



**An ontological examination of the European
Neighbourhood Policy:
How has the ontology of the ENP incited gaps that
were exploited by subversive-opportunists in
Moldova?**

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“I know more than I can express in words, and the little I can express would not have been expressed, had I not known more.”

- Vladimir Nabokov

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List of Acronyms

AP	Action Plan
AEI	Alliance for European Integration
CIS	Commonwealth of Independent States
CFSP	Common Foreign and Security Policy
CPSU	Communist Party of the Soviet Union
DCFTA	Deep and Comprehensive Free Trade Area
EIDHR	European Instrument for Democracy & Human Rights
ENI	European Neighbourhood Instrument
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
EU	European Union
EUMAP	European Union-Moldova Action Plan
EUBAM	European Union Border Assistance Mission
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
OSCE	Organization for Security and Cooperation in Europe
PCA	Partnership and Cooperation Agreement
PCRM	Party of Communists of the Republic of Moldova
RCI	Rational Choice Institutionalism
SI	Sociological Institutionalism
TI	Transparency International
USSR	Union of Soviet Socialist Republics
WB	World Bank

Abstract

Many academics and policy makers have proposed that the European Union (EU) is a key external actor in the democratic transformation of post-communist countries. In this research paper, I examine one projection of the EU's external governance – the European Neighbourhood Policy (ENP) on the democratization process of the Republic of Moldova, a small country in Eastern Europe. The ENP is part of a political framework that links closer economic integration with the institutionalization of specific institutions. By exporting an institutional framework that is meant to increase the capacity of the Moldovan state to ensure the implementation of reforms, the ENP is meant to inspire marketization, through the development of rules and policies intended to complement and strengthen the efficiency of market institutions. As such, it is an indirect model of democracy promotion, promoting democracy and liberalism side by side.

In this paper I examine the ontology of the ENP to show how it has inspired gaps that were exploited by subversive-opportunists in Moldova. By linking the ENP's design to an ontology that holds relative costs to be the primarily incentives of political actors, I show why the ENP is techno-managerial and power insular. Then using the Moldovan state as a unit of analysis, I illustrate how political legacy and power dynamics have influenced implementation of the ENP. Then I show how the Party of Communists of the Republic of Moldova (PCRM) exploited ambiguities for interpretation and implementation of emerging institutional reforms in the media sector to alter the outcome of the reform process in ways that promoted their political interests.

Relevance to Development Studies

'Development studies' are permeated by discourse about democracy, which is often treated as a product of concrete institutions. By tandem, the absence of democracy is attributed to a countries' inability to develop these institutions and the solution is thereby conveyed as the development of these concrete institutions. In this RP, I would like to problematize this notion of democracy promotion in one of its manifestations: the European Neighbourhood Policy (ENP) of the European Union (EU). By showing that the ENP is a product of a particular way of thinking about institutional change, I would like to reveal the gaps it incites that can be exploited by political actors to undermine the democracy process. Essentially, I maintain the thesis that institutional transformation is central to democratization, but propose that political legacies and context matter. As such, I show that the piecemeal approach to democratization that has been taken by the EU has the potential to produce undemocratic and illiberal consequences.

Keywords

Decentralization, democracy, democracy promotion, Eastern Europe, European Neighbourhood Policy, European Union, liberal democracy, Moldova, neoliberalism, privatization, regime

Chapter 1

Introduction

Many scholars have proposed that the European Union (EU) is a key external actor in the democratic transformation of post-communist countries, inspiring political change through active and passive leverage (Tudoroiu 2011a, McFaul and Youngs 2009, Minzarari 2008, Young 2010). This paper is about the role of the EU on the democratization process of the Republic of Moldova,¹ through a political framework between them called the European Neighbourhood Policy (ENP). As the major instrument of EU external governance in Moldova since 2003, the ENP promotes democratic development through the diffusion and institutionalization of reforms intended to strengthen the efficiency of market institutions, such as the mechanisms of decentralization, accountability, transparency, and the rule of law. A variety of literature about the structural weaknesses of the ENP has appeared since its inception in 2003, but few theoretical dissections of the policy have been written linking its design to its ontology. This paper is an attempt to examine how the ontology of the ENP affects democratic development using the Moldovan state as a unit of analysis.

1.1 Organization of the Paper

This paper contains five chapters. Chapter 1 will situate the thesis by describing the context, key entities, research objectives and methodology. Chapter 2 will assess the design of the ENP. Chapter 3 will examine the ontology of the ENP and illustrate why the way of theorizing about institutional change matters. Chapter 4 will show how Moldova's political context has shaped and been shaped by the ENP using the case study of privatization in Moldova. Finally, chapter 5 will conclude the paper and address its limitations. The three appendices provide more detail about Transnistria, Moldova's economic situation, and the political system.

1.2 Situating My Research

In this section I will introduce the key entities that will be addressed throughout the paper: the European Union (EU), European Neighbourhood Policy (ENP), Moldova, and the two waves of reform since 1991.

¹ Hereafter referred to as Moldova

² Although largely taken for granted in EU discourse, democracy encompasses a variety of meanings, forms, and degrees. Within the EU, a variety of models of democracy flourish: from the more 'Anglo-Saxon' flavored, to the 'Rhenish' social market economies of France or Germany, to the 'Latin' economic systems in the southern EU (Grabbe 2002:252).

³ The majority of citizens are ethnically "Moldovan," meaning that their primary lan-

1.2.1 *European Union (EU)*

In the 1990s, democracy promotion became a central element in the EU's relations with non-democratic countries. The EU is a political and economic union that was established by the Treaty of Maastricht in 1993 and has since grown to encompass 27 member states. It has been described as a 'region state' – an entity with state-like qualities and powers in an ever-growing number of policy domains, with variable boundaries due to its ever-enlarging territorial reach as well as its Member States' increasingly differentiated participation in policy 'communities' beyond the Single Market (Schmidt 2009:25). The EU traces its origins to the European Coal and Steel Community (ECSC) and the European Economic Community (EEC) formed in 1951 and 1959. A constitutional charter and constitutional principles based upon the principles of liberty, democracy, human rights and the rule of law underlie its governmental structure. These principles imbue the 'acquis communautaire,' which serves as the main institutional framework and basis of all integrative and cooperative agreements between the EU and non-EU countries (Treaty on European Union, Article 2).

In its founding treaty, the EU is designated with "the general objective of developing and consolidating democracy and the rule of law" around the world (Treaty establishing the European Community, Article 177). The European Council defines democracy promotion as "the full range of external relations and development cooperation activities that contribute to the development and consolidation of democracy in third countries" (Burnell 2007:1). Since the 1980s, external democracy promotion has been a formal and general aim of the EU and an emphasis on democracy is evident in all of the EU's external trade and aid agreements.

Since the Copenhagen Criteria established in 1993, individual and economic freedoms have come to be regarded as the pre-conditions for democracy, leading to the development of the market economy to be seen as both catalyst and necessary condition for political freedom, including rule of law, human rights and democracy (Lipset 2003:56). As such, EU democracy promotion embodies a liberal conception² that is characterized by economic liberty and circumscription of the state (Schmitter and Karl 1991:225). Liberal democracies are seen to possess a combination of institutions that ensure that no individual or elite group can indefinitely stand above the rule of law (Gould 2005). All countries receiving development assistance from the EU are required to incorporate these shared political and economic values that underlie liberal democracy.

² Although largely taken for granted in EU discourse, democracy encompasses a variety of meanings, forms, and degrees. Within the EU, a variety of models of democracy flourish: from the more 'Anglo-Saxon' flavored, to the 'Rhenish' social market economies of France or Germany, to the 'Latin' economic systems in the southern EU (Grabbe 2002:252).

1.2.2 European Neighbourhood Policy (ENP)

The ENP is one of several institutional frameworks through which the EU (as a unit) promotes democratic and market development around the world. It is the main formal link between the EU and 16 countries located in Northern Africa, Southern Mediterranean, Caucasus and Eastern Europe. It was launched in March 2003 with the objective to support and build “deep democracy,” characterized by free speech, competitive political parties, impartial judiciary, free and fair elections, and rule of law (European Commission 2011:2-3). Officially, the ENP is mandated to “prevent the emergence of new dividing lines between the enlarged Union and its neighbours” and share “the benefits of the EU’s 2004 enlargement with neighbouring countries in order to [strengthen regional] stability, security and well-being” (Eurojargon 2012). It was strategically adapted from the earlier pre-accession process and conceived as both a means of replicating the perceived success of enlargement and assuaging the growing security fears associated with neighboring regions due to the new borders generated by enlargement (Magen 2006:398).

The ENP is part of a political framework that conceives of good government as being grounded in liberal values and wherein deeper integration with the EU is perceived as a source of greater regional security. It is meant to serve as a catalyst towards “democratic change and economic and social development” in partner countries (European Commission 2011:1-2). The mechanism of the ENP is based on the notion that networked forms of interaction between the EU and partner countries (based on the promotion of reforms targeting institutions, management capacity, and administrative and judicial systems) will transform their economic, political and social institutions as domestic institutions and laws converge to those upheld the EU. Rule projection (the *acquis communautaire*), rule transfer and rule adoption compose the defining features of the ENP. Like the earlier pre-accession process, the ENP is based on regulatory convergence in trade-related disciplines, a large part of which is oriented towards the development of institutions supporting economic growth, trade and investment (European Neighbourhood Policy Strategy Paper 2004:3-16, European Commission 2011:4). Successful implementation of these rules and regulations is supposed to make the judicial system more effective, decrease corruption and ensure the rule of law. Essentially, the ENP’s orientation towards the reform of state and economy is underpinned by the belief that corrupt behavior within the public administration can be constrained by the altering the incentives for both private businesses and reducing opportunities for state actors to distort markets (Börzel et al 2010). The main incentive offered is the promise of ‘deep and comprehensive’ integration, which links partner countries’ implementation of the *acquis* to increased economic and political integration with the EU (European Neighbourhood Policy Strategy Paper 2004:9). It is a process that Morlino and Magen (2004:11) have called the “democratic anchoring” of non-democratic countries by the EU.

In this paper I will focus on the configuration of the ENP in Moldova, thereby subsequent discussions of the ENP will be oriented towards the post-communist context in Eastern Europe.

1.2.3 Moldova

Map 1
Moldova



Source: 'Geography of Moldova', howstuffworks.com

Moldova is a small country in Eastern Europe. Since its foundation in the 14th century, the Moldovan state experienced occupation, partition and absorption by the Ottoman Empire (1400s-1812), imperial and Soviet Russia (1812-1918 and 1940-1991), and the Romanian kingdom (1859-1940). The present state includes only part of its medieval territory. The territory to the west of the Dniester and Prut rivers is now part of Romania, while the northern and southern parts now belong to Ukraine. Nearly 14% of Moldova's 3.5 million population live in the breakaway region of Transnistria (National Bureau of Statistics of the Republic of Moldova 2012).³

Moldova has been a member of the ENP since 2003 and now receives the second-largest share of EU aid per capita (Tudoroiu 2011a:253). It is an example of a semi-democratic state in that it has adopted some elements of democracy but still suffers from weak political opposition, undeveloped civil society, and lack of independent media. Although it is not a stipulation of the ENP, EU integration has been an official goal of Moldova's government since the early 2000s, and commitment to the ENP is deemed as the most important requisite to integration. In the current EU-Moldova Action Plan (EUMAP),⁴

³ The majority of citizens are ethnically "Moldovan," meaning that their primary language is Romanian rather than Russian, Bulgarian or Turkik and that their origins in the region date to before the Soviet-era (Keough 2006:438). Transnistria is a secessionist region of Moldova outside the control of the central government of Chisinau. See Appendix A for more information about Transnistria.

⁴ An Action Plan (AP) is a country-specific, tailor-made political document that defines an agenda of political and economic and sectoral reforms, as agreed between the EU and partner countries. It is one of the key instruments for the implementation of the ENP. In this RP I use the abbreviation 'EUMAP' to refer to Moldova's ENP specifically, and 'ENP' to refer to the policy more generally.

the Moldovan Ministry of Foreign Affairs,⁵ links the reforms propagated by the ENP to Moldova's goal of EU integration:

“the most efficient way to achieve political, economic and social modernization of the country is to responsibly implement the commitments deriving from the European course, as European integration means, above all, positive internal transformation of the country” (Activity Program 2011:5).

The role of the ENP on national priorities is also apparent:

“The promotion of democracy and good governance, the rule of law and human rights are key priorities of the Moldovan government ... These objectives lie at the heart of ENP policy ... the reforms [are] critical to combat corruption and further enhance the business and investment environment” (National Indicative Programme 2011-2013:13).

The interlinkage between market development and EU norms are also evident in the EUMAP.

“Implementation of the Action Plan...will furthermore help to devise and implement policies and measures to promote economic growth and social cohesion, to reduce poverty and to protect the environment, thereby contributing to the long-term objective of sustainable development...[and strengthen] the stability and effectiveness of institutions guaranteeing democracy and the rule of law...” (EU-Moldova Action Plan)

Under the EUMAP, Moldova has agreed to implement a variety of structural reforms concerned with:

- Rule of law
- Strengthening the private sector and economic growth
- More efficient management of migratory flows
- Reforms in anti-discrimination legislation, labor standards, energy infrastructure and customs

By advancing Moldovan legislation and standards to those of the EU through structural adjustments and institutional reforms, a “positive internal transformation” is expected, generating rule of law, poverty reduction, and an improved investment climate among other attributes (Activity Program 2011:5). Moldova's adherence to these preconditions set by the EU determines its degree of association and level of duty free access to the EU's internal market through the development of a Deep and Comprehensive Free Trade Area (DCFTA), which is an integral part of the Association Agreement negotiations.

