

## Oligarchic regimes in Moldova and Georgia, two different approaches from EU, OP-ED



### Op-Ed



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The oligarchic regimes operating in the countries with which the EU implements Association Agreements have different behaviors that are influenced a lot by electoral calculations, the popularity of oligarchic elites and the EU's position. From this viewpoint, we see a striking disparity between Moldovan oligarch Vladimir Plahoniuc and Georgian oligarch Bidzina Ivanishvili. They both have centers of control over the political systems, created verticals of power and can influence major political decisions without needing public consensus on such issues as the replacement of the electoral system. Nevertheless, the two oligarchs have a distinct internal situation and a distinct external image that determines their political path and the future government prospects.

Moldovan oligarch Vladimir Plahotniuc is yet trapped in public disgrace. Even if he concentrated all the decisional power during the past two years and openly coordinates the government, he remains poorly anchored in public preferences. During 2017-2018, the oligarch's team has made considerable effort to repair

his image: 1) different visibility techniques (weekly news conferences, indirect transfer of image from foreign leaders, charity events, etc.); 2) promotion of positive aspects of governance; and, 3) shifting of responsibility for failures onto members of the party and somehow controlled state institutions (Central Election Commission, justice sector, etc.). Thus, the practically absolute unpopularity of the Moldovan oligarch decreased by about 12%, from 94.6% in 2016 to 82% in 2018. As a result, the level of public trust in the Moldovan oligarch exceeded 14% and this is the most positive result since he entered active politics, coming closer to the popularity of his party - 16% (See Table 1).

Tabell 1. Level of public trust in Vladimir Plahotniuc (May 2011 – May 2018) and in the Democratic Party (PDM) (April 2016 – May 2018), %

		<b>A lot of trust</b>	<b>Particular trust</b>	<i>I do not really have trust</i>	<i>I do not have trust at all</i>	<b>I didn't hear about him/it</b>	<b>I do not answer</b>
V. Plahotniuc	<b>May 2011</b>	1.4	7.2	20.7	41.8	20	9
V. Plahotniuc	<b>May 2012</b>	1.1	9.4	17.5	47.1	14.6	10.3
V. Plahotniuc	<b>April 2013</b>	0.4	4.5	17.3	67.3	4.3	6.4
V. Plahotniuc	<b>April 2014</b>	1	11.3	17.1	61.7	6.3	2.7
V. Plahotniuc	<b>April 2015</b>	0.8	3.7	16.2	71.2	5.50	2.5
V. Plahotniuc	<b>April 2016</b>	<b>0.5</b>	<b>1.3</b>	<b>9.8</b>	<b>84.8</b>	<b>2.30</b>	<b>1.3</b>
<b>Democratic Party</b>	<b>April 2016</b>	1.8	5.6	12	77.3	1.6	1.6
V. Plahotniuc	<b>April 2017</b>	1.6	8	20.8	66.9	0.80	1.9
<b>Democratic Party</b>	<b>April 2017</b>	2.2	7.5	20.6	67.2	0.2	2.2
V. Plahotniuc	<b>May 2018</b>	<b>3.1</b>	<b>11.5</b>	<b>13.6</b>	<b>68.4</b>	<b>1.30</b>	<b>2.1</b>
<b>Democratic Party</b>	<b>May 2018</b>	2.8	13.3	16.5	62.6	0.7	4.1

<b>Party</b>							
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Source: IPP, [bop.ipp.md](http://bop.ipp.md)

Moreover, the Moldovan oligarch has a very negative image in Brussels. Indirectly, he is attributed the ‘state capture’ manifestations ([European Parliament, July 5, 2018](#)) and their noxious impact on the state institutions that resulted in serious deviations from the democratic principles and the invalidation of the Chisinau mayoral elections ([IPN, July 9, 2018](#)).

