



THE WRITING ON THE WALL

## It's the Corruption, Stupid

MARTHA BAYLES

*How Westerners misunderstand the Eurasian drift of former Soviet republics like Moldova.*

**T**he stupidity I'm referring to is mine. In July 2015 I visited Moldova, a small, picturesque, impoverished country wedged between Romania, which is part of the European Union, and the breakaway region of Transnistria, which borders Ukraine and is mostly pro-Russian. My purpose was to observe the ground-level operations of Radio Free Europe, and I met some terrific people. But I also misconstrued much of what I was seeing, because it didn't fit with my preconceived idea of the biggest challenge facing this and other former Soviet republics.

I did manage to avoid the obvious stupidity of Westerners who, in the words of one RFE informant, "arrive at Chisinau airport, stay at the Jazz Hotel, and marvel at all the dynamic young people walking around with smartphones." The Jazz Hotel was where I stayed, and it was quite nice. But thanks to my RFE hosts (most of them dynamic young people with smartphones), I also saw a bit of "profound Moldova," as the locals call the countryside.

One day I was driven to Sarata Galbena, a village about 55 kilometers southwest of Chisinau, by Alexandru, an RFE journalist who had family in a nearby village and kindly offered to interpret. The trip took more than two hours, because the road was neither concrete nor dirt but an unnerving mixture of hard surface and deep craters just waiting to crack an unsuspecting axle. But the scenery was lovely: part Vermont hills and part California vineyards, with exotic touches such as onion domes instead of steeples, horse-drawn wagons instead of trucks.

Even more exotic were the conditions in Sarata Galbena. Upon our arrival, I asked Alexandru where the ladies' room was. Visibly embarrassed, he replied

that there was no such thing. There are practically no sewage systems or plumbing in rural Moldova, mainly outhouses and wells. Many of the wells are polluted, so villagers drink water from plastic bottles then burn the bottles in their yards. Warned about air pollution, they say they have no alternative. The nearest recycling plant is miles away, and who has a car? As for trash collection, there is no such thing.

The occasion for my visit was a “town meeting” sponsored by the Mayor, RFE, and a couple of pro-European NGOs. The topic to be discussed was whether Moldova should join the European Union, as Romania has done, or drift, as Transnistria was doing, in the direction of Russia’s Eurasian Economic Union. I was looking forward to this event, because to my mind there was no greater challenge facing Moldova than the choice between Western liberal democracy and Russian authoritarianism.

The discussion did not start on a very democratic note. Indeed, for the first hour the Mayor and his co-sponsors did all the talking, which to this New Englander felt less like a town meeting than a study session for local Party cadres. But then one of the villagers spoke up. A white-haired, strongly built man, standing in the back with a half-dozen grizzled companions, raised the issue of private ownership of local lakefront property. There are several lakes in the region, and back in Soviet times, the villager said, they belonged to the people. If you wanted to go fishing, you could. Now all the lakefront property belongs to rich outsiders who charge the locals outrageous fees just to gain access to the lake, never mind fish in it.

This was not my issue; I was not planning any Moldovan fishing trips. But when the Mayor somewhat condescendingly explained that the land around the lakes was “still a public good” because it was not really *owned* by the rich outsiders but rather *leased* by them, I began to sympathize with the speaker, especially when he angrily shot back that the leases were for *fifty years!*

The Mayor was ready for that one. Ever so patiently, he explained that each one of those leases generated 200,000 *leu* (\$4,000) in annual tax revenue. That was a lot of money, which local officials could use for good purposes. To me this sounded reasonable, and I began to imagine the possibilities. Maybe the money could be used to open a portion of the lakeshore for public use. Or to set up a village recycling plant. Or maybe even to build a water filtration plant in tandem with a sewage system and water lines to every home.

The grizzled ones did not see it that way. Indeed, the Mayor’s mention of tax revenue provoked such a furious outburst, I began to wonder if my sympathy had been misplaced. Maybe those old guys were so blinded by the cynicism that came from having lived under the Soviet system, they were hostile to the whole prospect of a new and democratic Moldova. I came away hoping Moldova would join the EU soon, so that prosperity and the rule of law could finally come to this hard-pressed village.

Please note that the EU was looking a little less ragged then than it is now. In any case, I might as well have wished that Moldova would become America’s 51<sup>st</sup> state. In a run-off vote held on November 14, a pro-Russian candidate named Igor Dodon was elected President. In a pre-election interview with Anna Nemtsova, an independent journalist based in Moscow, Dodon declared his intention to rule as “a dictatorial leader, the same as Putin.” He also pledged to end Moldova’s “accursed free trade agreement” with the EU.

Whether or not Dodon takes these steps, one thing is clear: He is no more likely than his predecessors to tackle what many Westerners (including me) are too stupid to recognize as Moldova’s biggest challenge: corruption bordering on kleptocracy.

For a better sense of what is happening in Moldova, I recommend two recent reports, [one from the Carnegie Endowment](#) and the other from the [Kleptocracy Initiative](#). In this space, suffice it to say that Moldova is a country where a million people out of a population of 3.5 million earn less than \$100 a week, and one in three children lives without parents because the parents have gone abroad to find work. Moldova is also a country where phony corporations and

banks grow like tumors, and \$20 billion can be quietly laundered on its tortuous journey from the kleptocrats of Moscow to the hypocrites of London.

The situation came to a head in November 2014, when it was revealed that three Moldovan banks had managed to “lose” \$1 billion. The fallout from this “loss” included a bailout using IMF aid money, a currency devaluation, a reduction in GDP from \$8 billion to \$6.5 billion, and a recession. As for the \$1 billion, it is generally thought to have disappeared into the capacious pockets of the country’s ruling elite: a motley collection of oligarchs who pose as political rivals when running for office but also collude behind the scenes to make sure the ill-gotten billions keep flowing.

Just to cite one example, Dodon has long been chums with the most influential oligarch in Moldova, Vladimir Plahotniuc. As Economic Minister in 2006, Dodon helped Plahotniuc buy recently privatized government buildings. Ostensibly, the two chums are on opposite sides of the EU-Russia divide. But this is Moldova, where chums don’t let geopolitics interfere with greed. Consider: the supposedly pro-EU Plahotniuc owns half of the major news outlets, including those that carry Russian channels. All of those outlets, not just the Russian ones, did everything in their power to help Dodon get elected—including smearing Maia Sandu, his biggest rival and the only genuinely anti-corruption candidate.

The “billion-dollar bank heist” of 2015 brought thousands of protesters into the streets of Chisinau. Those protests were still going on at the time of my visit, but, innocent that I am, I failed to read the writing on the wall—or rather, grasp the grumbling of the grizzled. Looking back, I suspect that those old guys in Sarata Galbena were not especially hostile to liberal democracy. Nor were they yearning for authoritarianism, even if (as seems likely) they voted for Dodon. Their gripe was pretty much what they said it was: Rich outsiders were coming in and grabbing what had previously belonged to everyone.

Maybe those rich outsiders were honest citizens who had created businesses that were employing a lot of Moldovans and paying taxes to a legitimate government that was using the revenue to clean up the environment and provide much needed social services. On the other hand, maybe they weren’t.

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