1.2.4 First Wave of Economic Reform: Macro-Stabilization

International attempts at transforming the socialist economies of Eastern Europe into market ones were dominated by two models: shock therapy (advocating radical reforms and rapid transformation) and gradualism (advocating a more cautious and piecemeal approach to reforms). The World Bank (WB),

⁵ Renamed the Ministry of Foreign Affairs and European Integration of the Republic of Moldova.

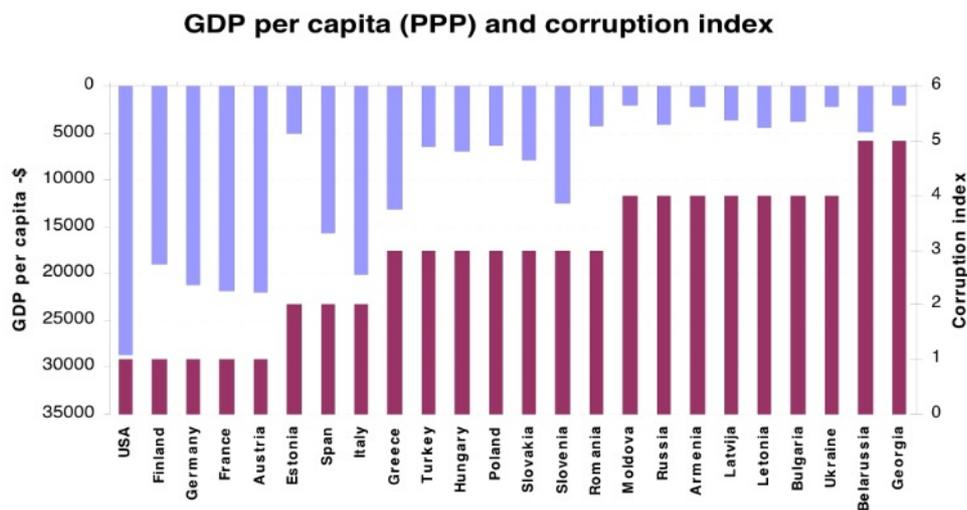
which largely represented the international community in the 1990s, came to associate the economic performance of post-communist countries with their progress in liberalization and macroeconomic stabilization. Hence, macro-stabilization and economic growth were encouraged via the restructuring of national economies through deregulation, privatization and the liberalization of prices (The World Bank in Moldova 2006). In Moldova, this led to massive privatization, with nearly two-thirds of the non-agricultural economy transferred to the private sector by 1996 (Octavian Scerbatcheski, personal correspondence, November 2012).

By the late 1990s, both the radical and gradualist models of reform started to be viewed as ineffective, due to their “non-complexity of reform” that pursued ostensibly correct liberal policies but neglected to build the prerequisites necessary to sustain them (The World Bank in Moldova 2006). The absence of these prerequisites (namely “good governance” and strong market institutions) thus came viewed as the cause of the extraordinary output collapse in Moldova and other post-communist states.

1.2.5 Second Wave: Deregulation & Privatization

The second wave of reform towards the democratization of post-communist countries focused on enhancing the institutional capacity of the state in order to enable the mechanisms of “good governance” (rule of law, efficiency, accountability) which came to be seen as the glue that held all other development priorities together (National Human Development Report 2003:3).

Figure 1



Source: Transparency International Moldova 1998 in Carasciuc 1999:6

The table above from Transparency International (TI) encapsulates this idea: linking reduced corruption (one of the markers of good governance) to economic growth in order to suggest that the success of the transition depends on good governance (Carasciuc 1999:8-14). Subsequent reforms came to embody this logic, aiming to “transcend Moldova's unfortunate Soviet inheritance” through the imposition of “meaningful” structural reforms (Hensel and Gudim 2000, Bozu et al 2007:2). As such, governance came to be viewed as

the institutional capacity of public organizations to provide goods in “an effective, transparent, impartial, or accountable manner” (World Bank 2000:48 in Kjaer 2004:11).

A similar approach to governance characterizes the ENP, which takes the form of policy coordination between the EU and partner states. The logic of efficiency, administrative capacity, economic growth and good governance runs throughout all parts of the EUMAP. Encouragement for deregulation and privatization underpin this logic because they are deemed to increase efficiency of enterprises and develop domestic capital markets by reducing regulatory burden and minimizing opportunities for state-capture and corruption (Transition Report 2012, Parker 1999:17-18, Koyuncu et al 2010:277). Despite being only one of many priority areas in the EUMAP, the privatization of remaining state-owned assets holds a central role in Moldova’s transition process and affects other priority areas in the EUMAP.

1.3 Problem Statement

Under the ENP, institutional capacity is directly linked to the development of democracy. Since the reforms advocated are mainly sectoral and technical, the ENP’s ability to tackle the core institutions of the political system (challenge the regime) in partner countries is limited (Korosteleva 2011), although governments of partner countries are more likely to adopt the reforms advocated (Lavenex and Schimmelfennig 2011). Despite ample reform measures passed in the areas of judicial reform, antidiscrimination legislation, and decentralization, very limited progress has been made in rule of law, respect for human rights, media freedom and the fight against corruption in Moldova (National Indicative Programme 2011-2013:5,13, Nations in Transit, Moldova 2012).

In this RP, I will argue that historical legacies and domestic power dynamics matter in determining how a policy like the ENP affects democratization. Moldova’s independence from the USSR did not eradicate the legacy of corruption or engender a neutral political slate. Rather, various political actors interacted with new rules established by economic marketization to create new kinds of practices after independence that shaped the trajectory of the transition. Since it is oriented towards direct cooperation with national governments and state reconstruction, the ENP may actually encourage clientelism and corruption, as politicians may be more concerned with the economic and political benefits obtained from the formal adoption of reforms than with their internalization (Bosse 2010:1304, Bogutcaia 2006:126). By providing direct budgetary support to the government of partner countries and leaving implementation up to them, the ENP does not directly challenge the practices, organizational forms and social ties that characterize the regime, leaving the same political power brokers, oligarchs, and bureaucratic machines that shaped a partner country’s non-democratic character responsible to implement the very institutions deemed to uphold democracy. These interactions between political and institutional legacies and the reform approach embodied by the ENP have shaped the character of the democratization process in Moldova (Nielsen et al 1995:33-34, Stark 1995:69, Mungiu-Pippidi 2005:34). Nevertheless, as a policy that is largely techno-managerial, the ENP does not deal with power, although power context determines the extent and manner of implementation of the reforms it promotes.

1.4 Research Objectives and Questions

In this paper, I aim to examine how the ENP's way of looking at the reform process has affected democratization in Moldova. I hypothesize that the mechanism of the ENP (focus on rule transfer, sector specificity) may undermine some of the principles encouraged by the ENP. I posit that the cause may be due to the techno-managerial and power insular approach of the ENP, which focuses too strongly on the export of institutional reforms as the basis of liberal democracy rather than power dynamics that guide in the continuity and change of institutions.

Using the privatization process as a case study (since it is an integral part of Moldova's post-communist transition and a priority area of the EUMAP), I will show how the EUMAP's emphasis on sectoral reform has created opportunities for greater corruption. I strive to show how institutional legacies and power relations matter although they are largely ignored by the design of the ENP. By arguing that the ENP is "subject to varying interpretations and levels of enforcement" that provide ambiguities "for interested agents to exploit in their effort to alter them" (Mahoney and Thelen 2010:xi), I aim to show how the ontological roots of the ENP have shaped reform outcomes in Moldova.

Research Questions

An ontological examination of the European Neighbourhood Policy:

How has the ontology of the ENP incited gaps that were exploited by subversive-opportunists in Moldova?

- What are the ontological underpinnings of the ENP and how do they guide its design?
- What are the mechanisms embodied by the ENP to promote democracy?
- Why do political legacies and regimes matter when thinking about institutional change?
- How has the political legacy of the PCRM interacted with the opportunities and constraints of the ENP to shape the Moldova's democratization?

1.5 Research Methodology

This paper was inspired by discourse about democracy that has permeated post-communist countries since their 'independence' from Communism. It is a product of my efforts to examine one of the outcomes of this discourse on one post-Soviet country (Moldova), whose democratic progress is often praised by international monitors (Shapovalova and Boonstra 2012). By contrast, citizens in Moldova have remained sceptical about their country's democratic path. I aim to look deeper into this contrast between official and public perceptions of democratization in Moldova by examining one of the frameworks deemed most influential in encouraging democratization in Moldova. This paper will focus on the ENP to see how its design, guided by its ontology, has shaped reform outcomes in Moldova. That said, many EU member states

and non-government organizations within these states also maintain independent democracy promoting activities that influence democratic development in Moldova. However, the scope of this paper is limited to the ENP.

Since the ENP approach to governance reform is concerned primarily with institutions, I will use the New Institutional framework to examine the ontological basis of the ENP. All varieties of New Institutionalism deem institutions as central to governance and seek to explain the relationship between institutions⁶ and behavior, and the processes whereby they originate and change (Hall and Taylor 1996). Variations of New Institutionalism differ in their account of the genesis and temporality of institutions. In this paper, I will build my analysis of the ENP on the work of North (1990) since both maintain an understanding of institutional change as one based on material incentives and relative costs. Then using Mahoney and Thelen's (2010) theory of gradual institutional change, I will problematize North's understanding by showing that institutional change always reflects the power dynamics embedded in social and political relations. This will enable me to argue that government capacity is not the only antagonist of the ENP's influence on institutional transformation.

In my analysis, the case of Moldova represents a case study within the larger theme, while the privatization process is the case study within the case study through which I illustrate the interplay between the ENP and power dynamics. Using Krasner's (1982) notion of regimes, I will show how residual informal practices and norms have interacted with and altered the course of new institutions. I have narrowed my analysis to privatization during the tenure of the PCRM, from the inception of the ENP in 2003 until their loss of parliamentary control in 2009. This is primarily due to data availability. Without interviews, I was limited to the secondary data I could find and access from official EU sources, peer-reviewed academic journals, civil society assessments, government briefs, ethnographies, and periodicals written in the English, Russian, and Romanian languages. To understand the latter, I used Google translation software. However, since Russian is my mother tongue I was able to (some extent) experience Moldova with my 'finger tips' during my visit this summer, engaging in spontaneous interactions on busses, in shops, in people's homes and other places that led to incites that sometimes contradicted what I read. The focus on privatization was born out of these interactions.

⁶ Institutions are defined generally as the humanly devised constraints that shape contingent choice through structures put in place in an earlier period. These include both formal and informal rules, procedures, organizations, behavioral codes and norms that guide interdependent relations between two or more people, serve some kind of social purpose, are relatively enduring features of political and social life, and exist over time in a way that transcends the intentions and actions of specific individuals (Kjaer 2004:8-9, Bevir 2009:18, Mahoney and Thelen 2010:4).

Chapter 2

The Design of the ENP

Since the early 2000s, the EU has been publicly committed to the promotion of democracy, human rights, rule of law, and the market economy around the world (Kopstein 2006:85, Cardwell 2011:31). By linking economic growth to democratic development, as if it were a requisite structural factor in the democratization process, these structural reforms embody the logic that socio-economic development underpins democracy and that it can be achieved through the transformation of key institutions (Lavenex and Schimmelfennig 2011:891). The ENP is one framework through which the EU attempts to embed liberal democratic institutions in partner countries by rewarding them with preferential trade relations and increased financial and technical assistance. It is oriented towards regulatory convergence in trade-related disciplines and bilateral relations between countries (European Neighbourhood Policy Strategy Paper 2004:16). The eastern dimension of the ENP, to which Moldova belongs, encapsulates two tracks: the bilateral track (Association Agreements, Deep and Comprehensive Free Trade Areas, dialogue on visa liberalization, cooperation in a number of fields) and the multilateral track (border management, energy supply condition, business climate support) (ENP Country Progress Report 2009). Political association and economic integration are based on institutional reforms that are conceived to generate conditions for economic growth, business environment and trade (European Neighbourhood Policy Strategy Paper 2004:9). These reforms are meant to uphold human rights, rule of law, good governance, and the market economy, thereby indirectly promoting democratic governance in partner countries through their approximation to EU sectoral legislation. As I will show in this chapter, the mechanisms employed are sector specific, regime neutral, technocratic and hierarchical.

2.1 Sector Specific

Since the ENP treats state capacity as the main challenge to a partner country's implementation of EU norms, the lack of institutions deemed to underpin 'good governance' is seen as the primary obstacle to democratization. In fact, democracy and 'capacity building' are used almost interchangeably in EU documents (European Neighbourhood Policy: Funding 2011). To achieve these, the ENP focuses on these institutions and the capacity of the political leadership to implement them. Most aid and technical assistance that comes through the ENP is directed towards state projects (European Neighbourhood and Partnership Instrument 2012).⁷ By embedding democratic principles into the governance of individual policy fields through transgovernmental, horizontal ties between the EU and the public administrations of partner countries, the

⁷ Nearly 90% of European Neighbourhood and Partnership Instrument (ENPI) funds go to country-specific initiatives and regional actions involving two or more partner countries, rather than to civil society. The ENPI is the main instrument that finances the ENP.

ENP is less overtly political and less likely to arouse opposition by third country governments (Lavenex and Schimmelfennig 2011:887,900). The result, however, is that the ENP is based on an essentially bureaucratic process, dominated by governmental and intergovernmental actors, rather than civil society and citizen actors. Such an approach may actually widen the gap between political elites and society (Pridham 2002:954).