In comparison with Vladimir Plahotniuc, Georgian oligarch Bidzina Ivanishvili enjoys high popularity among the Georgian citizens. The party he heads, “Georgian Dream”, has a comfortable majority of seats of MP won in the October 2016 elections. As in the case of Moldova, the Georgian oligarch concentrated practically the whole political power in his hands, except for the presidential office, which has symbolic powers, and [starting with 2025 will be elected into Parliament](#). Unlike Plahotniuc, who expressed his wish to take up the post of Prime Minister in 2017, Ivanishvili gave up the given post in 2013 and supervised the government’s activity from behind. After his return to politics by taking over the ruling party [in April 2018](#), Ivanishvili chose to follow the decision-making process without becoming a formal part of the government. The return was determined by the political crisis inside the party “Georgian Dream”, multiplication of social protests in Georgia ([IPN, June 11, 2018](#)) and, respectively, the possibility of transnationalizing the democratic manifestations in the region (“[velvet revolution](#)” in Armenia). This way, both Ivanishvili and Plahotniuc coordinate the governments, but do not hold a public post obtained as a result of democratic elections. Nevertheless, the “Georgian Dream” governs based on a mandate with robust legitimacy, while the Democratic Party gained access to government through the orchestrated massive migration of MPs to the Democratic Party in 2015-2016. Even if the average salary per country in Georgia is almost twice higher ([US\\$465 in 2016](#)) than in Moldova, the Georgian oligarchic regime faces conspicuous socioeconomic problems that are similar, but not identical to the Moldovan ones. On the contrary, corruption and migration are the main problems that preoccupy the Moldovans and that are interdependent, stimulating each other (*See Table 2*).

Table 2. Aspects of oligarchic regimes in Moldova and Georgia

	<b>Bidzina Ivanishvili</b>	<b>Vladimir Plahotniuc</b>
<b>Involvement in decision-making</b>	<p><b>2013-2018:</b> “from behind”</p> <p><b>April 2018-currently:</b> openly, as the president of the party “Georgian Dream”</p>	<p><b>2009-2015:</b> “from behind”</p> <p><b>December 2016-currently:</b> openly, as the president of the PDM and coordinator of the government</p>
<b>Legitimacy</b>	Broad legitimacy obtained in 2016 elections	Broad illegitimacy determined by the concentration of power after 2015
<b>Top 5 key problems invoked by the population</b>	<ol style="list-style-type: none"> <li>1. Unemployment</li> <li>2. Economy</li> <li>3. Territorial integrity</li> <li>4. Social problems</li> </ol>	<ol style="list-style-type: none"> <li>1. Low salaries and pensions</li> <li>2. Corruption</li> <li>3. Unemployment</li> </ol>

	5. Crime	4. Migration 5. Roads
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Source: IRI.org and author's observations

### “Pro-EU” oligarchs in Georgia and Moldova – similar goal, different means

The political trajectory of Ivanishvili was beneficial because this managed to obtain an absolute majority in Parliament, to control the government and many other local authorities, including in the capital city. Ivanishvili himself admits that he managed to build a vertical of power ([OCMedia.ge, July 25, 2018](#)) after 2016. The first interference in governance was restrained by the government in concert with the party “Free Democrats” managed by Irakli Alasania, ex-minister of defense (2012-2014), who abandoned Georgian politics in 2016. Later, owing to the mixed electoral system, the party that is informally controlled by Ivanishvili gained 49% of the vote and, respectively, 77% of the seats in Parliament. Having a constitutional majority, the “Georgian Dream” decided to amend the electoral system and to return to the proportional voting system, managing thus to replace the Venice Commission’s criticism with positive appraisals ([CoE, September 2017](#)). Nevertheless, the introduction of the new system is proposed not for the elections of 2020, but for the year 2024 and was done without taking into account the opposite’s opinion. Owing to the chronic unpredictability of oligarchic regimes, the introduction of the proportional representation system in 2024 is uncertain and depends on the political and electoral calculations of Ivanishvili.

