

# **The Phenomenon of “Path Dependence” - Institutional Impediments to the European Integration of the Republic of Moldova**

Dr. Mariana Iațco, Lecturer, Moldova State University,  
e-mail: mariana.iatco@usm.md

## **Abstract**

Path dependence theory determines ways in which previous decisions have produced a set of institutions and policies and how they, in their turn, determine future decisions. The last four years of Moldova's history transposes a pessimistic mood among the population of the country, as well as among the community of experts, political scientists, politicians - regarding the Moldova's “success story” and its potential to move closer to the European Union. The current situation in the Moldovan society is a reflection of political decisions made by the government and the political class, which may have an impact on the EU agenda and, relatively, in one form or another, is characteristic for other countries in this region (here Ukraine). Political analysis argues that in both states there is the influence and participation of the oligarchic factor on the political agenda, characterized by its destructive nature as to domestic politics, the strengthening of pro-Russian movements and increase in the number of sympathizers, which, in the end, “benevolently” impacts the geopolitical orientation of the country.

**Keywords:** Dependence theory, European integration, Institutional impediment, Political agenda

## **Introduction**

The last four years of Moldova's history transpose a pessimistic state of mind both among the country's population, and the community of experts, political scientists, politicians regarding the "success history" of the Republic of Moldova and its potential to get closer to the European Union. Current situation in Moldovan society is a reflection of the political decisions of the government and the political class, which may have an impact on the European agenda and, relatively in one form or another, are characteristic for other countries in the region (speaking here of Ukraine). Exemplifying the above, in both states there is the influence and participation of the oligarchic factor on the political agenda, its destructive nature is felt in the impact on domestic politics, strengthening pro-Russian movements and increasing the number of supporters, which ultimately "voluntarily" influences the country's geopolitical orientation. The presence of the oligarchy represents a dysfunction of democracy, which generates negative consequences and destructive effects for the functioning and independence of state institutions, compromises the alternation and democratic transfer of power in the state (similarity with Ukraine). What is certain is that the oligarchic regime present until the summer of 2019 discredited the European course of the Republic of Moldova, and may have the same effect in Georgia or Ukraine, provided that Brussels does not impose political conditions, profound reforms in the vital fields of the society, meaning especially justice system, economic field, the electoral legislation.

## **Is the Path Dependence a Reality for the Republic of Moldova?**

The compromise of the European vector is the consequence of political absenteeism and tolerance by the electorate of political forces, which are associated with the oligarchy or connected with both this element and the European vector. These political forces have irreversibly altered their political image as to European strategic partners. Amid disillusionment with pro-European parties, the national political system must go through an electoral cycle (maximum two) in order to produce new political parties that become

credible for the pro-Western electorate, parties that truly implement reforms and regain the trust of the European Union.

In these confusing stages of political life, political movements with conservative visions of reforms and which have an electoral program oriented towards Russian Federation, are becoming more attractive to the local electorate. As a result, despite the fact that the course of integration into the European family is maintained, it is correlated and harmonized with the gradual strengthening of relations with the Russian Federation or even with the Euro-Asian vector. Actions, as well as lack of inaction of the European Union on the Eastern side, not only diminish its position in the region, but also boosts the activation of political parties with a strategic orientation towards the Russian Federation and Eurasian Union. Compromising the European course of development, changing the vector of foreign policy of the Republic of Moldova can generate political costs with major effect for the country, as well as long-term geopolitical and economic costs.

The path dependence theory should determine the ways in which previous decisions have produced a set of institutions, and which determine future decisions. Although some political scientists are tempted to use the path dependence theory to justify the approach that since the declaration of independence of the Republic of Moldova, the pendulum of the external development course has only slowed its accession to the EU, a pendulum which, in fact, must be overcome. This theory attests, in particular, that changing long-term institutional practices involves much higher costs for Moldova's European course. This is evidenced by the failure of the "success story" of the Republic of Moldova on the path of Euro integration, especially since 2014, when the ruling Democratic Party was led by oligarch Plahotniuc. At the same time, the respective theory of path dependence establishes that transformations cannot be performed immediately, but on the long run. This aspect can be very well observed in the example of Moldova. According to the Romanian author Pohoța (2009, p. 265) institutions must be able to adapt not only efficiently, but also with maximum rapidity, to changes or shock disturbances that occur in the economic and social environment. Institutional flexibility seems to be a historical product in itself.