2.2 Regime Neutral

By embedding elements of democratic governance in sectoral cooperation arrangements and promoting transparency, participation, and accountability at the level of the state administration, the ENP emphasizes the role of state elites over that of civil society. Core institutions of the political system are targeted only directly, through these piecemeal institutional sectoral reforms. As the decision of which reforms to implement and the manner of implementation are essentially left to the ruling government, the ENP is based on an assumption that the elites of partner countries want (or can be incentivized) to promote democratic change, rather than preserve the status quo (Minzarari 2008:35). By turning the reform process into a grand project of state reconstruction that is elite driven and concentrated on building up state capacity to ensure that the *acquis* can be implemented, the ENP neglects to differentiate between the various bureaucracies and assemblages of power, thereby treating the state as monolithic. This failure to challenge the power dynamics in partner countries leaves the ENP vulnerable to vested interests and susceptible to strategic implementation. Essentially, the EU works with the regime through the ENP, disaggregating policy objectives into smaller ‘doses’ of policy measures, which are low-politics, low-cost, technical and relatively uncontroversial, and thereby less likely to incur opposition from the regime (Popescu 2011:17).

2.3 Technocratic

For the ENP, the understanding of ‘good governance’ revolves around technical and managerial connotations (Hout 2013:1), turning the process of achieving it into a set of sectoral, small-scale, apolitical and technical interventions in the form of institutional reforms that enhance capacity of the state to implement and uphold these very institutions. This type of governance model postulates an indirect way of democratic governance promotion by locating democracy at the level of the principles that guide administrative rules and practices in the conduct of public policy (Lavenex and Schimmelfennig 2011:895). Governance is thereby reduced to a set of good policies and institutions, while the lack of democratization is reduced to the failure to develop them. Consequently, the ENP is a depoliticized and legalistic approach to governance. This can be seen in nearly all ENP projects (such as the ENPI, Twinning, Technical Assistance and Information Exchange programs), as they are primarily concerned with enhancing the effectiveness of the institutions that promote transparency, accountability and participation in their administrative rules and practices.

2.4 Hierarchical

Despite being delineated as a framework that reflects the internally agreed preferences of the EU and partner countries via an Open Method of Coordination,⁸ the ENP embodies a hierarchical mode of governance. The high degree of asymmetrical economic interdependence between the EU and ENP partner countries mean that relations are inherently unequal.⁹ The EU draws heavily on its superior bargaining power to set priority areas for reform and then has the power to evaluate and monitor their implementation (Casier 2011a:48). Schimmelfennig and Sedelmeier (2004:675) have suggested that EU rules are predetermined and non-negotiable formalities, the negotiation of which is limited to bargaining over transition periods, which relate to the speed of rule adoption, rather than content. Moreover, even the ability of partner countries to participate in priority-setting is limited because even though some national agencies and government officials do participate, civil society and other non-state actors (municipalities, academia and business) are excluded (Munteanu et al 2009:5).

2.5 Conclusion

As I showed throughout this chapter, the ENP is characterized by a sectoral, policy-specific logic that is based more on networked forms of interaction and promotion of the approximation to EU norms and practices than on a hierarchical form of policy export. As a policy based on voluntary cooperation, the ENP uses its normative appeal and superior bargaining power to influence the governments of partner states to implement the reforms recommended by the APs. Nevertheless, the ENP is selective (prioritizing certain sectors) and partial. Comparisons of ENP APs reveal an incoherent democracy promotion policy, suggesting that the EU's geostrategic interests dominate (Lavenex and Schimmelfennig 2011:899). Magen (2006:385) has called the EU as a new type of international regime that uses its liberal-democratic credentials, legacy of successful reconciliation, and symbolic status as post-nationalist supranational entity to pursue its geopolitical goals, such as regional stability and economic liberalization. Schmidt (2009:19) has noted that in creating the European market and portraying the institutionalization of liberal democratic institutions under the guise of universalism, the EU has effectively 'economized' on democracy.

As a democracy promoting agent, the EU has passive and active leverage.¹⁰ The ENP is an example of largely passive leverage, which is based on the EU having the biggest single market in the world, the largest aid budgets, and the normative power of its values. A slightly more active type of leverage comes from the promise of deeper economic integration between the EU and partner countries in response to the progress they make in implementing the

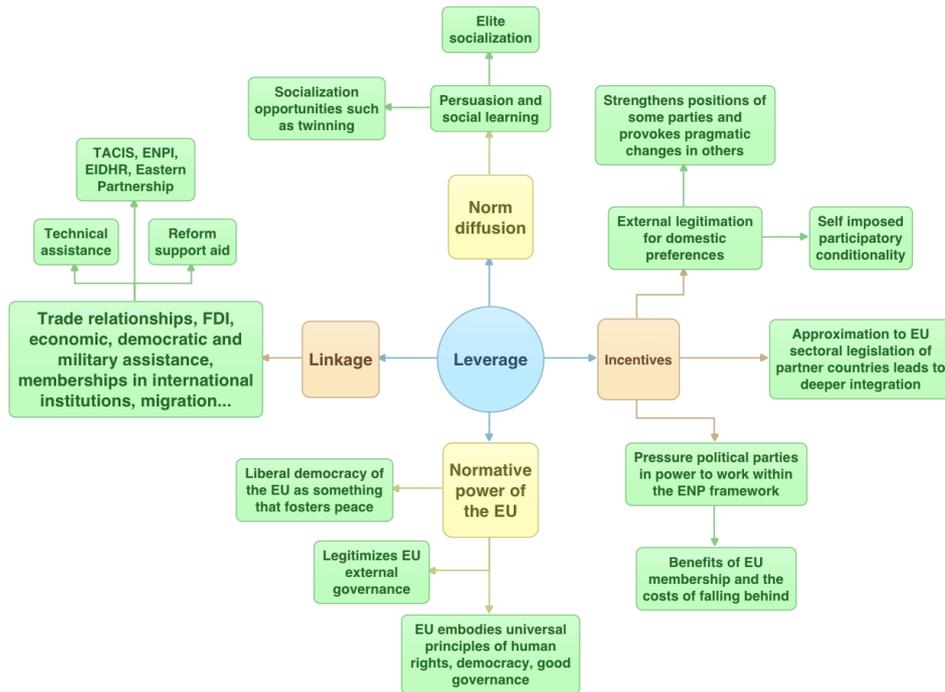
⁸ Open Method of Coordination means that goals and principles are formulated and evaluated by the EU in consensus with a partner country.

⁹ For example: Almost one-third of Moldova's exports go to the EU, while these represent only 0.6% of the EU's imports.

¹⁰ Leverage refers to the bargaining process between the EU and partner states.

institutional reforms noted in their APs. Several authors have noted that the most active type of leverage is the promise of EU membership, which the ENP does not offer (Emerson and Noutcheva 2004, Popescu 2005, Raik 2006). The figure below illustrates the sources of ENP leverage described by various scholars:

Figure 2
ENP Leverage



Source: Compiled using Cardwell 2011; Freyburg et al 2011; Lavenex and Schimmelfennig 2009, 2011; Morlino and Magen 2004; Sasse 2011; Schimmelfennig and Sedelmeier 2004; Vachudova 2008; Vachudova and Hooghe 2009.

In the next chapter, I will show how the four aspects of the ENP that I described (sector specificity, regime neutrality, technocratic approach and hierarchical nature) are manifestations of the ENP's ontological foundation. As such, the illustration of leverage pictured above is rooted in a particular way of thinking about institutions and institutional change that I will problematize and argue is a techno-managerial and de-politicized approach.

Chapter 3

Theoretical framework

As stated in the introduction, two waves of reform can be detected in the post-communist countries of Eastern Europe, the first encouraging gradual liberalization, the second focusing on state capacity and ‘good governance’ as the means to achieving liberalization. As an outgrowth of this second wave of reform, the ENP is rooted in the premise that governance, democracy and accountability are mutually constitutive. Consequently, two logics imbue the ENP’s notion of governance:

- The ‘logic of appropriateness’ reflects norms and values. Rules are followed because they are seen as natural, rightful, expected, and legitimate, not because they guarantee efficiency (March and Olsen 2004:3-4).
- The ‘logic of consequentiality’ reflects incentives and constraints. Effectiveness is emphasized more than the principles and procedures to be followed (March and Olsen 2004:18).

These two logics are treated as mutually constitutive within the EUMAP:

Logic of appropriateness	“[The ENP] will build on mutual commitment to common values principally within the fields of the rule of law, good governance, the respect for human rights, [and] the principles of market economy” (European Neighbourhood Policy Strategy Paper 2004:3)
Logic of consequentiality	“[The ENP] offers neighbouring countries the prospect of a stake in the EU Internal Market based on legislative and regulatory approximation, the participation in a number of EU programmes and improved interconnection and physical links with the EU” (European Neighbourhood Policy Strategy Paper 2004:14)

In this chapter I will show that such a notion of governance as an amalgam or the juxtaposition of these two logics incites a technocratic approach that perceives governance reform as the improvement of ‘weak’ institutions. Consequently, the ENP neglects to analytically distinguish between the formation and stewardship of the formal and informal rules that regulate the public realm (governance) and the state or institutional and procedural characteristics of a regime (government) (Hyden et al 2004:16, Kjaer 2004:3). By making an analytical distinction between them, I aim to articulate the narrowness of the ENP’s notion of governance and to show how power-relations and power dynamics embedded in social and political relations make a difference on the processes of institutional change.

3.1 Technocrat in Disguise

The European Commission (2003) defines governance as “the rules, processes, and behavior by which interests are articulated, resources are managed, and power is exercised in society.” Consequently, the prospective solution is the application of the principles of good governance to the policy repertoires of non-democratic countries. This delineation of governance as a panacea to be applied speaks to the two logics described above (legitimacy and efficiency) and falls into the ontological camps encapsulated by two frameworks within New Institutionalism: Sociological Institutionalism (SI)¹¹ and Rational-choice Institutionalism (RCI). Both SI and RCI uphold the role of culture and incentives as guiding factors; however, SI conceives that institutions are structured *primarily* by cultural norms (Schmidt 2010:2), whereas RCI conceives that institutions are structured *primarily* by material incentives (North 1990:3).

In its focus on increasing the legitimacy of liberal democratic institutions through their portrayal as universal norms, the EU insinuates compliance through its normative power.¹² In its focus on the improved efficiency of liberal democratic institutions, the EU insinuates compliance through material incentives. As I will show from this point forward, the ENP is largely rooted in the latter logic, which I will elaborate using the theoretical framework of institutions by North (1990).

North describes institutional change and continuity as based on the degree to which institutions respond to changing relative prices and preferences, evoking the ‘logic of consequentiality.’ In other words, political actors (organizations and interest groups) are motivated by the incentives embodied in the institutional framework and strive to keep institutions as they are if they have a stake in them (hence generating institutional persistence or path dependence) or by endeavour to change them in a process that is usually incremental (ibid:16,83,99). North upholds the alteration of cultural norms and transaction costs and emphasizes that institutional change involves the adjustment of both formal and informal constraints. Since culturally derived norms of behavior (informal rules) effect formal rules but do not necessarily correspond to them, a temporary institutional disequilibrium is bound to occur when one type of rules change before the other. When norms and formal rules do converge, an institutional equilibrium occurs (ibid:87-88). In short, because institutions as coordinating mechanisms, institutional change is shaped by:

¹¹ Also known as Normative Institutionalism

¹² In standard SI analysis, institutions are seen as social constructions, and thereby amenable to change through socialization and persuasion that lead to the development of new identities in political actors. March and Olsen (1996:251-259) emphasize that institutional change occurs when rules, identities, and roles are re-interpreted, leading to drifts in meaning that generate opportunities for the development of alternative institutions. This process of norm diffusion is evident in the EU’s emphasis on ‘European values’ or ‘shared values’ (EU Focus 2005). By portraying the *acquis* as a universal set of values, the ENP strives to alter the preferences, expectations, beliefs, and identities of domestic political actors. Consequently, political actors who come to embody these norms may become more empowered and legitimated. As these ‘norm entrepreneurs’ become more powerful they can exert pressure on others to conform, gradually reorienting the shape and direction of politics (Borzel and Risse 2000:1-2).

- The lock-in that comes from the symbiotic relationship between institutions and the organizations that evolved as a consequence of the incentive structure provided by those institutions, and
- The feedback process by which human beings perceive and react to changes in the opportunity set (ibid:7).

A similar rationale of changing relative costs as the guiding incentivizing factors for political actors and institutional change can be found in the ENP with its promise of deeper economic integration and technical assistance in return for the implementation of institutional reforms. This “institutional anchoring of incentives” (Knio 2013:108), connecting microlevel activity with macrolevel incentives, reduces governance to an amalgam of institutions that exist in a state of equilibrium and incentives as the guiding force that motivates political actors to change institutions. By presenting institutions as an amalgam of incentives, incentives become the mechanisms that endogenously and exogenously propel institutional continuity and change. Consequently, the ENP’s notion of governance is reduced into an institution itself.