The Moldovan political algorithm was more complicated for the swifter concentration of the power by Plahotniuc, who in 2009-2015 ruled by larger coalitions that included yet a more powerful political force – the Liberal Democratic Party (PLDM). Only in 2016, Plahotniuc’s party started to strengthen its political supremacy, absorbing important segments of the PLDM and the Party of Communists. To create the appearance of a coalition government and, respectively, to redistribute public dissatisfaction, the company of Vladimir Plahotniuc contributed to the [formation of the Group of the European People’s Party of Moldova](#). Compared with Ivanishvili, the political position of Plahotniuc is challenged by larger categories of people because it was crystalized based on non-democratic and non-electoral schemes. Therefore, inspired probably by the Georgian experience and the experience of Ukraine, where the presence of oligarchs is even more massive, Vladimir Plahotniuc and the Democratic Party decided to introduce the mixed electoral system in July 2017, neglecting the criticisms of civil society, the opposition and foreign partners ([IPN, July 24, 2017](#)). The hurry with which Vladimir Plahotniuc forced the political decisions in favor of the mixed system (51 seats of MP based on elections in single-member constituencies) is practically inversely proportional to the speed by which Ivanishvili’s party set the period for annulling the mixed system in Georgia. This way, even if the Georgian opposition in 2014 sought the proportional voting system for 2016 already and later for 2020, Ivanishvili’s party set it for 2024 only (*See Table 3*).

Table 3. Remodeling of electoral system by oligarchic regimes of Moldova and Georgia

	<b>Bidzina Ivanishvili</b>	<b>Vladimir Plahotniuc</b>
<b>Electoral system based on which parties entered Parliament in last elections</b>	Mixed system – October 2016	Proportional system – November 2014
<b>Number of MPs</b>	115 MPs (76.6%) – constitutional majority	40 MPs (39.6%) – parliamentary majority secured with the votes of 16 satellite MPs (of the European People’s

		Party of Moldova and independents)
<b>Future elections and proposed electoral system</b>	2020 – mixed system 2024 – proportional system	2019 – mixed system
<b>Electoral chances according to IRI polls (first voting option)</b>	<ol style="list-style-type: none"> <li>1. <b>Georgian Dream</b> – 27%</li> <li>2. United National Movement – 17%</li> <li>3. European Georgia – 7%</li> <li>4. Labor Party – 5%</li> </ol>	<ol style="list-style-type: none"> <li>1. Party of Socialists – 32%</li> <li>2. PAS – 15%</li> <li>3. <b>Democratic Party</b> – 8%</li> <li>4. Platform “Dignity and Truth” - 8%</li> </ol>

Source: Author’s observations, *International Society of Fair Elections (Georgia)*, *E-democracy.md*, *IRI.org*

The interest expressed publicly by Ivanishvili by exerting influence on the government had no open connection with the attempt to maximize the incomes most of which were earned outside Georgia. This is associated with the ousting of the government of Saakashvili, which in 2010-2013 was considered authoritarian, and with the improvement of the relations with Russia. At the same time, in the period during which this informally governed Georgia, a series of worrisome signals appeared as to the relapse in policies that were revitalized during the government of Saakashvili, including the incidence of corruption ([IRI, April 2018](#)). Nevertheless, the way in which Ivanishvili exercises control and allows to remodel the political landscape does not cause massive dissatisfaction inside the population and, respectively, harsh reactions on the part of the EU and other Western partners.

The goal of Vladimir Plahotniuc is to politically supervise his system without which he will not benefit from immunity and, respectively, impunity. He is associated with the theft from the banking system and the deterioration of democratic institutions. The anti-oligarchic opposition is so powerful in society that the securing of a larger number of controllable MPs in the future Parliament is a major priority of the political regime coordinated by Vladimir Plahotniuc. For these reasons, Vladimir Plahotniuc ignores the opposition’s criticism and the concerns expressed by foreign partners. For now, the Moldovan oligarchic regime acted with intransigency (*adoption of the mixed system, invalidation of elections in Chisinau, [transferring of parliamentary elections to February 2019](#)*), provoking negative consequences for the national interests (*postponement of the EU macro-financial assistance*) and creating a negative precedent in the region ([IPN, July 16, 2018](#)).

