Dodon had adopted similar positions, despite a fierce public rivalry.\textsuperscript{172} The move constituted a clear example of state capture and exhibits how the informal connections of the post-Soviet state elites undermine rule of law and democratic development, particularly in small states. The PSRM by mid-April had come to a compromise with the PDM to work together to maintain political influence.\textsuperscript{173} Before the electoral reforms, the PDM stood little chance to hold onto seats ahead of 2019 parliamentary elections. The transition to a mixed system, however, offered the PDM an opportunity to hold on to control of Moldova’s parliament.

The 2017 electoral reform offers an example of how the limited economic and political

\textsuperscript{173}Some have commented that this was always the plan. Wilson “Moldova’s Odd Couple”.
space of the small state lends itself to increased informality. In Moldova, this is exhibited through the relationship of President Igor Dodon, chairman of the PSRM from 2011-2016 and supposed rival of Plahotniuc and the Democratic Party of Moldova. Many have noted that the dispute between Dodon and Plahotniuc may be more simulated than actual and that the two men share the same goal: to maintain influence and corrupt networks.174

The electoral reforms evidence cooperation to control the state between Plahotniuc and Dodon and thus broader capture of the state in Moldova. The two, reportedly, have done business for many years.175 Further, both men likely interacted while working under Voronin in the ruling Communist party during the 2000s. As a minister of trade and economics from 2006 until Voronin’s downfall in 2009, Dodon assisted Plahotniuc in acquiring state-owned enterprises.176 Dodon left the Communists, which helped the pro-EU coalition to elect the previous president and prevent snap elections. Dodon voted for the government’s bills whenever necessary until Plahotniuc was able to pull together the coalition after Filat’s arrest and popular perception regards Dodon as a shadow Plahotniuc candidate. Besides the assisting role that the Socialist Party played in pushing through the PDM’s legislative agenda, Dodon has refrained from publicly criticizing Moldova’s wealthiest man fighting unspecified “oligarchs” and the EU. As president, he did not object to or draw public attention to any key appointments to the judiciary, law enforcement or economy, including Vasil Botnar, a close associate of Plahotniuc, as the head of Moldovagaz.177

The cooperation between the PDM and PSRM and the high level of organization of both

174 Pieńkowski, “New Electoral Law in Moldova Criticised as a Tool to Keep Power.”
176 Nizhnikau, “Guiding Voice to Exit.” and Wilson “Moldova’s Odd Couple”
parties allowed for a petition drive to show support for the electoral change be organized quickly before Moldovan civil society could respond to the plan to institute a new electoral system. Over 800,000 signatures of support were gathered (though the validity of many of these signatures is dubious). Both parties blanketed the airwaves with media supporting electoral reform. Additionally, opinion polls commissioned by the PDM indicated widespread support for electoral reform, though polling by other organizations indicated widespread opposition.\footnote{Całus, “Moldova’s Odd Couple: Plahotniuc and Dodon”}

The new system allowed the PDM to run candidates with their own strong local networks that would be unburdened by the negative reputation of Plahotniuc and the PDM. Meanwhile, PDM controlled media would continue to overtly support these candidates.\footnote{Pieńkowski, Jakub. “New Electoral Law in Moldova Criticised as a Tool to Keep Power.” The Polish Institute of International Affairs, July 19, 2017.} The single-member districts also allowed for individuals without party connections to enter parliament, which some commented could make them even easier targets to be bought or bribed to support the PDM’s policies.\footnote{In the 2019 Parliamentary Elections only three independent candidates in single member districts crossed the threshold, all three are seen as having ties to the PDM through their association with the Ilan Shor.} The shift to a mixed system with single-member and proportional districts undermines the ability of newer political movements who lacked the knowledge of the rules party capacity, or strategy of the electoral system to challenge the PDM’s rule.\footnote{Gherasimov, Cristina. “Moldova’s Proposed Electoral Change Is a Blow to Democracy. The EU Must Oppose It.” Chatham House, May 10, 2017.}

The reform Moldova’s electoral system was widely seen as a coordinated power grab by the PSRM, and PDM. The winner-takes-all system, with parliament elected in a single round, would allow the PSRM to monopolized the left. Meanwhile, by involving the PDM controlled National Integrity Agency and judiciary in electoral matters, the governing party gained the ability to exercise almost complete control over the electoral process through the invalidation of
elections through the courts.\textsuperscript{182}