Therefore, the Republic of Moldova is one of those ex-Soviet states that, on August 27, 1991, as a result of the disintegration of the Soviet Union, chose the European path of institutional development and values (fundamental human rights, independent justice, sustainable economy). For example, the Republic of Moldova was the first ex-USSR country to become a full member of the World Trade Organization. However, this transitional period was quite long. Despite the fact that the pro-European start was given in the same time frame, having the same starting point, some states, such as the Baltic, have been members of the EU for more than 17 years, but also members of NATO. It is these countries - Latvia, Lithuania and Estonia - that represent the “success story” of integration, which, despite geopolitical difficulties, have managed to leave the Soviet past behind and move towards other formats of international cooperation and other alliances. What prevents the Republic of Moldova from doing the same thing? According to the “Freedom in the World 2020” rating, developed by the Freedom House Organization, Latvia, Lithuania and Estonia obtained the status of free states, while the Republic of Moldova has the rating of “partially free” with a decreasing trend, ranking 60 (Freedom, 2020). The same situation is found for the level of press freedom, which denotes the value authority of the European Union. Of course, there are also examples that could overshadow the systemic stability of the European Union and here we could mention Poland and Hungary. However, a key element emerges in the foreground, such as the culture and political heritage of each member of the Community, as well as the exercise of the role (economic, political, ecological, security) of each state, coagulated in a single Community policy accepted by all member countries.

Thus, the answer to the above question can be found in the phenomenon of path dependence, which the American economist Douglass North explained as “a phenomenon, which can mean that the present elections are under constraint institutional heritage accumulated in the past (Wallis, 2015). To be more precise, the author tried to explain that certain decisions regarding society development (economic, political) depend, to a large extent, on the traditions and customs of this society. These unwritten rules are identified by the mentioned authors (Pohoată, 2009) as informal institutions, which

formed spontaneously, as a result of social interactions, generating the so-called “invisible hand” in managing, correlating, arranging social, economic processes. On the other hand, as the Romanian economist Cosmin Marinescu explains, there are formal institutions, the set of norms, laws, regulations, in essence, representing a set of incentives and constraints within which human actions take place (Marinescu, 2005, p. 22). It should be noted that there is a mutuality between actions of organizations and the evolution of institutions. This allows the unification of approach, of institutions as rules of the game with the approach of institutions as rules of behaviour, meaning that the strategies of organizations show influence on the rules of the game.

### **Republic of Moldova Between Europe and Russia - Common Values and Economic Dependence**

Exemplifying the above, draft European integration policy of Moldova has made random but permanent progress on the same trajectory, allowing the very essence of the policy to be developed and transformed from the roots. Therefore, the long and winding process of integration (economic and political) can very well be explained by the path dependence theory. Once the processes were oriented in one direction (2009), the vector of Moldova’s European development went on, step by step (2014), to the final destination - the European Union. It is important to mention that the ruling political class plays a decisive role in the development and modernization of a state, being the impetus for the progress of society. The so-called “new political elite” was also the one that, with the support of the majority of the population, changed the course of domestic and foreign policy of the Republic of Moldova, heading west. Although, in recent years, the locomotive with the name “pro-West” has “derailed” substantially, still, statements made by both the President and the speaker of Parliament, give us hope.

A premise for a better future is also the maintained European vector of country development. The lack of unity at the national level, differences in understanding of what European values are, Soviet atavisms, false indoctrination of historical roots (history, language) create a rapid vacuum

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filled with sterile, confusing, speculative political discourses, that, amid disappointments and unmet expectations of the population, are gradually being implemented. Society is kept hostage of heated discussions on the vector of development (East or West), on the geopolitical factor, on national identity, etc. But should these pre-eminent topics be delaying the progress and development of the Republic of Moldova? The following are important to consider:

First, since the declaration of independence until now, the Republic of Moldova has had difficulties in getting rid of its Soviet past. Specifically, during the years 2001-2009 the country was governed by the Communist Party led by the President of the Republic of Moldova, Vladimir Voronin (who in 1991 served as Minister of Interior Affairs of the Moldovan militia). Until 2020, the Republic of Moldova was led by the descendant of the Communist Party, the Socialist President Igor Dodon and Cabinet of ministers formed by the Socialist Party and the Democratic Party.