North allows for multiple equilibria, considering that there is an ongoing process of contestation over institutions. However, he attributes institutional change largely to incentives, because for him institutions are expressions of the costs of exchange and production that determine transaction costs for political actors (North 1990:94-5). He argues that since institutions affect the subjective models of political actors, actors may not be incentivized to move toward efficient (and democratic) outcomes. But if political actors (political elite, organizations and entrepreneurs) were under the influence of a better (and liberal democratic) institutional structure, they would inevitably choose the more productivity-increasing paths embodied by liberal democratic institutions. Bad institutions are thereby relegated to products of the ‘wrong’ incentives (ibid:9). Consequently, the non-democratic past of post-communist countries comes to be viewed as a consequence of the countries’ institutional frameworks, which provided the wrong incentive structure for liberal democracy. The ensuing solution then is to embed clear opportunities (incentives) in democratic institutions so that political actors will favor them once they realize that they decrease their transaction costs (efficiency). Thus, the ENP focuses on exporting the institutional framework (the *acquis*) as a way of restructuring the structure of incentives. The ENP’s goal is to create an institutional environment that reduces transaction costs through the institutionalization of transparency, accountability, participation, and other institutional reforms. However, as I will show throughout the paper, since this restructuring takes place at a sectoral and state level, these formal changes in rules may produce inconsistencies with informal rules and practices. The ENP’s notion that once the right institutions are in place a convergence between formal and informal rules will eventually occur¹³ ignores the ambiguities present in the interpretation and implementa-

¹³ For more detail about the links between market institutions, economic development and democracy promotion, see the FAQ about the ENP on the official website of the EU.

tion of institutions. Hence, the ENP is more concerned with “how” to get the design and sequencing of the institutional frameworks right, rather than who will implement or contest these institutional reforms and why.

3.2 Power is Ubiquitous

Treating institutions as coordinating mechanisms that sustain particular equilibria implies that institutions are essentially structures of incentives that set the material reality that constitutes the setting within which (or in response to which) agents conceive of their interests. However, this approach to institutions neglects to account for the origins of these material interests (Schmidt 2010:8-10). Similarly, the emphasis on cultural norms and ‘norm entrepreneurs’ evokes a view of institutions as structures external to agents, with new interpretive frames (that guide how actors unsettle dominant practices and impose their preferred alternatives) imported from the outside, rather than generated through endogenous processes (Mahoney and Thelen 2010:5-6). Consequently, political legacies and power dynamics are neglected, obscuring the role of history, path dependence¹⁴ and agency although these are nevertheless critical factors that shape institutional modes.

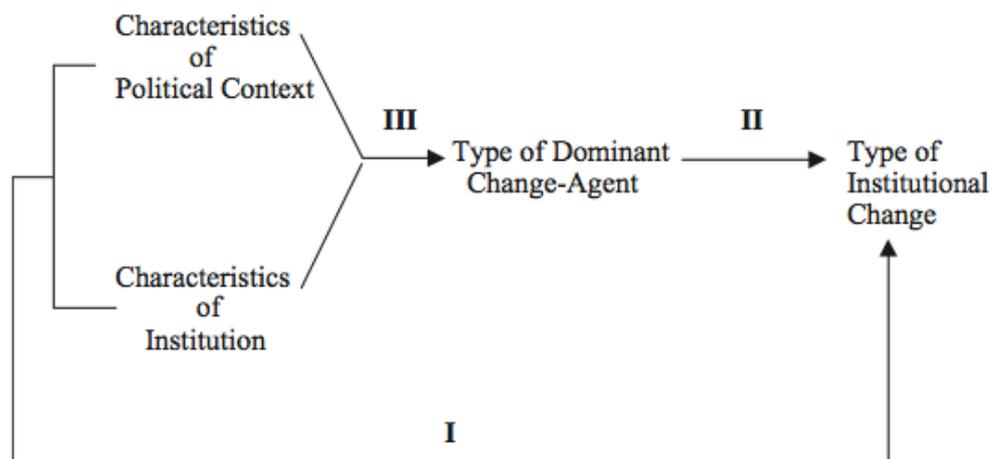
The power-contextual approach developed by Mahoney and Thelen (2010) treats institutions as “distributional instruments laden with power implications” (Hall 1986 in *ibid*:8). By treating institutions as always embodying gaps that are exploited by political actors through compromises, coalitions, contestations leading to gradual and persistent endogenous institutional change (*ibid*:8), this power-contextual approach problematizes the methodology of the ENP. Whereas the reform implementation process evoked by the ENP evokes a treatment of institutions as relatively enduring features of political and social life whose change involves the “breakdown” of one set of institutions and their replacement with others, the power-contextual approach emphasizes the role of power dynamics to show that institutions instantiate power and are therefore always contested. Mahoney and Thelen emphasize that the “change-permitting” properties of institutions themselves generate spaces for political actors to foster change (*ibid*:3). By contrasting North’s view of institutions with the one developed by Mahoney and Thelen, I aim to show how the former (imbued by the ENP) neglects the role of historical pathways and political legacies as forces that shape the trajectories of institutions. By using Mahoney and Thelen to emphasize the role of power dynamics, conflict and agency, continuity and temporality, I propose that the notion of governance as an institution embodied by the ENP is representative of a particular logic whose ‘solutions’ represent a particular mode of thinking about institutional change, democracy and transitions.

¹⁴ Path dependence refers to the conditioning effects of political institutions and rules put in place in earlier periods that mold the preferences and capacities of individuals despite the enactment of new rules (Karl 1990:7-8).

3.3 Mahoney and Thelen’s Theory of Gradual Institutional Change

The theoretical framework explaining the modes of institutional change developed by Mahoney and Thelen (2010) emphasizes the ambiguity embodied by all institutions and the role of political struggle in institutional change. Accordingly, because resource allocation is inextricably intertwined with struggles over the meaning, application, and enforcement of institutional rules all institutions carry a dynamic of potential change that provides critical openings for creativity and agency. Since political actors are immersed in a multiplicity of institutions, both formal and informal rules define the channels and resources through which they can seek institutional change. Moreover, actors who are disadvantaged by one institution can use their advantaged status vis-à-vis other institutions to enact change or try to bend the institutions and re-interpret the rules to fit their interests and goals. Hence, the distinction between formal (explicit) rules and procedures and informal (implicit) norms is a constantly changing distinction due to the on-going mobilization of resources and the fluid nature of institutions themselves (ibid:8-12).

Figure 3
Framework for explaining modes of institutional change



Source: Mahoney and Thelen 2010:15

The above figure illustrates how the characteristics of both the political context and the institution in question shape the type of dominant change agent that is likely to emerge and the kinds of strategies this agent is likely to pursue to effect change. The three links in the figure show how change-agents become the intervening step through which the character of institutional rules and political context do their causal work.

The *first link* shows how the character of existing institutional rules and the prevailing political context affect the likelihood and type of change. To conceptualize the dimensions of institutions and of political context that matter the most for explaining variations in modes of institutional change, Mahoney and Thelen (2010:18) ask two broad questions:

1. Does the political context afford defenders of the status quo strong or weak veto possibilities?
2. Does the targeted institution afford actors opportunities for exercising discretion in interpretation or enforcement?

The *second link* shows how the type of change-agents that emerge guide institutional change. Since institutional change may be an unintended by-product that grows out of distributional struggles in which no party explicitly sought the changes that eventually occurred (or perhaps actors pursued a strategy of short-run conformity in the service of long-run insurrectionary goals) rather than a product of actors with transformational motives, Mahoney and Thelen (2010:22-23) propose that immediate rule-conforming behavior is not necessarily analogous with the overall goal of institutional maintenance. To this effect, they ask two questions:

3. Does the actor seek to preserve the existing institutional rules?
4. Does the actor abide by the institutional rules?

Mahoney and Thelen propose that the institutional context determines the answer to the above questions (*third link*). Consequently, they posit that the political and institutional context determines political actors' opportunities and means of contestation. They identify four different types of change-agents, who depending on their position within the regime and characteristics of the institution will strive to affect institutional change either through displacement, conversion, drift or layering (2010:27-8). In my analysis I will merge two types of change-agents distinguished by Mahoney and Thelen (*subversives* and *opportunists*) to explain how Moldova's political and institutional context has led to their identity and behavior.

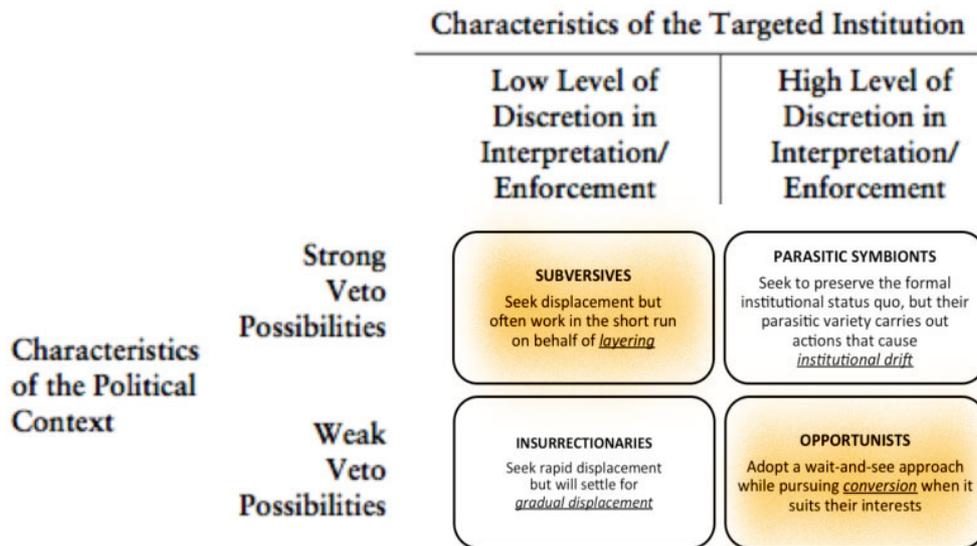
Subversives are defined as

“actors who seek to displace an institution, but in pursuing this goal they do not themselves break the rules of the institution. They instead effectively disguise the extent of their preference for institutional change by following institutional expectations and working within the system. From the outside, they may even appear to be supporters of the institutions. But they bide their time, waiting for the moment when they can actively move toward a stance of opposition. As they wait, they may encourage institutional changes by promoting new rules on the edges of old ones, thus siphoning off support for the previous arrangements” (ibid:25-26).

Whereas opportunists are defined as

“actors who have ambiguous preferences about institutional continuity. They do not actively seek to preserve institutions. However, because opposing the institutional status quo is costly, they also do not try to change the rules. Opportunists instead exploit whatever possibilities exist within the prevailing system to achieve their ends” (ibid:26).

Figure 4
Institutional Change-Agents



Source: Adapted from Mahoney and Thelen 2010

By merging these two types of distinguished change-agents into my analysis of the Moldovan government, I can articulate how the constraints and opportunities of the institutional environment in Moldova produced change-agents I call ‘subversive-opportunists.’ These change-agents were not *symbionts* because they did not depend on the existence and efficacy of the institutions that they exploited to advance their interests. Unlike *symbionts*, the Moldovan actors I will describe had strong veto possibilities like *subversives*, but also a high level of rule interpretation and enactment opportunities that allowed them to bend the rules of institutions like *opportunists*. Hence, they engaged in patterns of *layering* and *conversion* to graft new rules on top of old ones and enact rules in new ways that resulted in the undermining of institutions that they pledged to support. Using this adapted framework of change-agents, I will show how political actors could work within the system to achieve their political goals by grafting new institutional elements onto old ones and by re-interpreting and enforcing institutions in ways that contributed to their interests (ibid:24-27).

3.4 Conclusion

Scholars of the ENP have criticized its capacity as a democracy promotion tool for a variety of reasons:

- It’s top-down approach focusing on institutional reforms, rather than civil sector (Magen 2007)
- It’s vague provisions and criteria for evaluating compliance and lack of sanctions (Kelley 2006, Lavenex and Schimmelfennig 2011)
- It’s lacks of strong incentive mechanisms (Raik 2006, Börzel and Risse 2004)
- It’s selectivity (prioritizing certain sectors) and partiality (Casier 2011)

But few criticisms have appeared linking its weakness to its ontological roots. In this chapter, I introduced the theoretical framework developed by North (1990) defining institutions as embodiments of incentives in order to contrast it with Mahoney and Thelen's (2010:8) framework defining institutions as "distributional instruments laden with power implications." By doing so I aimed to illustrate the shortcomings of the ENP, which treats actors as responsive primarily to transaction costs imbued by an institution. By contrast, I argued that the ambiguities for interpretation or implementation of existing rules always present in institutions provide political actors the space to re-deploy these rules in ways unanticipated by their designers.

Throughout this chapter, my aim has been to articulate why the ENP remains technocratic in its approach despite being called 'a new model of democracy promotion' (Tudoroiu 2011). What is new about the ENP is that it incorporates the role of norms into its methodology by paying some attention to how political culture inherited from the communist past has influenced subjective models of political actors in ways that deter democratic development. But the result doesn't decrease the ENP's technocratic way of looking at institutions because the problem of illiberal development paths is similarly framed as a consequence of the wrong incentives. The prospective solution thereby becomes reshaping the preferences of political actors toward liberal-democratic institutions by reinforcing the lower relative costs' potential of these institutions to political actors. The approach follows a way of thinking that presupposes that once political actors have a stake in the new institutions, they will become agents who strive to sustain these institutions. But by conflating governance with efficiency and legitimacy, the ENP neglects the dynamic shifts in resource mobilizations that provide opportunities and constraints to different actors at different moments at time. Moreover, embedding the principles of good governance into institutional reforms obscures the dynamics of power embodied by institutions. In this way, the ENP's treatment of institutions as coordinating mechanisms of incentives has led to the reduction of governance into an institution itself, ignoring the implications of its wider meaning as the stewardship of the formal and informal rules that regulate the public realm (Hyden et al 2004:16).

