

10. Interference: political background of reforms

The starting point

The fabulous changes that the ex-soviet countries have gone through after the early 90's, have proven a close dependence between the economic and political processes. In the Republic of Moldova the political confrontations often left a profound negative footprint upon the process of economic reforms. The crisis from late 1998 constitutes only a logical sequence of the long run period, when the economic reform in Moldova has been the hostage of political realities. Let us make a closer look at the years under review.

The policy of democratization and "perestroika" launched by Gorbachov in 1985, had negative consequences for the initiator himself. The former Soviet Union republics took seriously the fact, that according to USSR constitution, they were entitled to be considered sovereign states. The Baltic States were the first to consciously start the process of secession from the Soviet Union and to transform into states recognized on international arena. As driving forces of those processes were the new political forces called "Popular Fronts". With some delay, similar processes ran also in the Soviet Socialist Republic of Moldova (SSRM). After the famous for that time Article 6 from the Constitution of the USSR was canceled, which stipulated the monopoly of the Communist Party, the process of political pluralism, structuring in form of "public movements" also started in Moldova. In October 1989 in Chişinău four new political formations were registered: Popular Front of Moldova, Internationalist Movement "Edinstvo" ("Unity"), the movement "Gagauz Halkı" ("Gagauz people") and the "Vozrozhdenie" ("Revival") movement. With some insignificant exceptions, all these formations were set up based on ethnic criterion. This reflected the profound split up of the Moldovan society as a result of the confrontations from 1988-89 *vis-a-vis* the problems that only apparently seemed to be of linguistic nature. The substratum was much more profound. The society split into those who wished to preserve the political system and old system of economic relations in the society, and those who felt the possibility to change the society. The elections ceased to be a boring procedure with predetermined results by the Communist Party decision makers. In the spring of 1989 the first elections were held when many more candidates per one circumscription were admitted, for the Supreme Soviet of the USSR. The confrontations upon the linguistic issues transformed into a struggle for political power. The initiative was resumed by the Popular Front, whereas the Communist Party of Moldova, since the summer of 1989, lost the control on the situation. Through that all, the situation was rather confused because many activists of the new political formations, including of the Popular Front, continued to be formal members of the Communist Party. The struggle for officialization of the language of the native population, reintroduction of the Latin alphabet and recognition of its identity with the Romanian language deeply shattered the political system, imposed on the right bank of the river Nistru after the formation of the SSRM in 1940. In the summer of 1989 large masses of the population engaged in political confrontations.

The turbulent political processes from 1988-1989 disclosed the availability of a strong political contrast in the republic. The demarcation line was running along the bank of the river Nistru and included the town of Bender. The specific trait of this zone, which subsequently was named Transnistria, was mostly conditioned by the policy promoted by USSR center for many decades. On that part enterprises were focused, that were subordinated to the Union center and were part of the military industrial complex of the USSR accounting for about 20% of the entire industrial potential of Moldova. Also, in that zone for many decades troops of the 14th army

have been deployed, whose veterans preferred after retirement to reside there. These two factors impacted profoundly the dominated spirits of the population and essentially changed the ethnic composition and mentality as compared with the right bank of the river. Most of the population from the industrial centers of Transnistria stood categorically both against the national revival of the autochthons, and against the idea of transforming the SSRM into an independent state. The situation was aggravating also due to the fact, that the Transnistrian population at that time (1988-1989) was able to obtain the information of the political processes going on in Chişinău only from Russian language press, fully controlled by the Communist Party, which, while losing the political initiative, interpreted everything that was taking place against its will as manifestations of aggressive “Romanian nationalism”, as a prelude of an overnight unification of SSRM with Romania. As a result, from the very beginning, the trust between representatives of those two banks was missing. On the left bank the political initiative was taken by the extremist political formation “OSTK” (“The Unified Council of Labor Collectives”). If on the right bank the initial Popular Front emerged as an antipode of the Communist Party, then on the left bank the “OSTK” emerged as a tougher promoter of the “Soviet” ideology, shaped into a mostly extremist form.