There was widespread agreement that reforms were required to Moldova’s electoral laws. In fact, as far back as 2014, the PSRM included electoral reform as a part of their platform. The imposition of a mixed system raised suspicions that the rulings parties in parliament aimed to “influence the rules of the game in their own favor” in order to maintain power despite dismally low popularity ratings. The electoral reform was an attempt by the ruling PSRM and PDM to maintain their control of parliament. In early May 2017, the drafts of the laws were quietly passed after a single reading in Moldova’s parliament. The laws were not included on the agenda of the parliamentary session and the laws were approved a week before the Venice Commission would begin its preparation to release an opinion on the reforms that were expected in mid-June. Despite widespread public outcry against the reforms, the legislation passed the parliament and was implemented in time for the 2019 elections.\textsuperscript{183}

\textit{THE CHISINAU MAYORAL ELECTION, JUNE 2018}

In the summer of 2018, a mayoral election in Chisinau again exhibited Plahotniuc’s capture of the Moldovan state and emphasized the power of his control over the judiciary. Chisinau activist and lawyer, Andrei Nastase, won a surprise victory in the election. The leader of the Dignity and Truth Platform, Nastase won a run-off against Ion Ceban, the PSRM’s candidate in the second round. In the first round, Nastase and Ceban had come out ahead of the PDM candidate, interim mayor Silvia Radu. While Nastase was deprived of his victory after The Chisinau City Court ruled on June 19 that the snap election null, after the candidates supposedly

\textsuperscript{182}Valeriu Pasha, “Gerrymandering 2.0: How Were The Uninominal Constituencies In The Republic Of Moldova?”

\textsuperscript{183}“Change of the Electoral System.”
violated the Day of Silence by encouraging their voters to go out and vote.184

Shortly after his victory though, the election was declared invalid on the minor technicality that the candidates had made social media posts on election day, encouraging Moldovans to go out to vote. The absurdity of the invalidation shocked both Moldovans and Moldova’s Western partners. The invalidation stole the election from both Nastase and Ceban and returned the position to Radu, who resigned shortly after the election to be replaced by Ruslan Codreanu to fill the interim role of mayor until local elections could be held in the fall of 2019.185 The court rulings, therefore, perpetuated Plahotniuc’s control over the Moldovan state. Plahotniuc, the PDM and PSRM all criticized the supreme court’s decision to annul the election, but many questioned their sincerity.186

By annulling the election, the PDM maintained control of Chisinau City Hall and the lucrative real estate businesses that are part of Plahotniuc’s corrupt network. This would be a major turning point in how the EU, and US approached Moldova and Plahotniuc. The European Parliament, the European Commission, and the European External Action Service all suspended assistance to Chisinau as a result of the move187 The U.S. responded with the US Embassy in Chisinau calling the invalidation "a troubling development that is...eroding Moldovan citizens' confidence in the democratic process.”188 A statement from the State Department criticized the Moldovan Supreme Court’s decision as “unusual and unwarranted” and stated that it thwarted “the electoral will of the Moldovan people and damages respect for the rule of law and

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187 The only one that didn’t react was Romania, who, with this gesture, suggests that it continues to support the oligarchic regime installed in the Republic of Moldova, Goşu, 394.
188 “U.S. Urges Moldova To Respect Rule Of Law In Election Dispute.”
democratic principles in Moldova.\textsuperscript{189}

The annulment of the Chisinau Mayoral Election in the summer of 2018 launched a major backlash from Moldova’s international backers.\textsuperscript{190} The European Commission responded by withholding financial assistance for Moldova.\textsuperscript{191} Moldova’s fight against corruption is central to Moldova’s engagement with the EU.\textsuperscript{192} The EU’s External Action Service’s suspension of 28 million euros that would have supported judiciary reforms due to “insufficient commitment” by authorities in Moldova to implement needed anti-corruption reforms in October of 2017. This decision also signaled the growing level of frustration in the EU with Moldova’s slow progress.\textsuperscript{193}