### Why does the EU adopt distinct approaches?

Even if political systems based on political subordination of institutions, deactivation of the system of “control and balance” and interference by oligarchic interests ([IPN, 28 February, 2018](#)) are seen both in Moldova and Georgia, the EU tends to differently treat the ‘state capture’ phenomenon. In this connection, the destructive actions of Vladimir Plahotniuc’s regime attract more attention in Brussels than the actions that can be associated with the informal involvement of Ivanishvili. Thus, it seems that some of the oligarchs are more “useful” than others in the countries associated with the EU ([IPN, October 17, 2016](#)). The differentiated EU approaches to the Moldovan case and the Georgian one are based on several reasons.

First of all, Ivanishvili’s regime is democratic and was formed as a result of elections, even if these were based on the mixed system that favored the “Georgian Dream”. The political power accumulated by Plahotniuc was formed by unclear schemes and by influencing MPs to become members of the PDM. The absence of the electoral factor in the way in which Vladimir Plahotniuc concentrated his power left a negative

imprint on the political regime dominated by him.

The second important aspect is related to the number and gravity of the deviations committed by the regime associated with Ivanishvili and the one associated with Vladimir Plahotniuc. The banking fraud and the slow investigation into this, concentration of the media market, monopolization schemes (Metal Feros based on scrap metal, Trans-Oil based on grains, etc.), criminal cases that feature Vladimir Plahotniuc etc., strengthen the European institutions' undeclared opposition to the government led by Vladimir Plahotniuc. The invalidation of the Chisinau mayoral elections (June 2018), mixed electoral system (July 2017), capital amnesty and decriminalization of economic offenses ([Expert-Grup, July 26, 2018](#)) can be added to these. For now the EU answered with the postponement of the first tranche of the macro-financial assistance package that was to be disbursed by this autumn at the latest.

The third and last aspect that gives emphasis to the Moldovan case is the participation by the antigovernment opposition of Moldova (PAS, Platform "Dignity and Truth", PLDM) in the family of the European People's Party (EPP), which regularly attacks the oligarchic regime led by the leader of the PDM Vladimir Plahotniuc. Moreover, the most recent resolution adopted by the European Parliament at the request of the EPP exposed the Democratic Party and, indirectly, Vladimir Plahotniuc to massive criticism ([IPN, July 9, 2018](#)). Even if the EPP has among its ranks the main Georgian opposition party (United National Movement), the criticism of this group is less intense and visible. At the same time, even if the EPP condemned the gestures of the parliamentary majority controlled by Ivanishvili as regards the replacement of the electoral system, this does not describe these actions as derivatives of the oligarchization of the political power and, respectively, of 'state capture. Simultaneously, despite the visible interference by oligarchic interests in the decision-making process, the EPP defined Georgia as a "success story" ([EPP, May 13, 2017](#)).

### **Instead of conclusion...**

There is enough evidence that enables to describe both Moldova and Georgia as states captured by oligarchic groups. The Georgian case is less intense and does not imply as many and as visible deviations than those implied by the political regime in Chisinau. But this anyway has a negative impact on the sustainable functioning of the Georgian democratic institutions.

The EU avoids to make allusions to the presence of the oligarchic factor in Georgia and is much more open to the same problem that is worse in Moldova. Admitting that the political systems in the region are under the constant influence of oligarchs is essential for identifying correct solutions and for preventing the copying of practices by Moldovan oligarchs from Georgian and Ukrainian ones or vice versa.

Based on the Moldovan case, it was proven that the political regimes dominated by oligarchs cannot be "success stories" despite the tendency to transform Georgia into the new "success story" of the Eastern Partnership. The European institutions are to apply the same criteria for assessing the situation in the region, but to also be explicit as to the interference by oligarchs in the decision-making process. Finally, it is in the EU's interest to discourage any oligarchic regime, even if some seem to be more acceptable than others.

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