At the same time, there is a common parameter for the participants of the political confrontations in Moldova – the low level of political culture, totalitarian mentality and primitive perception of the complexity of the problems the society faced. This was particularly noticed in economic aspect. Both new leaders and the population were extremely sensitive to everything that was related in a way or other to the national aspect, regardless of the economic future of Moldova. Unfortunately, today in Moldova there is not at least one sound and influent school of economics that would have been able to impose itself in front of the politicians as an authority in the economic field.

The economy of the Soviet Socialist Republic of Moldova from the very beginning was constituted as a component part of the economic complex of the Soviet Union. The industrial sector, as well as the agrarian one, was fully integrated within USSR. About 90% of the trade was made with the rest of the USSR. In Moldova there was a relatively well developed agro-industrial sector (compared with the overall development level in the USSR).

Starting with the elections from 1990, there were held already five electoral campaigns (1991; 1996-presidential; 1990;1994;1998 – parliamentary) in Moldova. The results of these elections have strongly influenced reforms in the society, and particularly economic ones. At the same time, their results reflected both changes of the expectations of population during those years, as well as its reaction to consequences of the governance elected ruling forces. In this aspect, it is important to make an analysis of these two parameters.

Elections from 1990 ran based on the majority principle in 380 Union level circumscriptions. The excessively big number of circumscriptions was imposed by the leadership of the Communist Party of Moldova, which considered that the Popular Front will not have enough forces to cover by its candidates such a big number of circumscriptions. None of the political forces announced its list of candidates during the electoral campaign. As mentioned above, the situation was very confused, because members of the Communist Party were claiming on behalf of all newly formed political formations. This made the Communist Party of Moldova to announce its electoral victory, because 83% of all the new deputies at the moment of elections were formally its members. However, in reality, almost 120 mandates were obtained by the Popular Front; approximately the same number by the representatives of the agrarian sector, elected through the circumscriptions from the right bank; 64 deputies were elected in circumscriptions from the Eastern raions of the Republic of

Moldova, all of them being “blessed” by OSTK.

First experience of parliamentarism

The activity of the first parliament went through several more stages. It was considerably marked by enthusiasm and romanticism. In conditions of society's first steps towards democratization, the role of member of parliament (MP) was totally new for the elected. The newly emerged political elite of Moldova tried to learn *ad hoc* what means to govern a state. It is enough to mention, that the candidacy of Mircea Druc, the representative of the Popular Front, as the prime-minister, was supported in the Parliament almost unanimously. *De facto*, in the Parliament a national non-formalized bloc was constituted, comprising the representatives of the Popular Front and managers of the agrarian farms, elected though the circumscriptions on the right bank of Nistru. Jointly they constituted a majority of more than 2/3 who voted the Declaration on Sovereignty on June 23, 1990, approved the coat of arms, the state banner, etc. Yet, the romantic phase lasted less than a year. In the Parliament a regrouping of forces occurred. Political situation in Moldova aggravated promptly, the secessionism in the Southern and Eastern parts of Moldova got beyond control of the central power. On August 19, 1990 in Comrat the *Soviet Socialist Republic of Gagauzia in the composition of the Soviet Union* was proclaimed, and respectively, on September 2, in Parcani – the *Transnistrian Soviet Socialist Republic of Moldova in the composition of the USSR*. Profiting by the political mistakes of the new leaders of Moldova, the USSR center succeeded to use the secessionism in Moldova, in comparison with Baltic States, as an instrument of blackmail aimed at maintaining the republic in the USSR. The behavior of the prime-minister Mircea Druc showed that the Popular Front proved to be unprepared for a real governing. The action program of the Government was a declarative document, based on certain romantic notions regarding the manner of market economy operations. The complexity was not comprehended of radical changes in the relations of ownership and there were no suggested mechanisms of economic transformation. Neither had been attempts to estimate the social costs. The categorically negative attitude towards USSR did not have as background any program of consolidation of economic independence of Moldova as a sovereign state. Instead, the Druc cabinet was easily involved in political confrontations in Moldova, ignoring the process of economic reforms. The so-called “volunteerada” from the summer of 1990, organized by the cabinet as an instrument of the Popular Front, events at the bridge-head in Dubasari from November, which led to loss of human lives, brought the existence of the national bloc in the Parliament to an end. Only after one year of activity as head of cabinet, Mircea Druc was dismissed, even with participation of some of his previous supporters. At that time the political initiative was resumed by the President of the Republic Mircea Snegur, under whose umbrella one more year acted the following cabinet headed by Valeriu Muravschi.