\textit{THE DEMOCRATIC PARTY OF MOLDOVA’S INFLUENCE CAMPAIGN}

The PDM is conducting a campaign to exhibit Western backing to domestic audiences in Moldova in order to improve their poll ratings. Plahotniuc owned media heavily reports when he is received by high-ranking foreign politicians, with a goal to promote the image of Plahotniuc as a statesman.\textsuperscript{194} Plahotniuc has retained the services of at least three lobbying firms to promote him abroad and also uses ambassadors and diplomats connected to the PDM to promote his image, and the image of Moldova as a bastion of freedom resisting Russian interference in Brussels and Washington.\textsuperscript{195} In order to launder the reputation of the party and maintain

\begin{footnotesize}
\textsuperscript{189} “Invalidation of Mayoral Elections in Moldova.”
\textsuperscript{190} Madalin Necutu. “EU Warns Moldova Over Invalidated Mayoral Election | Balkan Insight.” Balkaninsight, June 27, 2018.
\textsuperscript{192} “Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part…”
\textsuperscript{194} See Appendix A.
\textsuperscript{195} Plahotniuc has employed the Podesta Group, and the Prime Policy Group and Cornerstone Government Affairs to promote himself in Washington and Brussels. Plahotniuc and other PDM leaders also regularly place articles in
\end{footnotesize}
critically needed support from Western backers, the PDM began lobbying in DC in 2016 to great effect.

In December of 2016, the DC think tank The Atlantic Council allowed Plahotniuc to speak to present PDM’s geopolitical framing of Moldovan politics, ignoring the corruption that stems from Plahotniuc’s corrosive influence. In 2016, Plahotniuc was invited to speak at the Atlantic Council, where he appeared alongside US Assistant Secretary of State Victoria Nuland. Plahotniuc has published a number of op-eds as well that seek to frame Moldova as a victim of Russia, and Plahotniuc as a pro-European defending freedom’s eastern edge. Many in Moldova considered this an attempt by Plahotniuc to launder his reputation through the reputation of US officials and organizations like the Atlantic Council. Plahotniuc aims for EU and U.S. support of his regime in order to improve his public reputation and gain legitimacy. He presents himself as the last barrier against a Russian takeover of Moldova.

The leading figures of the PDM use traditional media and social media to promote the impression that they have western backing. Plahotniuc’s visits to the US Congress are

Politico and the Wall Street Journal (as well as less respected outlets such as the Washington Times (Andrian Candu, “Why Moldova’s Embrace of Western Values Must Be Supported - Washington Times.”) and the Washington Diplomat (Luxner, “Former Soviet Republic’s Fragile Democracy Tested by Geopolitics Abroad, Corruption at Home.”), to promote the narrative of Moldova’s need for support from the West to resist Russia.

The PDM hired the Podesta group “to perform public affairs services to assist [PDM] with developing Moldovan-United States relations […] from September 22, 2017 and continuing through March 21, 2018” for a cost of $120,000 See: “Podesta Group’s, 2017, Exhibit B to Registration Statement Pursuant to the Foreign Agents Registration Act of 1938, as Amended.” the PDM moved its accounts to Podesta’s chief executive, Kimberley Fritts’ new company, Cogent Strategies after the collapse of the Podesta organization following the indictment of Paul Manafort which accused the Podesta organization of lobbying for former Ukrainian President Victor Yanukovych. (See: Theodoric Meyer, “Former Podesta Group CEO Launches New Firm.”)

Even after the stolen Chișinău mayoral election, which most pointed to being organized by Plahotniuc, the leader of one of Moldova’s main anticorruption organizations, writing for the Atlantic Council, made no mention of Plahotniuc in his paper. Alaiba, “Democracy Is Under Major Attack in Moldova. Is Anyone Paying Attention?” Indeed, it is difficult to find criticism of Plahotniuc by the Atlantic council at all. In an August report by Ambassador Christopher Hill, an exclusively geopolitical frame is used, focusing on Plahotniuc as the victim of an Interpol arrest notice by Russia.

The harsh backlash to the invitation of Plahotniuc prompted this video from the Atlantic Council, see: Damon Wilson, “Atlantic Council.”

photographed and projected back to Moldova through Plahotniuc’s social media, and the media he controls. When rare criticism has been raised of Plahotniuc, as in 2016 when Representatives Randy K. Weber, from Texas, and Trent Franks of Arizona, submitted a resolution by the Committee on Foreign Relations, Financial Services Committee and the Judiciary Committee of the House, requesting the start of an investigation related to "theft of the billion" of the Moldovan banking system, they are criticized by Plahotniuc’s media machine.