Second, the Republic of Moldova is the poorest country in Europe. It has a GDP per capita of 2724 US dollars (WB, 2020), registering the largest emigration and a dramatic decrease in population. In terms of corruption, the Republic of Moldova is among the most vitiated countries by this scourge which affects, of course, many other states. According to the Transparency International ranking, for 2019, the Republic of Moldova ranks 120th out of 180 countries (source: Corruption Perception Index).

Importantly, on the Eastern border there is the separatist region, uncontrolled by the Chisinau authorities, which was artificially created and supported (financially and politically) by the Russian Federation.

Moreover, corruption and 'political myopia' of the elites sabotaged pro-Western political parties and the course of European development. Despite the positive signs and the support given by Brussels, Berlin and Washington on the Euro-integration path, this progress has been effectively ruined. After the corruption scandal and arrest of then Prime Minister Vlad Filat, the European Union has focused on actions of the then government to fight the scourge of corruption. In response, in April 2018, Brussels suspended financial

assistance of 100 million euros, which, in fact, was a gesture of disagreement with the electoral reform on the eve of the parliamentary elections, as well as with some laws related to citizenship by investment, measures to combat corruption in Moldova, amendments related to the privatization of Chisinau International Airport, the construction of the Chisinau Arena.

At the same time, the parliamentary elections of February 24, 2019 generated a deep crisis with both immediate and long-term impact. As a result, the European Parliament made statements about the character of a captured state of the Republic of Moldova by an oligarchic group, which concentrated in its hands its economic and political power, having a major influence on the government, parliament, state administration, police, justice and the press.

While the Democratic Party led by oligarch Vladimir Plahotniuc came in second after the number of seats in the new legislature (2019), following a new mixed electoral system, the result of the February 24, 2019 elections showed that the Socialist Party lost more seats in the Parliament, in favour of the Democratic Party, because of that change in the electoral system. In addition, as the Moldovan authorities neglected the recommendations of the Venice Commission – which called for the proportional electoral system to be maintained – and thus EU funding for the Republic of Moldova was suspended.

Furthermore, a number of citizens fighting for the return of the ‘Soviet Empire’ thought that for a country that has given up its course of European development, it would be much more advantageous to return to the area of influence of Russia. Despite this, there are counter-arguments that the Kremlin leader’s authoritarian system will not fully and truly ensure the freedom and fundamental rights of citizens, as the European Union ensures through the policies it promotes for each member state, nation.

Lastly, almost 60% of Moldovans would opt, in the event of a referendum, for the country’s accession to the EU. According to the Barometer of Public Opinion survey, operated by the Institute for Public Policy, 25.1% of citizens would oppose Moldova’s accession to the EU. It is worth noting that more and more people are currently opting for European integration, as evidenced

by the 2016 polls and by the victory of pro-EU Maia Sandu in the 2020 elections.

And if we refer to the institutional environment, the Romanian author Iacobuță explained that several ex-Soviet countries, including the Republic of Moldova, show significant differences in development, and the best example is the Baltic countries. The problem of fragility of the Republic of Moldova, according to her, consists in the harmful phenomena present in society such as corruption, excessive regulations, abuse of public power, state captured by the elites. All these represent the consequences of a weak state or a state, which failed in terms of qualitative implementation, as to institutional characteristics of a market economy (Iacobuta, 2005, pp. 65-66). According to her, the decision-makers are responsible for the fact that some post-communist countries are more corrupt than others, and the Republic of Moldova is characterized by low trust in politicians, which is, in fact, a consequence of the former oligarchic regime and unfulfilled electoral promises. The exuberance of the Association Agreement and the visa liberalization regime gradually turned into disappointment, lack of trust in the state and politicians and sometimes in nostalgia (swish to return to informal institutions).