Testing by privatization

The privatization process of the state property constitutes a key element of the economic reform. The attitude towards that and manner of approach discloses both the level of competence of the reform promoters, as well as their real interests. In its turn, the success or failure of the privatization process can impact decisively the reforms run. Unfortunately, the reality showed, that none of the political forces from the Parliament elected in 1990, none of the MP groups had clear targets regarding a privatization model suitable for the economy of Moldova. Consequently, on July 4, 1991, the Parliament of Moldova rejected the draft law “On privatization”, suggested by its own cabinet, and adopted absolutely unexpectedly the version of the law, worked out and submitted only a couple of days before, by a group of

members of the Social-Democratic Party of Moldova, a party which was not represented in the Parliament and had nothing to do with the power structures.

The problem of land privatization provoked even harder confrontations in the Parliament between the representatives of the Popular Front and the “agrarians”. The latter, who regarded the collective farms as a mechanism of controlling the electorate and a sure source of personal enrichment were looking for various excuses to slow down to maximum the land privatization process (of breaking-up the collective farms). The Popular Front insisted categorically on the peasants’ right to land ownership. The Land Code, emerged as a result of confrontations between the main political forces of that time, was enforced on January 1, 1992. The Popular Front succeeded to get the formal right of the peasants to land ownership, whereas the Land Code stipulated no mechanism of a guaranteed enforcement of this right. Both of those two political forces, through which most of actual politicians started their careers, showed a level of competence in economics far below the requirements and were unable to work out a coherent program of transforming the agrarian sector of Moldova on the basis of market economy principles.

The genesis of the first ruling party

The events in the summer of 1991 running in Moscow did not leave Moldova any alternative, - on August 27, 1991 in an atmosphere of total enthusiasm the Parliament proclaimed the independence of a new state on the political map of Europe. The political elite of Moldova got face to face with a series of unprecedented problems. In short period of time they were supposed to erect the real structures of a real state.

The putsch in Moscow meant concomitantly the end of the Communist Party in the form previously imposed by Moscow. After the Communist Party was banned, the agrarian deputies, being confronted with the Popular Front and feeling the need of a political party to defend their own interests, in October 1991 set up the Agrarian Democratic Party of Moldova (ADPM). The “agrarians” after the “divorce” with the Popular Front became most influencing force in the Parliament, holding 118 mandates. At the same time, it is necessary to remark, that the ADPM, in comparison with the Popular Front, for instance, has never been a political party with a political platform fully shared by all its members. In reality, at the beginning they consolidated as former members of the vanished communist party with a goal to promote certain corporate interests linked with the old manner of organizing the agrarian sector.

The armed conflict in the spring of 1992, the Bender tragedy from June 18, 1992 determined a totally new correlation of forces in the Parliament. Andrei Sangheli’s appointment as prime-minister meant *de facto* installation of the ADPM to power and the end of domination of the Popular Front both in the Parliament and the society as a whole. In formal terms, this political formation’s governance (ADPM’s), lasted almost 6 years and ended up on March 22, 1998 when this party did not gain even 4% at the Parliament elections. At the same time, the formal governing of one and the same political power did not mean conservation of political processes in the society. In this sense it is important to compare the results of the parliament elections from 1994 and 1998 and to analyze the interdependence of the political processes with the economic ones.

