

'Domestic Barriers to the Pro-European Transformation of Moldova'
Dr Kerry Longhurst
Collegium Civitas

The research project will look at the evolving relationship between the Republic of Moldova and the European Union (EU). Moldova is an interesting country to look at. It used to be part of the Soviet Union, but is nestled in Europe and shares borders with the EU. Since gaining its independence in 1991 the country has gone through tough times with unstable Governments, widespread corruption and a general lack of economic and social development. The result of all of this is that the country is very poor, the Government weak and people do not have much respect for elites and public institutions. On top of all this, the country is physically divided between Moldova 'proper', which is overwhelmingly Romanian speaking and has its seat of Government in the capital city Chisinau and the breakaway 'Republic of Transnistria', which is aligned to Russia and is supported economically and militarily by Moscow, but it is not a recognised state in international law.

Despite this rather dismal situation, Moldova has been developing relations with the EU and is currently setting up a free trade area with EU states and an Association Agreement, which are supposed to help the country modernise, achieve stability and get closer to the higher living standards of the EU. We can call this a 'pro-European' transformation. The European Union offers Moldova a deal; if the country agrees to make fundamental reforms, like tackle corruption or improve their food production hygiene and quality then it can trade more with the EU and therefore make money and prosper. By committing to and sticking with reforms the EU also promises to provide funding and technical assistance to help the country modernise.

The key problem, however, is that corruption is very deep seated and engrained in daily life and politics, so much so that it is a normal practice. There are 'oligarchs', meaning very wealthy and powerful businessmen who also control the state through bribery and intimidation. Such people do not have much of an interest in changing things, as the status quo suits them very well and allows their businesses to prosper – we can call this 'state capture'. This is bad for ordinary people and for those who want to see a pro-European transformation of the country.

The project will examine this idea of Moldova as a 'captured state'. It will try to identify what exactly this means in the case of Moldova and then track how it is having a negative effect on the Country's relationship with the EU and what are the prospects for an improvement. To give the project a focus, there will be a 'case study' on the business sector and in particular the role of small and medium enterprises (SMEs). This is useful and interesting because in many other developing and transition countries like Moldova, SMEs play an important role in democratisation, economic growth and creation of liberal market economies. The current research project asserts that the business environment and SME sector is not in a good shape, not least because of state capture, and is therefore unlikely to play such a positive role.

This is an important subject because Moldova is our close neighbour, so we have an interest in making it stable, prosperous and democratic. The research is also valuable because it will help policy makers in the EU and in Moldova gain a better understanding of the problems so that they can make policies more effective and likely to succeed.