In 2019, the Corruption Perception Index in the Republic of Moldova registered a level of 32 points (in 2018 it was a score of 33 points, placing the country on 117th position out of 180). For comparison, Georgia is on the 44th place in 2019, Ukraine - 126, Russia - 137, Romania – 70 (TIIM, 2019). This year has been an extremely difficult one for the Republic of Moldova, both internally and externally. Three governments have changed: (i) the Democratic Party, (ii) the Coalition of the Socialist Party with the Action and Solidarity Party, the \Platform for Dignity and Truth, (iii) the Socialist Party); a short-term and situational alliance was formed, which removed the oligarchy from the country's leadership and proceeded to adopt a package of laws aimed at clearing politics of oligarchic reminiscences. Unfortunately, after the proud breaking of this alliance, the new government reshaped its political agenda. Even though the anti-oligarchic coalition aimed to elucidate the bank fraud, known as the “theft of the billion”, the report of the parliamentary



commission of inquiry remained inert and without a criminal investigation. The General Prosecutor's Office had a discourse on intensifying investigation of the "billion file" and changing the investigative algorithm, on the grounds that so far, the oligarchic prosecutors only mimicked the investigation of the century, when in reality it was established that the defendants' assets were laundered, transferred abroad and remain under their control. Although staffing reshuffles were carried out in the prosecutor's office, the activity of specialized prosecutors' offices was reviewed. Not to mention the recovery of embezzled financial means from the banking system, although considerable investments have been made in founding and training the specialists of the Agency for the Recovery of Criminal Property.

### **Is Moldova's European Dream Possible?**

Brussels, as well as Washington, have sent clear diplomatic messages on concerns about events unfolding in Moldova countless times, both through their officials and through official communiqués. Harsh messages were sent by the Resolution of July 5, 2018 of the European Parliament, due to the cancellation of the results of the local elections in Chisinau (EP, 2018). Thus, the European Union no longer trusts the formal statements and decisions of the so-called pro-European parties, which ensure the act of governing in Chisinau. The failure of the Republic of Moldova to become a true democratic state would be a saving "enclave" for those who do not share European values. And here we refer to the corrupt officials, to the separatist regime in Tiraspol, to the political trajectory, to the external forces' hostile to the Republic of Moldova. But, most serious, destructive and poisonous aspects are correlated with vertical and horizontal corruption, the absence of solid reforms, the lack of good governance, but also of viable, transparent and effective public policies.

Such values as democracy, freedom of expression, pluralism, transparency imply free actions and benefits, certain restrictions and responsibilities, like the personal respect, respect for the law, for the norms of society and, in general, for the country. And only when these values are passed through

the conscience and responsibility of each individual, the Moldovan society can be considered a “success story” on its way to the European family. Among the levers of influencing and sanctioning the processes harmful to the democratization of society, but also to supporting the rule of law in the Republic of Moldova, the European Union must come up with the initiative to draft laws similar to those of the Magnitsky Act. These measures involve the application of traffic restrictions for people suspected or found guilty, but corruption, money laundering, devastation of the banking system, but also by activating the European Prosecutor’s Office that would facilitate investigations into the recovery of fraudulent assets from the national banking system. The irreversibility of the European path does not lie in declarations, but in actions carried out in good faith, through which the commitments assumed by the Republic of Moldova, when it received the credit of trust from its European partners, become reality. The irreversibility of the European path means good governance, the rule of law, the inviolability of human rights and freedom of speech. And finally, the irreversibility of the European path involves major sacrifice from society, from the political elites and from each of us, to change perceptions, fight stereotypes and develop a culture of integrity.

In November 2017, at the Eastern Partnership Summit, the (then) head of the European Commission, Jean-Claude Juncker, mentioned that the European Union is not ready for enlargement (EC,2017). He emphasized the need for the EU to open up to the Western Balkans, referring to the possibility of granting these countries candidate status for accession to the Community. On the other hand, when it came to Eastern European states, the European official tempered his optimistic rhetoric, confusing citizens and creating uncertainties in terms of opportunities for strategic cooperation and field policies.

What is certain is that the EU was disappointed with the Chisinau authorities, who lied about the commitments made to their European partners, and here we are now, talking about judicial reforms, ensuring the transparency of the banking system, economic stability. It should be noted that the High Representative of the European Union for Foreign Affairs and Security Policy,

Federica Mogherini, also wanted to emphasize the urgency of completing the investigation on bank fraud. The pro-European speeches of the officials in Chisinau are getting less and less convincing. In their messages, European officials increasingly mention that EU support is aimed at the citizens of the Republic of Moldova, but not at the government. In turn, political parties have moved from socially focused electoral programs, to those with a geopolitical vote, East or West. The 2016 presidential elections showed very clearly that the Moldovan society is divided 50/50 according to the geopolitical criterion. The political struggle was not between the left (Dodon) and the right (Sandu), but between the East and the West. And in the autumn of the 2020, presidential elections were again focused on the geopolitical vote. There is also a third option - the "Pro-Moldova" course (political party led by ex-speaker Adrian Candu), with a rhetoric in which there is less talk about the European course, making room for Eurasian one.