More common though is the praise of Plahotniuc’s fight against Russian influence. In one video posted to Plahotniuc’s YouTube page shortly after a meeting with Representative Ted Poe, Plahotniuc identified Poe’s support for his fight against Russian propaganda.

In August 2018, Moldova’s new ambassador to the US, Cristina Balan, released a statement to U.S. officials that presented the PDM’s perspective on protests that occurred in Moldova. More recently, Andrian Candu, the speaker of the Moldovan parliament and Plahotniuc’s godson, visited the United States to meet with Republican Representatives Will Hurd, Adam Katzinger, and Senator John Barrasso, which he again featured on his website. The U.S. officials reportedly discussed hybrid warfare and geopolitics with Candu. Scarcce public statements have been heard regarding state capture or corruption in Moldova.

**RECOMMENDATIONS**

There is no easy solution to corruption. There are, however, incremental steps that can be

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200 See Appendix a
201 "Anti-Plahotniuc Resolution in the US Congress, Care for Moldova or Lobby Companies Fight?"
202 Vlad Plahotniuc, *Meeting with Congressman Ted Poe in USA, Houston, TX*. Also see: “Vlad Plahotniuc.” Plahotniuc, “Moldova and #US Have a Fruitful Relationship and Shared Interests.” Plahotniuc also highlighted his meeting with the US ambassador Dereck J. Hogan. Interestingly the US embassy’s website made no mention of the November 16th meeting.
203 "DOC / How Moldovan Ambassador to the US Presents the Protests of 26 and 27 August in Chișinău - TV8.Md.” and “Pe Cine Reprezintă Cristina Balan În SUA?”
204 Candu has also been implicated in Plahotniuc’s corruption by investigative journalists. See: “PlahotniucLeaks.”
205 Also Candu met with Deputy Attorney General Rod Rosenstein. “/ DOC / How Moldovan Ambassador to the US Presents the Protests of 26 and 27 August in Chișinău - TV8.Md.”
taken by international actors and civil society to erode kleptocracy and build state institutions in Moldova. The EU, US, and international financial institutions have awakened to the problem of state capture in Moldova by the nominally pro-European parties of Moldova. Experience in regulating the market for influence in countries in transition has shown that effective checks are key to limiting the deleterious power of elites and can liberate states from state capture. The importance of these issues in shaping broader reform demands that corruption be dealt with directly as part of the development process. These checks must come from a consensus between elites and citizens that the system of state capture, and grand corruption, is mutually hurting. Societal change in Moldova can only come when elites and citizens agree that a system under the rule of law is preferable to a situation of impunity.

Moldova’s 2019 parliamentary elections have revealed that while still constrained, there is growing support for serious anticorruption reform in Moldova. The European Union, IMF, World Bank, and the United States should facilitate this movement by supporting Moldovan civil society and continuing to make aid to the Moldovan government conditional to reform. As a last resort, if corruption and electoral reform are not addressed by the national authorities, Moldova’s foreign backers may begin to target Moldovan elites through measures such as the US’s Global Magnitsky Act. The European Parliament has already cut off financial assistance to the Moldovan government, re-allocating it to the Moldovan civil society and independent media.

Effective controls on the power of oligarchs in Moldova is limited. The levers that do

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206 Sarah Chayes, "The Structure of Corruption in Moldova"
207 Hellman, Joel S. “Strategies to Combat State Capture and Administrative in Transition Economies.” Qinghua University, Beijing, China, 2002.
exist depend on cooperation between Moldova’s Western backers, such as the IMF, EU, US, European Commission, and on Moldovan civil society. The power of this influence was shown when draft laws like those used to stifle civil society in Russia were considered by Moldova’s parliament in the summer of 2017, these measures would have severely limited the strength of Moldova’s mostly foreign funded civil society. In the summer of 2017, foreign diplomatic missions worked with Moldova’s civic groups to apply pressure that ultimately defeated the proposal of these draconian measures. The proposed legislation, however, exposes the potential for elites’ to act on their intention to limit civil society in Moldova if Western backing falters.210