In the subsequent chapter, I will show how the power context in Moldova during the first six years of the EUMAP altered the trajectory of the democratization process in ways that contradicted the intentions of the ENP. By showing how the design of the EUMAP neglected power dynamics in Moldova, I will explain how subversive-opportunists exploited the gaps within institutions to promote their agendas.

Chapter 4

Case Study: Moldova

This chapter will proceed in three parts. First I will theorize to what extent a break with the communist regime of the Soviet era occurred during Moldova's independence from the USSR and assess the implications of this on Moldova's early privatization process and transition. Second, I will show how informal power structures leftover from the Soviet-era have guided the privatization process since the inception of the EUMAP. Thirdly, I will show how the ENP's techno-managerial and power insular approach to governance incited gaps that enabled political actors in Moldova to use the ENP as a strategic tool to consolidate power.

4.1 Critical juncture

The collapse of the Union of Soviet Socialist Republics (USSR) in 1991 provided a critical juncture for the market-based reforms that have been implemented since.¹⁵ This critical juncture came in the form of the independent Moldovan state, which provided new opportunities for changes of previously locked-in institutional arrangements. As described in chapter 1, the international community aided Moldova's transition towards democracy and the market economy, through financial aid and technical assistance. The new Moldovan constitution passed in 1994 asserted the state's duty in upholding electoral competition, protecting human freedoms and ensuring the development of entrepreneurial activity (The Constitution of the Republic of Moldova, Title IV). But to what extent did these signify a long jump or only a step away from the Soviet-era regime?

One of the most common misconceptions about the collapse of the USSR is that it unquestioningly constituted a regime change. However, if regimes are understood as something more than temporary arrangements that change with every shift in interests or power (Krasner 1980:4), then the question of whether or not a change of regime took place in Moldova after independence depends on the extent to which the post-communist governments embodied different norms and principles from their Soviet-era predecessors. By conceptually distinguishing 'regimes' (as defined by norms and principles) from 'government' (defined by rules and procedures) it becomes possible to ascertain how the pace and direction of the transition has been shaped by the nature of regime

¹⁵ Although, one can also argue that the market reforms introduced throughout the 1990s were the result of gradual changes (rather than a critical juncture) that began long before 1991 when actors on the periphery of the existing system were able to introduce incremental changes through processes of what Mahoney and Thelen (2010) call "layering." For example, perestroika, glasnost and the ethno-nationalist conflict of the late 1980s broke the political monopoly of the CPSU, leading to the emergence of opposition groups from the former Soviet elite who began to initiate changes designed to open the political process and restructure the economy even before the dissolution of the Soviet Union (Crowther 1998:150,158-9).

change. In order to show that even the way of looking at Moldova's regime matters, I use Krasner's (1980) notion that changes in rules do not always signify changes of the regime because they do not always correlate to changes in norms.

Throughout Moldova's 50 years under Soviet auspice, the Communist Party of the Soviet Union (CPSU) dominated Moldova's political system, preventing electoral competition and civil society activity (Linz and Stepan 1992:131). The collapse of the USSR in 1991 initiated an abrupt collapse of political institutions in Moldova, but the proceeding weakness of anti-Soviet mobilization and high levels of political instability throughout the first decade of independence deterred a sharp break with the Soviet regime. Throughout the 1990s, elites from the Soviet-era exercised a great deal of influence over democratic institutions because so many of them were able to gain positions in the 'transition' legislature (Crowther and Matonyte 2007:283). Moreover, the patrimonial system based on personal loyalty and capital exchanges in exchange for political and economic resources that had characterized Moldovan society during the Soviet-era remained in post-communist Moldova, where clientelism remained the driving force (Sandholtz and Rein 2005:127, Parmentier 2008:29-30). As such, political parties more closely resembled movements around individual political leaders than organized political parties (Deen 2009:327). Informal practices and power structures thereby became the primary mechanisms for implementing policies and allocating resources throughout the 1990s. Consequently, although some of the institutional and political constraints of communism had dissolved, many informal practices remained and affected the course of reform towards democratic and market development. Although post-communist Moldova was characterized by more openness and pluralism¹⁶ and had developed a parliamentary multiparty system, electoral competition, and a constitution, many informal institutions of the Soviet-era had remained, leading some scholars to propose that the representatives of the newly independent country were in fact a 'continuist' regime (Parmentier 2008:24, Crowther 2011:147-149).

Privatization before the ENP

With the goal of developing capital markets emerging in post-communist discourse in Moldova, many enterprises were restructured through privatization in the first decade of independence. In Moldova, privatization started with high levels of state ownership and a high degree of norms, personnel and administrative practices carried over from the Soviet-era (Sandholtz and Taagepera 2007:114-5). Increasing political fragmentation and power struggles between the executive and legislative branches of government led to a contradictory, interest-motivated character of privatization throughout the 1990s: the passage of regulations in support of privatization, followed by numerous bureaucratic obstacles put in place by the government to prevent it (Crowther 2007:105,108,

¹⁶ Political pluralism was largely due to the inability of groups to concentrate political control, preserve elite unity, control elections and media, or use force against opponents (Way 2005).

Baltag 2010:32, Tomescu-Hatto 2008:207, Ronnas and Orlova 2000:20,54, Gutsu 1996:351-2).

Generally, smaller enterprises were privatized through traditional auctions, while larger enterprises were privatized through their reorganization into joint-stock companies with shares sold at share-subscription auctions (Gutsu 1996:345). By 1996 approximately 90% of Moldova's population had used their privatization vouchers to privatize apartments or invested them in shares of companies, and nearly two-thirds of the non-agricultural economy had been transferred to the private sector (Octavian Scerbachi, personal correspondence, November 2012). Nevertheless, privatization between 1991 and 1999 failed to attract new capital for enterprises or improve delivery of services. Rather, it resulted in the withdrawal of the state and the "waste, theft, and fraudulent use of business assets" which contributed to the massive fiscal shock that exacerbated the transformational recession in Moldova (Hamm et al 2012, Josanu 2009, Carasciuc 1999:51-52).

Essentially, early privatization created both incentives and opportunities for greater corruption given that the allocation of economic resources was still directed by power structures guided by norms of the Soviet-era and not constrained by effective laws. Without effective laws guiding privatization, various falsifications allowed some groups of stakeholders to buy assets at derisory prices and prevented large portions of the privatization funds from reaching the state budget (Chivriga 2009). This was because privatization was basically added to the existing features of the polity, ignoring the close links between state and society (economic oligarchies, public agencies and political elites) that had remained after the dissolution of the USSR. This was the beginning of a continuum of subversive-opportunist activity by political actors with rule enactment and veto opportunities. In short, political actors in post-communist Moldova collaborated with influential outsiders who encouraged privatization and other market reforms in order to ascertain control over the emerging power structures. These subversive-opportunists were able to extract resources from the emerging market economy while ostensibly supporting its development and underlying principles by disguising their non-reformist preferences by altering or re-interpreting institutional changes in ways that reinforced their agendas.

4.2 Continuity

The re-birth of the Moldovan state in 1991 was a critical juncture because it 'punctuated' the trajectory of policies that had been institutionalized during the Soviet-era, generating a period of contingency during which the usual constraining structures were reduced, opening up opportunities for political actors to generate new institutional patterns (Mahoney 2001:112). However, although this critical juncture created new opportunities and new actors, it was asphyxiated by the residual norms left over from the Soviet-era regime and the subversive-opportunist political actors that emerged in its wake.

The switch back to parliamentarism in 2000 was designed to stabilize the political system and decrease executive authority in favor of the legislature,¹⁷ but actually led to an increase of executive power and the reduction of alternative policies (Roper 2008:112-4, Minzarari 2008:19). The Party of Communists of the Republic of Moldova (PCRM) used their victory in the 2001 national election to reorient the new constitutional changes in ways so as to consolidate their power, control the media, and limit opposition (Crowther 2011:164-8, Tudoroiu 2011b:291). They capitalized on the difficult economic situation and social tensions present in Moldova¹⁸ through a platform based on Soviet nostalgia, evoking the support of the elderly and those marginalized by the market reforms of the 1990s. Their platform emphasized ‘Moldovanism’,¹⁹ integration in the Russia-Belarus-Union, and other elements that the opposition considered ‘anti-reformist’ (March 2007:602-5). The new parliament elected PCRM leader Vladimir Voronin as president, who pledged to transform the country “from an impoverished backwardness...into a modern, dynamically developing country” (Freedom House 2002). As opportunists, the PCRM benefited immensely from the political instability of the time and weakness of the other parties (Crowther 2011:148,157, Ronnas and Orlova 2000:54-55). As subversives they capitalized on their electoral victory by reorienting the institutional changes made earlier in ways that upheld their power.²⁰ Consequently, over their eight-year hold over parliament, the PCRM managed to reverse the prevailing political order and establish themselves as a semi-consolidated authoritarian government.

In May 2000, the PCRM was the only parliamentary party that refused to join a platform for European integration and espoused strong criticism towards the Council of Europe’s recommendations for privatization of remaining state assets (Van Meurs 2004, Vitu 2009:193). But after the eruption of street demonstrations against the PCRM in 2001²¹ and the intervention of the

¹⁷ Moldova changed from a parliamentary (1990–1991) to a semi-presidential (1991–2000) and back to a parliamentary regime (2000–present). This last change was motivated by the constitutional crisis that emerged due to difficulties between the President Petru Lucinschi and parliament, which prevented effective policy-making.

¹⁸ Economic difficulties included an insufficient market for its agricultural products, lack of industrial infrastructure (because it was located predominantly in Transnistria), and high energy costs (because Moldova is dependent on energy resources from Russia who controls pricing). Social tensions were due to the prevailing conflict over Moldova’s national identity relative to Romania, and linguistic and ethnic polarization.

¹⁹ Moldovanism can be understood as the conception of Moldova as culturally, linguistically and historically distinct from Romania. It can also be understood as Moldovan-ness as an identity inclusive in the civic sense of the Russophone population in order to quell ethnic tensions and re-integrate Transnistria.

²⁰ For example, the PCRM used the established legal framework to increase electoral thresholds to limit political party participation in parliament, to pass press laws that restricted media freedom and limited press coverage of the opposition, and reinstate the Soviet-style system of territorial administration to disband the autonomy of local governments (Untila 2006, Bogutcaia et al 2006:123).

²¹ These demonstrations were fostered by the opposition who had reintroduced ‘Europe’ as a key symbol in political debates to emphasize the PCRM’s anti-reformist stance.

Council of Europe to quell them, the PCRМ altered their stance towards the EU (Cash 2009:262).

The PCRМ's reorientation towards the EU did not signify an abandonment of their principles or earlier initiatives. Rather, they acted as opportunists, recognizing the constraints imposed by the domestic and international environment, where the EU was gaining increasing legitimacy and the domestic arena was unstable (Crowther 2007:111). The PCRМ's turn towards the EU reflected strategic calculation and the Party's willingness to exploit whatever possibilities existed within the prevailing system. Romania's upcoming accession to the EU could have also played a role, since it led to material impacts through the tightening of border controls and the renegotiation of Moldova's 'special status' with Romania (Cash 2009:260-2). Moreover, unlike their Soviet predecessors, the PCRМ were compelled to appeal to populism because they could not engage in more coercive measures to consolidate their power (March 2007:613). As such, engagement with the EU was the Party's response to the changing character of the political environment domestically and internationally (Vachudovaa and Hooghea 2009:206). As predicted by Vachudova's (2008:864) notion that being in power is correlated more with supporting the EU than ideology or party affiliation, the PCRМ reversed their stance towards the EU and initiated the ENP in 2003. By 2005, EU integration was a key aim of the PCRМ's platform, sidelining its 2001 position that called for deeper integration with Russia. In short, I propose that the PCRМ initiated the ENP and proclaimed EU integration as a goal because it needed the legitimacy that the EU could accord.

Until their loss of parliament in 2009, the PCRМ implemented a host of EUMAP reforms that led to deeper levels of economic integration with the EU, including the abolishment of tariffs and other barriers for many goods produced in Moldova. However, in spite of their progress in adopting these sectoral reforms, the PCRМ also eroded institutional autonomy and exploited state resources throughout their eight year control over parliament (Crowther 2011:164-8, Tudoroiu 2011b:291). As subversive-opportunists, they operated within the logic of the system in ways that gradually reoriented the reform process towards their power interests. They implemented reforms strategically and partially, so that reforms perceived as a threat were opposed or re-interpreted, while those that were deemed useful were implemented (Minzarari 2008:15). State-owned institutions that were of interest to the PCRМ were formally transferred to the private sector without real change, while the 'task' of creating a 'favourable business environment' benefited mostly the already prosperous businessmen in the PCRМ's own party (Tudoroiu 2011b:312). In this way, the PCRМ secured their power by gradually grafting new institutional elements onto old ones and promoted their interests by strategically implementing the ENP. As I will subsequently show through the four privatizations of media outlets in 2005 and 2007, the PCRМ exploited the ambiguities incited by the design of the ENP to undermine the intended outcomes of these institutions. Whilst the EU encouraged privatization of the media in order to incite more pluralism and freedom of expression, the PCRМ used these privatizations to limit media pluralism and centralize their power.