However, the goodwill of European partners has a limit. This message was clearly sent by the Ministry of Foreign Affairs in Bucharest on the occasion of the tenth anniversary of the initiation of the Strategic Partnership for European Integration of the Republic of Moldova. The following is a quote from this message: "Unfortunately, the current political situation in Chisinau [...] does not attest to the continuation or implementation of sustainable reforms to advance the European agenda and does not guarantee the Republic of Moldova a European path [...] the development of the Strategic Partnership cannot be achieved to its true potential". This message expressed the state of mind in relation to the current government not only in Bucharest, but also in Brussels, Paris, Berlin or Warsaw - the only exception could be Budapest. On the verge of a long-term economic and social crisis, however, the Republic of Moldova cannot afford such a state of affairs. On the contrary, it needs stronger and more secure partners and friends than ever before. The country needs them so that it does not become ignored or isolated; and friends, in turn, need a Republic of Moldova that promotes a credible foreign policy, in full line with national interests and commitments to implement the reforms undertaken by the Association Agreement with the European Union.

It is very difficult to outline the development and integration trajectory of the Republic of Moldova in the European family, especially since, in the last five years, the government in Chisinau has done it all to thwart and finally compromise processes that would convince Brussels that Moldova deserves a future in the great European family. The regrets of the European Union were generated by dissensions between political parties and actors, bank fraud and financial crisis (2015), non-transparent change of the electoral system (2017), denial of the recommendations of the European institutions (Venice Commission), invalidation of mayoral elections, as well as in the absence of well-founded legal grounds in general (2018), the adoption of a controversial budgetary-tax policy, the amnesty of assets, which generated a negative attitude from the part of the EU. At the same time, freezing of EU macro-financial assistance, originally aimed to support reforms in strategic areas, was a response to the irresponsibility of the Moldovan authorities.

The Republic of Moldova is a 'state captured by oligarchic interests', this being the position of the EU Parliament in 2018 on the implementation of the Association Agreement (Nofit, 2019). Such a rating given to the Republic of Moldova by the EU is one of the harshest to date. The EU highlighted the decline in respect to democratic principles and European values, advocated by the Moldovan political class by signing the Agreement.

### **Conclusion**

In conclusion, we can mention that the future of Moldova's partnership with the European Union depends on the consequences of the presidential election in autumn 2020. This is the political test that must be passed in order to restore the country's image among the Europeans, proving to be a responsible, credible and willing partner in order to integrate into the European family. Also, the consequences of the election results will leave their mark on the evolution of the collaboration between the Republic of Moldova and the EU, against the background of the internal political situation. We have a pro-European president, a prime minister at the behest of the pro-Russian president, a technocratic government made up of democrats and socialists,

and those in opposition (the Action and Solidarity Party, the Dignity and Truth Platform) are pro-European, but a competition can be observed a clear competition, rather, of ambitions and pride, than of concept and ideology. For the opposition, it is imperative to form a common political block, a political consensus and supporting the pro-European message of the President Maia Sandu, especially in these difficult times of pandemic, deepening economic crisis and worsening social situation, and European support is essential for the Republic of Moldova.

One thing is certain now: over the last year, the pro-European message has been distorted and excluded from domestic and foreign policy priorities. The consequences are clear: the Republic of Moldova is drifting further and further away from the European dream, becoming even more vulnerable to Russia, which wants to turn the republic into a 'buffer zone' against NATO. In the less favourable international and regional context (low EU interest in new enlargements; strained relations between the EU and the Russian Federation; the role of the Russian factor in the European integration process of the Republic of Moldova), the need to strengthen internal dimensions in the integration process European Union of the Republic of Moldova.

The cohesion of all political forces and actors in society is still needed to achieve major goals. At the same time, the integration policy promoted by the Government of the Republic of Moldova is often represented as a speculative and demagogic one, the tasks of European integration being transformed into electoral platforms, without being implemented in practice. In this sense, we opt for a competent leadership and a stable political will, provided by the support of the population to promote the goal of European integration of the country.

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