The EU is losing patience Moldova’s ruling PDM’s kleptocratic tendencies. As mentioned previously, the AA signed with the EU in 2014, identified the fight against corruption as a central component of the EU’s cooperation with Moldova.211 The EU continues to insist that further assistance to Moldova will only be provided on a conditional basis.212 The U.S., which since 1992 has provided over $1.4 billion in support to the small state, has been slower to criticize of Moldova.213

The current corrupt actors in Moldova derive their power from control over government institutions, and their supposedly pro-EU positions. Something will have to give. The decreasing interest amongst Moldova’s oligarchs in undertaking reforms detailed in the Deep and Comprehensive Free Trade Agreement (DCFTA) and the AA may eventually become too great to hide. The current captors of the Moldovan state will only confront corruption as long as it does

213 The Moldovan oligarch has visited the US several times and, in May of 2016, the unelected leader of the PDM, traveling on a tourist visa, met with a number of US senators and representatives in addition to Assistant Secretary of State Victoria Nuland.
not threaten elite interests. However, civil society should continue to work with anti-corruption candidates, particularly ACUM to implement the following legislative changes:

(1) Immediate repeal the electoral reform law no. 154 of July 20, 2017, to be replaced by a law that has the approval of the Venice Commission, leading civil society organizations in Moldova. This will increase the legitimacy of the proportional electoral system and electoral legislation.\(^{214}\)

(2) Fully implement, in good faith, the anti-corruption reform strategy to continue implementation of reforms initiated, but not fulfilled, under the 2011-2017 strategy. This would demonstrate a clear commitment to reform and provide paths to implement judicial reforms in line with the AA and European standards.\(^{215}\)

(3) Repeal the July 2018 fiscal reform package of tax initiatives and capital amnesty, which undermines the Moldovan Government’s commitment to fighting corruption and puts the World Bank’s reform program in Moldova in jeopardy.\(^{216}\)

The United States has been slower in its criticism of Plahotniuc, largely allowing Brussels to take the lead. A major change came however when the US strongly protested the annulment of the mayoral election, there is still some reticence to bring the pressure necessary to change the PDM’s current calculus. Stability and long-term democratic development in Moldova will

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\(^{216}\) Nadejda Hriptievschi, "Justice Sector Challenges Undermine the Rule of Law in the ...," Justice Sector Challenges Undermine the Rule of Law in the Republic of Moldova, April 2018, , accessed November 26, 2018, Elena Prohnițchi, "A Fight against Corruption in Moldova: What’s Wrong and What Can Be Done?"

continue to be undermined if Moldova’s western partners continue to accept geopolitical narratives promoted over Moldova’s critical fight with corruption.

To counter this geopolitical narrative, Moldovan citizens, governments and civil society development organizations must counter false narratives spread by the PDM and their lobbyists in Washington. This should be done through an organized campaign to inform Western policymakers about the situation of state capture in Moldova. Moldova’s small size and relative stability mean that relatively little attention is paid to it. Through increased advocacy by civil society groups in Washington and Brussels, policymakers can become more informed about the way that the PDM and Plahotniuc are seeking to distract from corruption through an over emphasis on geopolitical competition over Moldova.

The February 2019 parliamentary elections have signaled Moldovan societies support for an alternative to the corrupt PDM and the PSRM. The ACUM party did surprisingly well in the elections, coming in second after the Party of Socialists, but with more seats than the Democratic party. Civil society and Western governments should do more to support true reformers in Moldova. It is only the resources and leverage of external governments that can outmatch the capacity of Moldova’s corrupt actor. Support from Western governments and the Moldovan diaspora will be critically important to supporting Moldovan’s long-term development. Ultimately, Moldovans themselves will need to develop a strong, and independent civil society that can employ the lever of Moldova’s competitive elections to resist state capture in Moldova.

CONCLUSION

The Republic of Moldova’s small size and its position in the borderland between east and west has allowed for the consolidation of a single veto player in the person of Plahotniuc. This thesis explored the conditions that permitted state capture in Moldova. Moldova presents an
example of how corruption can be even more salient in a small state with limited resources; where a single veto player may find fewer opponents to the consolidation of their power. If corrupt oligarchs write the rules of the game, the Moldovan state will remain ineffectual in providing checks to oligarchic power.