Privatization during the ENP

Before the initiation of the ENP, the PCRM had attempted to control the media by replacing executives at state radio and television stations with those who exhibited a positive bias towards the Party and by restricting non-Moldovan nationals from sponsoring media outlets (Freedom House 2002). By 2004, Freedom House had downgraded Moldova's media from 'party free' to 'not free' and between 2004 and 2006 Reporters without Borders had downgraded Moldova 7 places. After initiation of the ENP in 2003, the PCRM agreed to implement a variety of institutional reforms towards the development of liberal democracy, which was henceforth upgraded as an official national goal. As described in Chapter 1, the ENP was based on the approximation of Moldovan sectoral legislation to that of the EU through administrative reforms targeting institutions, management capacity, and the judicial system, in order to transpose the principles underlying democratic governance (human rights, rule of law, good governance, and the market economy) to Moldova. Accordingly, this regulatory convergence was seen to propel Moldova's transformation towards liberal democracy.

Moldova's EUMAP delineates the agenda of political and economic reforms with short and medium-term priorities agreed to by the EU and the Moldovan government. One of the priority areas of the EUMAP is to "Ensure that media legislation is implemented in a way that guarantees the freedom of the media and freedom of expression" (ENP Action Plan Implementation Tool:3). The EUMAP also emphasizes privatization as a means towards improving "the interface between Public and Private sector in line with WB recommendation." The WB recommends the privatization of enterprises under the belief that ownership is a significant determinant of enterprise performance (Outreach #3). Since the corrupt behaviour of politicians is linked to large degrees of state ownership and believed to contribute to inefficiency, the reorganization of state enterprises into private ones is believed to minimize politicians' opportunities for misuse of enterprises and state capture. Consequently, the EU put pressure on the Moldovan government to privatize state run newspapers, radio stations and television outlets.

In 2005, the PCRM agreed to the privatization of many government newspapers. These privatizations included the widely-circulated publications "Nezavisimaia Moldova" and "Moldova Suverană," which had acted as proxies of the PCRM since their electoral victory in 2001. Even after their privatization, both newspapers continued to be published under the same name, by the same staff and in the same offices, with continued financial support from the state. Unremarkably, both newspapers continued to cover the PCRM's activities in much the same way as before their privatization, leading to the conclusion that their privatization was interest-based and nominal (Media Law Institute 2012). In 2006, the Council of Europe encouraged Moldova to implement the Audiovisual Code, which was suppose to establish "democratic working principles of the audiovisual in the Republic of Moldova" by ensuring "the protection of programme consumers' rights to receive fair and objective information" (Audiovisual Code LPC260). The Code, which was adopted in 2006, called for the privatization of remaining state run newspapers, radio stations and television outlets in order to ensure their neutrality and reduce government control over information. Consequently, under the auspice of the Code, the radio-station "Antena-C" and TV-station "EURO-Chisianu" were

privatized in 2007 (Kennedy 2007). Before their privatization both stations had been critical of the PCRM and influential in the PCRM candidate's loss in the local Chisinau elections of 2003 (Independent Journalism Center 2009: 50-51). Antena-C had been active since 1998 and was one of the most popular radio-stations in the country until its privatization. After its sudden privatization in January 2007, 25 of its 27 journalists were fired and by June 2007, the station provided such favorable coverage to the PCRM candidate in the local elections that the Organization for Security and Co-operation in Europe (OSCE) reproached it for lack of critical reporting. Similarly, the coverage of EURO-Chisinau, which was on air since 2002, was reversed from critical of the PCRM to very favorable by the June 2007 elections (Kennedy 2007).

Through these four privatizations, the PCRM assumed even more control over the media and legislative processes in Moldova. Rather than limit the Moldovan government's influence over the media or engender its neutrality, these privatizations actually increased the authoritarian behavior of the government. The PCRM did not readily adopt all types of privatization. For example, the Party refused to privatize industries and assets in the defence, telecommunications, transport, and chemical sectors because these sectors provided the financial resources that the Party needed to stay in power.²² In 2006, the PCRM further consolidated their power over the privatization process by passing a law that limited the plenary powers of the parliament so that it could no longer decide which objects could be privatized (Infotag 28/12/06). In this way, the PCRM engaged in the strategic implementation of the EUMAP to consolidate their power. By encouraging privatization as an institutional reform, the EUMAP provided openings for the PCRM to strategically exploit.

4.3 Interaction between Regime and ENP

In my extrapolation of the Moldovan political context of the 1990s, I argued that the norms and practices present before the dissolution of the USSR were not obliterated either by Moldova's independence in 1991 nor by the subsequent enactment of a new constitution and policies. I argued that residual norms and informal decision-making procedures have continued to have an impact on political outcomes and behavior. In chapter 2, I explained that one of the features of the ENP is that it targets the practices, rather than the rules by which policies are made and reflected in regime structures. By defining regimes as embodiments of norms and principles of the political organization of a state rather than the rules and procedures within which a government operates, I challenged the notion that a change of regime took place in Moldova as a consequence of the dissolution of the USSR. My aim was to emphasize that norms and principles are the more permanent forms of political organization, determining who has access to political power and how those who are in power deal with those who are not (Fishman 1990:428 in Lawson 1993:185-187, Krasner 1982:501). By emphasizing that the changes in rules and decision-making procedures that occurred after 1991 did not necessary signify changes

²² Moreover, to privatize these lucrative sectors would mean to create new political actors who could apply pressure on the PCRM.

in principles and norms, I aimed to show that Moldova's political trajectory has been characterized by a type of path dependence, affecting how new rules were formalized, interpreted and implemented. Changes towards economic marketization that occurred throughout the 1990s created new opportunities, but outcomes were nevertheless guided by residual Soviet norms.

In the course of Moldova's post-communist period, different actors were motivated to pursue the creation of different kinds of institutions. Many scholars attributed these differences to the ethnic tensions that arose following independence (Way 2005, Roper 2005, Kaneff and Heintz 2006), but I would extend this thesis to argue that ethnicity was rather a symptom of the deeper contest over resources. Using Mahoney and Thelen's (2010:8) notion that institutions have inherently unequal implications for resource allocation, I proposed that the dissolution of the USSR took away the equanimity of opportunity to resources that had been characteristic of the Soviet era, replacing it with a new and unpredictable space for resource distribution.²³ Since the political context defines who the relevant political actors are and through what channels and with what resources they can seek institutional change and political positions, actors (motivated by their subjective perceptions of which institutions would improve their access to resources) formed coalitions to affect institutional change. Of particular concern were institutions regarding the market. The issue of allegiance with Romania or with Russia that came to the forefront and led to the subsequent ethnic hue of coalitions throughout the 1990s was primarily a cloak for these conflicts over resource distribution.

Moreover, the fear that one group would dominate and design institutions to correspond to their preferences led to the state of pluralism throughout the 1990s described by Way (2005). However, although no single group could concentrate political control, ample coalitions emerged leading to a variety of 'reformist' and 'anti-reformist' activity, that was often contradictory (Baltag 2010:32). This political instability contributed to the persistence of Soviet-era institutions, in particular the continuity of organizational forms, social ties, personnel and practices that remained unchanged (Crowther 2011: 147-8). By the time the ENP was initiated in 2003, an assemblage of residual and emerging institutions had gradually evolved in Moldova, due to the many "ambiguous compromises" among political actors that took place (Schickler 2001; Palier 2005 in Mahoney and Thelen 2010:8). The electoral victory of the PCRM altered the prevailing political order. For the first time since independence, a strong political party emerged. Although the PCRM are a communist party with ideological similarities and a continuum of personnel from the CPSU,²⁴ they are not a 'Soviet party.' The character of the PCRM has been shaped by domestic political and institutional changes of the 1990s and the shifting global

²³ What I mean is that actors' opportunities for resource accumulation during the Soviet era were rather equitable, inclusive and predictable because the main constraint on political actors was that they had to join the CPSU. But the dissolution of the USSR altered the constraints for resource accumulation and mobilization leading to new opportunities and potential losers, resulting in a political scramble and coalitions.

²⁴ In the 2000s, almost 60% of the PCRM's legislative delegates were former members of the CPSU, one of the highest figures throughout the post-Soviet Union (Crowther 2007: 116).

arena, so that despite their use of Soviet symbols and rhetoric, the PCRMs are a reflexive and political amalgamation of Soviet and successive principles.²⁵

The prevailing political context and character of existing and transposed institutional rules led to the emergence of *subversive-opportunists*, whom I have characterized as actors with strong veto possibilities and a high level of rule interpretation and enactment opportunities. Due to Moldova's political set up and parliamentary system, the PCRMs had access to institutional means of blocking change. Moreover, as the PCRMs had significant control of the parliament, they had relatively strong veto possibilities and the capacity to enact new institutional rules on top of existing ones in legal ways. Consequently, throughout their tenure, the PCRMs introduced a variety of new rules that limited political competition and increased their authority.²⁶ Although they could not simply reject all the institutional changes recommended by the EU because they desired the legitimacy accorded to them through the EU, the ENP's design as a voluntary policy enabled the PCRMs to control which reforms to implement and how, filtering the transmission of EU rules in ways that suited their goals. As such, their rule conforming behavior with the ENP was actually a strategy of short-term conformity in the service of long-term insurrectionary goals. By disguising their preferences for domestic power, the PCRMs could appear as supporters of the reform process. The privatization of media outlets was therefore shaped by the PCRMs's strategic approach to operate within the broad parameters of the institutional changes they adopted, whilst gradually amending the intentions of the reform process. As such they exploited the analytic spaces for interpretation and implementation allotted by the ENP and worked within the institutional framework to reorient the ENP reform process towards their political interests.

Through the four examples of media privatizations I aimed to show how the design of the ENP led to the gaps that were exploited by the PCRMs. I elucidated how the inherent ambiguity of institutions and the ENP's avoidance of the political character of governance issues led to the paradoxical outcomes I described. By linking these gaps to the ENP's ontological foundation, which is permeated by a way of looking at institutional change as the product of "lock-in" mechanisms, I argued that the ENP is a new form of techno-managerialism, albeit one that is more complex than earlier forms. Nevertheless, the ENP's instrumental view of governance reduces governance and its underlying principles into institutions themselves, circumventing domestic

²⁵ An introspective study of the PCRMs is out of the scope of this RP, although an assessment of the PCRMs's amalgamated heritage would be very interesting. Through my readings, I have identified two modes of describing the PCRMs. In most publications written by Moldovan and international pro-EU organizations, the PCRMs is identified as a remnant of the Soviet-era, whereas in peer-reviewed journals, the PCRMs is treated like a party independent from the CPSU. The difference strikes me as a consequence of positioning: authors with reformist interests in Moldova v. authors whose work is not connected to political goals.

²⁶ These include the already mentioned law against foreign financial support to private media enterprises that sought to limit media access to competing parties, the law limiting the plenary powers of the parliament so that it could no longer decide which objects could be privatized, and increasing electoral thresholds that limited the participation of other political parties in parliament.

constellations of power and interests. As a result, the ENP treats the reform process as the setting of incentives to motivate political actors, taking for granted that compliance and enforcement will follow formal rule adoption. Consequently, the ENP is more concerned with “how” to get the design and sequencing of the institutional framework right than with political legacies and power relations that will influence their enforcement. As a result, the roles of history, path dependence and agency are not deemed to be critical factors that shape institutional modes by the ENP.

Like other recommendations in the EUMAP, the emphasis on media reform did not account for the role of the regime in guiding its implementation or the interaction between institutions that invariably shapes institutional change.²⁷ The EU’s push for privatization of the media sector in Moldova was an attempt to attach democratic governance rules to material policies, motivated by the assumption that privatization would yield politically and ideologically neutral market forces that could engender transparency and accountability (Kraan et al 2010:121). By treating privatization as an institution itself, the ENP followed the interest-based logic that I described in Chapter 3 when I presented the ENP as a techno-managerial policy that strives to generate liberal democratic development through incentives. These incentives are deemed to motivate political actors to act as agents in support of the new institutions until the (inevitable) convergence between these new formal rules and informal residual norms and practices emerges. But by attaching democratic governance rules to material policies rather than targeting change in the basic structures of political authority, the ENP enabled the PCRM to exploit gaps and openings for self-interested action that undermined pluralism in the media by making the four media outlets described in this research paper covertly subservient to the party.

By using Mahoney and Thelen’s (2010:8) notion of institutions as “distributional instruments laden with power implications” I aimed to show how institutions are 1) fraught with tensions and 2) open to interpretation and various types of implementation. As such, institutions embody a degree of openness and potential for change due to “struggles over meaning, application, and enforcement of institutional rules [that] are inextricably intertwined with the resource allocations they entail,” so that institutional compliance is always a variable (ibid:11). Institutions are constantly evolving and shifting in subtle ways across time due to these inevitable contestations and gaps between rules and their interpretations and enforcement. By emphasizing Mahoney and Thelen’s notion of gradual institutional change, I aimed to show that it’s impossible to “breakdown” one set of institutions and replace them with others as the ENP attempts to do.

²⁷ For example, the interaction between institutions upholding property rights and privatization. Under the ENP, the source of property rights (how they were created, whose interests they served and how they have evolved in different spatio-temporal settings) was largely separated from the privatization process because the institutional framework that underpins both of them is power insular.

4.4 Conclusion

The purpose of this chapter has been to show that because the ENP treats issues of compliance as something that can be resolved with the formalization of rules, and because it overlooks the inherent ambiguity of institutions that allow for a variety of interpretations and implementations, it has led to the outcomes I have described, wherein the PCRМ used the inevitable gaps imbued by institutions to interpret and apply the EUMAP in a way that bended outcomes in their preferred direction. The fault I have argued is due to the ENP's ontological foundation, which is permeated by a way of looking at institutional change as the product of "lock-in" mechanisms. By contrasting this view with Mahoney and Thelen's notion of gradual institutional transformation due to the role of perpetual compromises, coalitional dynamics and contestations, I aimed to show that it's impossible to "breakdown" one set of institutions and replace them with others as the ENP attempts to do. By demonstrating how the PCRМ used the privatization of media as an opportunity for state-capture and consolidation of their power, I aimed to show that the ENP's neglect of power considerations from analytical and policy repertoires, allotted the PCRМ with the spaces to interpret and implement the institutions in a way that undermined Moldova's democratic development.

Since rules are always interpreted, enforced and enacted by actors who have divergent and conflicting interests, institutions always contain spaces for change (Thelen 2009:490-91). Although the ENP is a complex policy, it is not precise enough to cover the complexities of all possible real-world situations. Institutional ambiguities provide openings for creativity and agency (Mahoney and Thelen 2010:11-12). But the ENP neglects to account for the gaps between rule interpretation and enforcement or the power dynamics that gradually transform institutions through perpetual contestation. Instead it is characterized by a techno-managerial approach, wherein sectoral cooperation arrangements between the EU and the public administrations of partner countries are overwhelmingly dependent on the whim of domestic elites, intergovernmental bargaining and bureaucratic exchange. Consequently the implementation of reforms encouraged by the ENP is inevitably constrained by domestic constellations of power and interests. Since the ENP is largely dependent on domestic elites for implementation, its outcomes are largely dependent on history and political legacies. By neglecting the political character of governance issues, the ENP incited gaps through which rule transfer was selective and characterized by the adoption of rules deemed useful for the PCRМ's agenda. Therefore, the lack of progress and slow pace of reforms undertaken cannot be attributed solely to problems of implementation or the lack of political will, but to the way these policies were formed and implemented (Knio 2013). In other words, the ontological roots of the ENP have produced a policy that is not designed to deal with power relations, focused as it is on incentives as a mechanism capable of superseding history and political legacies. In Moldova, one outcome of this is that reform of the media sector was co-opted by a political party interested in preserving its political power.

Chapter 5

Conclusion

5.1 Summary

I began this paper by explaining the evolution of the EU and its external democracy promotion outlook. I introduced one projection of the EU's external governance, the ENP, and elucidated its design and ontological roots in order to explain how the ENP created gaps that could be exploited by subversive-opportunists in Moldova. I argued that the ENP was a policy born out of the second wave of post-communist reform that sought to engender market development through the transformation of principles underlying 'good governance.' As such, the policy was meant to inspire marketization, through the development of rules and policies meant to complement and strengthen the efficiency of market institutions. Among these were the mechanisms of anti-corruption, decentralization, accountability, transparency, and the rule of law. The ENP strives to transmit these through sector-specific reforms incorporating the diffusion and institutionalization of these mechanisms as formal rules, procedures and policy paradigms. Consequently, the ENP is an indirect model of democracy promotion, promoting democracy and liberalism side by side.

In chapter 2 I examined the design of the ENP, calling it a policy that is sector specific, regime neutral, technocratic, and hierarchical. I proposed that its depoliticized and legalistic manner obscures the meaning of what may be a tool of the EU's geostrategic interests. I showed that ENP rules are largely predetermined and non-negotiable, with partner country participation limited primarily to bargaining over implementation periods. In chapter 3 I showed that the ENP's orientation towards bilateralism signifies that it targets the practices, rather than the rules by which policies are made, essentially ignoring the political character of governance issues. I asserted that the ENP treats governance as an amalgam of institutions, which it deems capable of altering through the piecemeal application of sectoral legislation. As such, the ENP conflates governance with efficiency and legitimacy, obscuring the dynamics of power embodied within governance.

Since the state is perceived as the source of institutional change, implementation of reforms is conducted primarily at the governmental and administrative levels, leading to a 'top-down' approach that gives domestic elites a large amount of leverage over the interpretation and implementation of reforms. As a policy based on voluntary cooperation, the ENP uses its normative appeal and superior bargaining power to influence the governments of partner states to implement the reforms recommended by the APs. Its leverage is based on the EU having the biggest single market in the world, the largest aid budgets, and the normative power of its values.

I introduced contrasting definitions of institutions to delineate the ontological foundation of the ENP. I used the theoretical framework developed by North (1990) to show that the ENP is based on a framework that emphasizes the role of institutional choice in the transition process. As such, it relates structural constraints and incentives as the prime factors shaping contingent choice, so that the development of certain political and economic institutions

increase the likelihood of democratic outcomes. Using North's notion of institutions as coordinating mechanisms of incentives, I argued that the ENP is imbued with a techno-managerial notion of governance. As such, it holds the dearth of democracy as a problem of state capacity or the lack of institutions underpinning good governance. Likewise, the ENP's technocratic way of looking at institutions frames illiberal development as a consequence of the wrong incentives, thereby orienting the prospective solution to one that strives to produce democracy by reinforcing the lower relative costs' potential of liberal-democratic institutions. Consequently, the ENP conceives of the institutional framework as a synthesis of opportunities and constraints by which organizations and actors can be incentivized to support the new rules. The main incentive offered is the promise of 'deep and comprehensive' integration, which links partner countries' implementation of the *acquis* to increased economic and political benefits from the EU. Accordingly, the design of the ENP is based on a particular ontological premise wherein the institutionalization of particular institutional models is seen to lead to the institutional convergence of partner countries' with the EU and (eventually) to the transformation of norms in partner countries.

To illustrate the gaps within the ENP, I introduced Mahoney and Thelen's (2010) theory of gradual institutional change wherein they contend that because the political context is characterized by an on-going mobilization of resources, institutional change is perpetual, gradual and largely endogenous. Political actors contest and alter institutions all the time, albeit in a slow and incremental way that can nevertheless be consequential for shaping substantive political outcomes. Their emphasis on the political context as largely determining the way that political actors contest institutions is absent in North's analysis. By defining institutions as "distributional instruments laden with power implications," Mahoney and Thelen delineate the ambiguities that exist within institutions that enable actors to interpret and enforce rules in new and creative ways to suit their interests. By contrast, the ENP's grounding in a theory that views institutional change as a consequence of actors' response to the transaction costs imbued by an institution and shaped by 'lock-in' mechanisms disregards the role of agency and power.

I aimed to show that the link between institutional capacity and democracy is not as linear as the ENP makes seem, that countries may be characterized by bad politics in spite of the presence of democratic institutions and that rather than look at a state's weak capacity or a government's unwillingness to "play by European rules" or commit themselves to the EU logic of democratic and economic reforms as the source of undemocratic outcomes (Van Meurs 2004), contestations over resources should be a focus of concern. By arguing that institutional change need not be a product of political actors' relative costs' perception, I aimed to show that the state of permanent disequilibrium within which institutions exist create opportunities for political actors to re-interpret and implement institutional changes in competing ways. Hence, problems of democracy are not necessarily problems of a state's capacity or for institutional reform, although they are linked. Nor is democratic development a linear consequence of the institutional framework.

I have emphasized the importance of power to show that states are not monolithic. I stressed the notion of regimes since they are the embodiments of norms and rules that shape the nature of power in a state. I defined a regime as

an embodiment of norms and principles, rather than rules and procedures, in order to show that although new rules and decision-making procedures have appeared since the dissolution of the USSR, residual norms and principles have played a role in shaping the character of Moldovan politics throughout the 1990s and 2000s. But since the ENP engages in a power-neutral way of looking at institutional change (incentives), the reform process that has been inspired by the ENP did not target Moldova's political legacy.

In chapter 4, I showed how the power context in Moldova during the first six years of the EUMAP altered the trajectory of the reform process. In Moldova, the transition from communism was elite-driver and accompanied by ethnic tensions and political instability. Throughout the 2000s, the PCRM enacted various laws that corroded institutional autonomy, reduced political pluralism and re-centralized Moldovan political systems of representation. As such, they worked within the Moldovan political system to legally enact rules that undermined the quality of democracy in Moldova and contributed to their control over the parliament. Since the ENP's rule implementation process is voluntary and state-led, the PCRM could filter the transmission of rules through re-interpretation and strategic implementation, thereby using these reforms as opportunities for state-capture and consolidation of their power. Combining these two mechanisms of layering and conversion enabled the PCRM with the power to redirect the reform process to suit their interests. Taking advantage of their centralized control of the country and the disjuncture between rules and their enforcement, the PCRM adopted the Audiovisual Code and other suggestions proposed by the European Council but implemented them in a way that altered the intentions of these reforms. So that rather than generating media pluralism, these institutional changes served to make the four media outlets covertly subservient to the party.

I have argued that the reason for these outcomes was due to the ENP's instrumentalist view of governance and institutions that circumvented direct political issues, inciting gaps that political actors could exploit to shape institutional modes. Although I have argued that initiating the ENP offered an important source of legitimacy to the PCRM, I have tried to look beyond whether or not the PCRM adaptation of ENP was a symbolic or an instrumental adaptation. Nor was my intention to speculate about the limitations of the ENP's methodology. Rather, I wanted to go into the theoretical origins of this methodology in order to see what ontological layers underpin it, in order to speculate how these layers have guided the design and thereby the outcomes of the policy in Moldova. Hence, rather than looking at the ENP as a 'well-designed architecture of programs' or 'a weak model of democracy promotion,' I strived to show that the ENP should be seen as a product of a particular power-context within the EU. It is an outgrowth of various historical processes, the most relevant being EU Enlargement, although ENP democracy promotion happens at a more sectoral level and with less fixation on the export of the *acquis* in its entirety (Lavenex and Schimmelfennig 2009:807-8, Freyburg et al. 2009). In creating the European market and portraying the institutionalization of liberal democratic institutions under the guise of universalism, EU institutions have come to exemplify democracy. Nevertheless, the ENP is not a neutral framework encompassing universal or even 'European' values. It is a selective and partial policy, oriented towards the promotion of regional stability, economic liberalization and other EU geopolitical interests.

To conclude, it is the limited notion of governance purported by the ENP and the policy's failure to engage directly with the politically contentious issues existing in a polity that have contributed to the anti-democratic outcomes I described in Moldova. As a model based on a techno-managerial approach, the ENP attaches democratic governance rules to material policies, rather than targeting change in the structures of political authority that shape institutional modes. I have aimed to show that it's impossible to "breakdown" one set of institutions and replace them with others as the ENP attempts to do. The ENP's attempt to do so enabled openings for self-interested action that were exploited by the PCRM, who functioned within the institutional framework established before their tenure and propagated by the ENP to redirect and displace institutions in ways that contributed to their interests. As subversive-opportunists, they transformed institutions gradually through processes of layering and conversion, in ways that the ENP was not designed to address. The outcome was that the PCRM could disguise their preference for political power by engaging in a short-term strategy of rule implementation and obtaining the needed legitimacy from the EU whilst engaging in insurrectionary goals.

On a positive note, since the PCRM's loss of parliamentary control in 2009, improvements in media pluralism and freedom of assembly have been noted (Botan et al 2012:4). Moreover, the PCRM's electoral loss reveals that despite their subversive-opportunist character, they nevertheless failed to consolidate the level of political control that could have prevented their electoral loss in 2009. This implies that institutions in Moldova may be resilient enough to prevent the rise of full-scale authoritarianism. The PCRM's replacement by the Alliance for European Integration (AEI), a coalition of four liberal-democratic parties, was alleged by many to have promising potential. The AEI pledged to accelerate democratic and economic reforms and reemphasized European integration as a policy goal. Nevertheless, clientelism between local and national leaders has remained an issue, justice reform has not gone beyond the legislative stage, and civil society activity remains feeble (Botan et al 2012:4, Shumylo-Tapiola 2011, Shapovalova and Boonstra 2012:63). Both the president of the AEI Parliament, Marian Lupu, and prime minister, Vlad Filat, have been accused of supporting the tactical interests of strategic elites and the high levels of corruption in the administration have endured (Crowther 2011:168, Botan et al 2011:14-15). It's possible that by limiting parliamentary activity to the reform implementation process, the ENP has constricted electoral choice and party competition in Moldova to the narrow sphere of implementation of the *acquis* (Schimmelfennig and Sedelmeier 2004:676).

5.2 Scope and Limitation

This paper is about the role of the ENP on the democratic development of Moldova. However, the ENP is part of a larger system of democracy promotion by the EU. As a multi-level governance system, the EU's democracy promotion programs are located at various levels and involve a variety of actors. I chose to focus on the ENP because it is the prime bilateral framework of the EU, but the accuracy of my effort to distinguish the influence of the ENP v. other democracy promoting activities by the EU, its member states and other international political actors in Moldova is inherently difficult to certify.

Another limitation is that this paper largely neglects the role of Russian elite on Moldova's political development, although Russia has long been an important influence on Moldova. In the period 1992–2008, for example, the level of subsidy support from Russia was several times greater than western aid to Moldova. Additionally, Moldova's dependence on the Russian market for its agricultural products and on Russian gas for domestic energy bestow Russia with significant leverage. Moreover, the Customs Union of Russia, Belarus and Kazakhstan offers Moldova an alternative route to the EU, possibly constraining the 'incentive' impact of EU's external governance on Moldova (Sasse 2011:5). Nor did I discuss the problem of Transnistria in detail although Russia's military presence there and economic support to this separatist region have an impact on the politics and economy of Moldova. Some scholars have posited that Transnistria has limited the quality of democracy in Moldova and the scope of EU influence (Minzarari 2008, Marcu 2009, Danii and Mascauteanu 2011). Others have rejected this notion, arguing that neither Transnistria's affect on Moldova's economy nor its role in sustaining Russian presence on Moldovan territory have made a substantial impact on Moldova's quality of democracy (Popescu and Wilson 2009:97-98). My hunch is that the Russian state and elite have played an important role on Moldova's political processes and trajectory, as well as influencing the EU's relationship with Moldova and other CIS countries. However, due to the scope of this paper, I did not have the space to explore these issues in more detail.