The two potential checks on oligarchic consolidation in Moldova are ineffectual at this time, but there are some signs that this might change. The continuing fallout from the 2019 parliamentary elections will discern if Plahotniuc is checked by electoral levers and their support from the EU and the US or not. Plahotniuc depends upon democratic mechanisms and plausible deniability for his power to avoid being checked by the Moldovan electorate or the European Union. As long as he continues to use a minimum of democratic measures, he will remain the most powerful veto player in Moldova.

Moldova’s position in a contested space, the geopolitical competition between Russia and “The West”, and the PDM’s exploitation of that narrative mean that leaders in Brussels and Washington will continue to be divided in challenging state capture in Moldova for fear of “losing Moldova” to the Russian Federation. Instead, some will accept the consolidation of power in a single veto player in order to provide the stability, and geopolitical reliability, not often offered by a weak state. Voices in Brussels and Washington have not challenged Plahotniuc as directly as they should have with the mistaken view of geopolitical expediency. As stated earlier, however, there are signs that this is changing.

The key check on oligarchic power comes from Moldovan voters themselves. Plahotniuc, while disregarding democratic norms and the rule of law, has not consolidated the current hybrid regime in Moldova into an outright authoritarian regime. Elections, while flawed, remain competitive in Moldova. Both the interests of foreign actors and the Moldovan electorate are
subject to change and will eventually challenge Plahotniuc’s regime directly. The massive emigration from Moldova, however, has weakened this possible control.

Moldova’s greatest weakness may ultimately prove to be its greatest protection against authoritarian consolidation. The underlying factors that shaped the resilience of Moldova’s pluralism in the 1990’s remain unchanged. Moldova is the poorest country in Europe with a fractured and weak civil society, severe ethnic divisions, a failing state, and a sharply declining population. The sharp political polarization and state and the ideological vacancy of Moldova’s political parties that exists in Moldova and undermine democracy are the same elements that will undermine the complete consolidation of authoritarian order. No single actor will be able to impose their total will while these cleavages persist.²¹⁷

Moldova’s decline from a democratic success story in Eastern Europe in 2010 to hybrid state status and oligarchic consolidation by 2014, revealed the flaws within its leaders and the deep structural problems that exist in Moldova’s government and society. This thesis has explored how Moldova’s status as a small state may influence its high level of state capture. It has noted that the lack of alternative power centers, close relationships between leaders, and the role of outside actors all play a role in feeding corruption in Moldova. Small states do not face more or less corruption than larger states, but when those issues do appear, they can be of greater salience. The often limited resources of small states, as we have seen in the case of Moldova, also play a role in allowing space for corruption to thrive. Moldova’s is not destined to state capture though, and just as Moldova underwent consolidation of its oligarchic system from 2001-2009 under the Voronin regime before the political upheaval in 2009, so it may occur again, hopefully with better results than before.

²¹⁷ Way, 112.
Plahotniuc, with his access to the resources of his own personal wealth, media holdings, and the Moldovan state, will continue to consolidate power and maintain Moldova in the gray zone between democracy and authoritarian governance. Examining Moldova’s elite politics as a costly lottery provides an explanation for Plahotniuc’s aggressive strategies. As one acquaintance of Plahotniuc told a reporter in 2016, “Plahotniuc has created a rule for himself, which he never breaks: he never strikes first, but his vengeance is terrible. He’s able to lose a battle to win the war”. The 2015 arrest of Vlad Filat218, the invalidation of Chisinau’s mayoral election, and the 2017 electoral reform all add to the perception of Plahotniuc’s power and signal that in “war” with Plahotniuc the options are either victory or (more likely) defeat, making challenging his power a costly lottery.219 This is a form of bargaining with other elites in Moldova and Moldovan society as a whole.

The costly lottery that Moldova’s primary veto player engages in is currently paying off. In a weak state like Moldova, Plahotniuc can best protect himself and his assets by maintaining control of the state itself.220 Plahotniuc’s position is not the cause of Moldova’s weak institutions, but rather a symptom. When he loses his protected position as the most powerful veto player in Moldova, the weak institutions, and frail civil society mean that state capture and kleptocracy will remain significant problems in Moldova.