Finally, this paper would have benefited from primary data collection and interviews, as well as access to the MA and PhD dissertations written by students at Moldovan and Romanian universities.

5.3 Reflections

As a closing note, writing about democracy is an exercise in discourse. My intentions in writing this paper were not to downplay the power or significance of the ENP, but to examine it. Solutions to problems, whether global, national or personal, should not be separated from the knowledge that inspired these solutions. The ontology of a project is an essential part of it, for it affects the choices made to undertake analysis that successively guide its turnout. Moreover, every project, policy, and plan has moral and practical implications. In writing about the ENP I have become an inquisitor. But my goal is not to send the ENP to the guillotine, but to understand it.

[Word count: 16,409]

Appendices

Appendix 1: Statehood and Territorial Integrity: The Case of Transnistria

Map 2
Transnistria



Source: Cash 2009: 264

The Republic of Moldova has a population of 3.564 million. Moldovans represent the largest ethnic group (75.8%), followed by Ukrainians and Russians (8.4% and 5.9% respectively) and smaller minorities such as the Gagauz minority (an ethnic group of Turkish origin, 4.4%) and Bulgarians (1.9%) (PwC 2012). As the USSR was breaking apart, Moldova witnessed a strong nationalistic resurgence (towards Romania) that led to the bifurcation of ethnic identities (strong pro- and anti-Russian identity). These nationalist inclinations took their primary form through Moldova's reorientation towards the Romanian language (although Russian is also commonly spoken), which was seen as a threat to the predominantly Russian-speaking residents of Transnistria. In the middle of 1990, communist leaders in Tiraspol disassociated themselves from

the leadership in Chisinau and declared the creation of the Transnistrian Moldovan Soviet Socialist Republic (Ronnas and Orlova 2000:52).

Transnistria, located on the strip of land east of the Dniester river, is populated by an estimated 325,000 to 500,000 people (McBride 2011:188), many of whom are ethnic Russians and Ukrainians and arrived to Transnistria after 1980 (Roper 2005:502). Since the brief civil war between May and July 1992, Transnistria has established its own currency, constitution, parliament, flag and anthem. Whereas ethnic differences are still frequently cited by Transnistrians as the main reason for the breakaway of Transnistria from Moldova, another plausible explanation suggests that the conflict is of a political rather than ethnic nature. Economic benefits to Transnistrian elites are the primary reason, as elites do not want to pay taxes to Chisinau or abide by legislations that might stifle profits (Popescu 2005:21-22). For the Moldovan republic, Transnistria's 'illegitimate' separation imposes economic costs in the forms of reduced industrial capacity and lost tax revenue. Russia's influence on Moldova is also accentuated through Transnistria (Ronnas and Orlova 2000:62-63), whose economic viability is supported heavily through gas subsidies and Russian investment. However, Russia does not formally support Transnistria's autonomy as a state (Popescu 2005).

In the time of the USSR, production and labor was largely specialized, creating relations of mutual dependency among all the republics of the USSR. In Moldova, moreover, Transnistria was designated for more industrial development, while the rest of the republic was designated primarily for agriculture (Kanef and Heintz 2006:9), so that by 1990, Transnistria accounted for nearly 37% of Moldova's GDP and 70% of the industrial potential (Venturi 2012). Hence, the dissolution of the USSR and the separation of Transnistria further aggravated the economic problems (Gorton 2001:270, Ronnas and Orlova 2000:17). Transnistria's accessibility to traffickers of weapons, drugs, and human beings is a potential security problem for the EU, given the proximity to Romania (Tomescu-Hatto 2008:205).

Another nationalist movement in the early 1990s involved the Gagauz minorities in southern Moldova, resulting in the granting of territorial autonomy to Gagauzia, which today has a population of about 150,000, its own flag, police, university and public periodicals (McBride 2011:188). However, unlike Transnistria, the territorial conflict in Gagauzia is considered to have been peacefully resolved (Demirdirek 2008:98).

One of the objectives of the ENP action plan is to further support a viable solution to the Transnistria conflict. The EU Border Assistance Mission to Moldova and Ukraine (EUBAM) was launched in 2005 to support border security, tackle criminality and assist in the management of issues relating to Transnistria (such as the exchange of information and mechanisms for synchronizing customs between Moldova and Transnistria). One of the major achievements of this mission has been the Joint Declaration of a Customs Regime on the Common Border, which led to the registration of hundreds of Transnistrian-based companies with the Chisinau customs (EUBAM Impact). According to Nicu Popescu, the Head of the European Council on Foreign Relations' Program on Russia and Wider Europe, Moldova's integration into the EU could resolve the Transnistrian conflict as the improvement of the various spheres (domestic, economic) would raise Transnistria's interest (Infotag 10/5/12). However, whereas EU integration is an official foreign policy in

Chisinau, the EU is seen primarily in the framework of the settlement process in Transnistria (Shapovalova and Boonstra 2012:57).

Appendix 2: Economic Situation

Since its independence from the USSR in 1991, the Moldovan economy experienced a sharp decline in production and drop in social indicators. One of the most evident economic and political connections for Moldova is Russia. During its 50 years as a member of the USSR, the Moldovan economy became infused with that of the other republics, and especially with Russia. Soviet policy designated the Moldovan part of Bessarabia for agriculture while encouraging greater industry in the Ukrainian sector (largely because of its proximity to the sea). This had major implications for Moldova after independence. The industrial plants constructed during the Soviet era were not only designed with the entire Soviet market in view, but also on the assumption that energy and other raw materials carried little or no cost (Ronnas and Orlova 2000:27). Hence the early years of independence saw the disruption of trade links, incredibly high energy costs, declining balance of payments, and a dramatic change in relative prices that created a situation of economic crisis (ibid:17). Moreover, the breakaway of Transnistria left the republic without industrial infrastructure (munitions and steel factories) and reduced the capacity of the Moldovan state through tax evasion and money laundering activities.

At the time of independence, the disruption of trade links, high energy costs, declining balance of payments, dramatic change in relative prices and inflation (Ronnas and Orlova 2000:17) produced an economic crisis that set Moldova back “half a century or so in terms of economic performance” (ibid:85). By 1996, public revenue was about a quarter of what it was in 1990, and the expenditure was about a third of the 1990 level, illustrative of the major cuts in education, health and social sectors (ibid:64). In 1997, some 23% of cereals, 30% of vegetables, and 52% of potatoes produced were used for wage payments (ibid:79). By 1998, Moldova consumed a third of the level of energy in 1990 (ibid:33)! Ronnas and Orlova (2000:72) describe the destitution:

“The hyperinflation of 1990-1993, when Moldova was still a part of the ruble zone, effectively wiped out all personal savings. By the end of 1993, prices had increased 1,255 times over the level at the end of 1990. As a consequence, life-long savings for a secure old age bought little more than a week’s supply of bread.”

The agricultural sector is considered of key importance to Moldova’s economy, its core areas being fruit, vegetable and wine production (Ronnas and Orlova 2000:27). As Moldova’s population was (and remains) mostly agricultural (over 2 million out of 3.5 live in rural areas), with farmlands making up over 60% of the total area, land reform post-independence was given national priority (Statistica Moldovei 2011). In 1993, Moldova had only 481 small private farms. By 1995, it had 13,958, although this was only 1.5% of the total agricultural land. By 2006, small farms composed over 40% of the total agricultural land (Spoor and Izman 2006:8). And at present, over 55% of farmland belongs to private people. However, privatization did not increase productivity because beneficiaries often lacked the capacity and skills to develop an efficient agricultural operation based on the received land and assets, especially that a

large part of them were pensioners at the time of privatization. A minimal access to credit, expertise and resources further limited opportunities towards non-farm activities in rural areas, so that incomes stayed low and poor farmers could not create any sizeable demand for the development of other sectors, such as rural services, manufacturing, and crafts (ibid:13).

The Russian financial crisis of 1998 saw the Moldovan poverty rate double by 2000 and outward emigration surge (Kraan et al 2010:117). The years 2000-2003 saw economic growth and economic stabilization, after over 10 years of inflations and macroeconomic instability (Josanu 2009). The global economic crisis saw exports declines by about 37 percent by 2009 and workers' remittances decline by a quarter. However, the economy recovered with the GDP increasing by 6.9% between 2009 and 2011, to EUR 5,302 million (PwC 2012). Moldova's biggest trade partner is Russia with 26.2% of Moldovan export and over 16% of Moldovan import. With regard to export, the next are Romania (17.2%), Italy (9.8%), Ukraine (6.2%) and Germany (5%). Except for Russia, the biggest receivers of Moldova's import are Ukraine (12.1%), Romania (11.1%), Germany (7.5%) and China (7.1%). Dependence on Russia for imports (gas and other primary) and exports has made Moldova vulnerable to Russian pressures. Although recent years have seen greater diversification of Moldovan exports, exports production depend largely on imports. In agriculture, for example, Moldova imports 95% of the energy and chemicals it uses (Venturi 2012).

Migrant remittances came to play an important role: shrinking the current account gap, boosting the service sector and ensuring a minimum subsistence level for approximately a third of Moldovan families by 2004 (Ghencea and Gudumac 2004:66). In 2011, Moldova had one of the highest rates of migration in the world, -10.02 migrants per 1,000 people, indicative of the difficult economic situation in the country. Since 2012, Moldova has commercial relations with over 100 countries and a liberal commercial regime. About 41% of Moldova's international trade is conducted under free trade agreements with CIS countries, with the percentage increasing in comparison to previous years (PwC 2012). Moldova has currently seven FEZs, located all over the country. The global financial crisis that began in 2009 decreased bilateral trade between Moldova and the EU by 30%, but EU trade preferences, granted as part of Moldova's ENP agreement (in March 2008) have made the EU Moldova's most important trade partner, comprising a 50% share of its external trade in 2012. In 2011, the volume of bilateral trade between the EU and Moldova increased by 27.9%, helped in part by the reduction of technical barriers to trade and Moldova's slow but steady steps towards EU sanitary and safety standards (ENP Country Progress Report 2009, 2011). Negotiations towards the development of a Deep and Comprehensive Free Trade Area (DCFTA) wherein duties, quotas, and other non-tariff barriers in trade in goods and services would be abolished, in exchange for Moldova's continued adoption of EU rules (on public procurement, health and safety standards, and intellectual property rights, and others) remains underway. Foreign direct investment (FDI) is concentrated primarily in the processing, energy, and retail industries and located mainly in the capital, Chisinau (PwC 2012).

Moldova has remained heavily dependent on external assistance and vulnerable to macroeconomic shocks (Srouf et al 2010:4). In 2011, Moldova had a negative trade balance (- \$2,970 million USD). That year, 23% of its GDP

came from remittances, 26% from goods production, 59% from services (transport, communication, retail, construction), 12.3% from agriculture and 13.7% from industrial production. Unemployment is more prevalent in Moldovan cities than the countryside. According to PwC Moldova, the national minimum gross salary is currently 1300 lei (about € 85) per month for privately-owned companies, almost twice as low as the average salary calculated at 3,193 lei (€ 205) by the National Bureau of Statistics in Moldova (PwC 2012). Meanwhile, subsistence level is calculated at about 1368.1 lei per person by month, illustrating the enormous economic difficulties faced by some citizens in Moldova. In 2010, nearly 35% of the population lived in absolute or extreme poverty (European Commission 2010:9).

Appendix 3: The Political System of Moldova

** reproduced directly from Investing Guide Moldova 2012, by PwC.

Under the Constitution adopted in July 1994, Moldova is a democratic republic based on the rule of law. The Constitution separates the state powers into three branches – the legislative, the executive and the judicial branches.

The legislative power belongs to the Parliament of Republic of Moldova, elected for a four-year term. The Parliament is unicameral. It consists of 101 deputies – representatives of parties and electoral blocks, as well as independent candidates.

The executive power is exercised by the Government. Its role is to carry out the domestic and foreign policy of the state, as well as to control the activity of public administration. The Government consists of a Prime Minister, deputy prime ministers, ministers and other members. The President of the Republic of Moldova designates a candidate for the Prime Minister through consultation with parliamentary factions.

The President of the Republic of Moldova is legally distanced from all branches of power. Nevertheless he is mostly allied to the executive branch. The President is elected by the Parliament for a four-year term.

The judicial branch encompasses the Supreme Court of Justice, Courts of Appeal and ordinary courts. The Supreme Court of Justice is the highest court and has the power to review decisions made by lower courts.

The Constitutional Court of Moldova is the sole authority of constitutional jurisdiction in the Republic of Moldova. The six justices are appointed for six-year terms. The Parliament, the Government and the Superior Counsel of Magistracy appoint two justices each.

Moldova is currently divided into 37 first-tier units, including 32 districts (in Romanian - “raioane”), three municipalities (Chişinău, Bălţi, Bender), one autonomous territorial unit (Gagauzia), and one territorial unit (Transnistria). The capital and largest city is Chisinau.

Moldova has 65 cities (towns), including the five with municipality status, and 917 communes. Some other 699 villages are too small to have a separate administration, and are administratively part of either cities (40 of them) or

communes (659). This makes for a total of 1,681 localities of Moldova, all but two of which are inhabited.

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