218 “Moldova’s Ex-PM Jailed For Nine Years.”
219 Another example of the fate of those who challenge Plahotniuc is the case of Vyacheslav Platon, a former businessman, politician, and associate of Plahotniuc was arrested in Kyiv in 2015 and sentenced to 18 years by a Moldovan court for his role in the so-called Russian Laundromat which laundered more than $20 billion of stolen Russian money. He has since published claims that Plahotniuc was also central to the case: Вячеслава Платон. “Платон раскрыл схему участия Плахотнюка и Канду в рейдерской атаке на Victoriabank.” See: “Moldovan Businessman Platon Sentenced to 18 Years in Jail for Laundering over $20 Bln from Russia.” Cristi Vlas, writing for the Moldovan Politics blog, assesses that, “
220 The same anonymous businessman acquainted with Vlad Plahotniuc, told a reporter that, “I think Plahotniuc tries to control everything because he doesn’t trust other people. His team is small: just five to seven people selected from his inner circle. His larger second circle consists of a wide range of people — formally they are on his team, but really they’re out for their own interests. Those are the people Plahotniuc doesn’t trust,” concluded the businessman. Maria Levcenco, “Vlad Plahotniuc.”
Moldova is a beautiful country with a rich culture and strong traditions, but for much of its history, it has struggled with particularly strong and corrupt elites. Ceding Moldova to the whims of its elites will only lead to further destabilization and create an ungoverned region where transnational criminal networks can continue to launder money, funding nefarious deeds across the globe. State capture in Moldova can be reversed. It requires the development of strong institutions and the creation of an independent judiciary to regulate recalcitrant veto players. This is possible through cooperation between domestic and foreign actors who are committed to the rule of law and democratic development in Moldova. If Moldova’s future is to be brighter, strong democratic institutions will need to be built, and the environment of impunity defeated.
APPENDIX A: PHOTOS


Figure 3. Vlad Plahotniuc, Meeting with the American Congressman Ted Poe. (Source: “Vlad Plahotniuc, at the Meeting with the American Congressman Ted Poe: Assumes to Maintain the Moldova “Western-Oriented”;” Democratic Party of Moldova. Accessed April 22, 2019.)
Figure 4. Meeting with Congressman Ted Poe in USA, Houston, TX, June 4, 2018. “The discussions were held in a friendly atmosphere, and Vlad Plahotniuc told the American Congressman that the Democratic Party of Moldova assumes the commitment to support the further Western development course and to make the Republic of Moldova a country that is convenient for citizens and attractive to investors.”
(Source: “Vlad Plahotniuc, at the Meeting with the American Congressman Ted Poe:” DPM Assumes to Maintain the Moldova “Western-Oriented”,” Democratic Party of Moldova. Accessed April 22, 2019.)
New Jersey's Representative Chris Smith congratulated the government on economic outcomes and its progress in combating trafficking in human beings.


Figure 6. Vlad Plahotniuc and Congressman Pete Olson Fist Bump. June 8, 2018.
Figure 7. Vlad Plahotniuc Talked with U.S. Congressmen Joe Wilson. June 6, 2018. 

Figure 8. U.S. Congressman Michael Thomas McCaul Sr. 
Figure 9. Vlad Plahotniuc - Posts with the New Lithuanian Ambassador to Chisinau, Kęstutis Kudzemanas.  
(Source: Facebook post. “Vlad Plahotniuc - Posts.” October 25, 2018.)

Figure 10. Estonian Prime Minister Jüri Ratas Meets with Plahotniuc. June 18, 2018.  
(Source: Velsker, “Ratas Meets with Corrupt Oligarch in Moldova.”)
Figure 11. Major Ethnic Groups in Moldova. 1994.
Figure 12. Moldova Political Map.
Figure 13. Top Issues of Concern Amongst Moldovans. February 7 and March 7, 2018

Figure 14. Concern About Corruption Continues. February 7 and March 7, 2018
Figure 15. Youth Hopelessness in Moldova. February 7 and March 7, 2018
(Source: “New Survey: Moldovans Pessimistic about Future of Youth; Cite Employment as Key Issue | IRI,” March 29, 2018.)

Figure 16. Which Politicians Do You Trust The Most. February 7 and March 7, 2018
(Source: ““IRI Moldova Poll: Next Prime Minister Must Fight Corruption and Deliver Reforms | IRI.”)
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