Evolution of the political spectrum

The elections from February 27, 1994 were the first elections based on multi-party system. Also, for the first time they were held according to proportional principle. The whole

Moldova has been declared as one circumscription, and each electoral competitor presented a list of candidates. For participating in sharing the places in parliament it was necessary to pass a 4% threshold. The comparison of the 1994 and 1998 elections is simplified by the fact, that the “rules of game” remained unchanged (except for some small details). The results of every poll are appreciated usually after the distribution of mandates in the parliament. At the same time, it is necessary to mention, that due to the 4% threshold at the poll from February 27, 1994 more than 23%(!) of valid votes were lost; on March 22, 1998 – more than 18%. This is why, in order to provide the correctness of the analysis it is necessary to take into account not only the distribution of mandates in the Parliament, but also the political preferences of the electorate who voted for the electoral competitors which remained under the 4% threshold.

The first conclusion possible to be drawn from the diagram below is that already in 1994 more than 16% of the voters who participated in the elections were looking for an alternative to either the Moldovan “leftists” or “rightists”. In other conditions, this “center” would have been represented by 16 mandates of MPs, which might have meant a totally different correlation of forces in the parliament. ADPM wouldn’t have held an absolute majority in the Parliament, and even the first experience of elections based on multi-party system might have obliged the Moldovan politicians to create a coalition cabinet. In reality, however, the ADPM won 56 mandates of the 104, which allowed to create a “monocolor” cabinet headed by the same Andrei Sangheli. The poll on March 22, 1998 showed that the number of those who looked for an alternative to “centrists” during four years increased two fold, this time accounting for 33.56%. Now the “center” is represented in the Parliament by the Bloc for a Democratic and Prosperous Moldova (BDPM) which won 18.1% and, respectively 24 mandates. Nevertheless, at this time about 16% of votes in the “center” were lost.

The parliamentary elections from 1994 took place at the time, when Moldova undertook the first steps towards market economy. The privatization process was already unleashed. In 1992, in conditions of extremely sharp crisis provoked by the Transnistrian conflict, Moldova started the collaboration with the international financial institutions. In the fall of 1993, only some months before the first parliamentary elections in conditions of statehood independence of Moldova, the Moldovan leu was introduced into circulation. Subsequently, at that poll the Moldovan voters decided what political force assigned to implement the economic reform, will lay the cornerstone for setting up the economic foundation of the new state.

Evolution of the ruling party

Emerged in October 1991 based on the “Viata Satului” (“Countryside Life”) club, the ADPM already had consolidated its forces for the first elections based on multi-party system in some more aspects. In organizational aspect, it comprised an area of almost 600 collective farms which were treated by the “agrarians” as primary organizations. In the situation, when the rural population was very poorly informed about the essence of the processes in Moldova, this fact constituted an extremely efficient mechanism of forming the electoral option in the countryside. Andrei Sangheli, the informal leader of the ADPM, already in 1994 had been being prime-minister for two years. On ADPM’s candidates list was also included the that time Chairman of the Parliament Petru Lucinschi, whereas Mircea Snegur as President of the Republic openly supported this political formation. Thus, the majority of executive power structures, either openly or latently, got involved in the electoral campaign on behalf of the ADPM. took

The electoral message of the ADPM was as simple as possible. On the background of Popular Front radicalization and after the bloody conflict in 1992 which shocked the majority of the population, the ADPM succeeded to impose itself in the opinion of many people as an acceptable alternative to the political extremism, as a warrant of statehood (in the sense of non-unification with Romania), preserving the traditional economic relations (with CIS), etc. At the same time, a considerable part of the Moldovan electorate was already affected by nostalgic sentiments and negative attitude towards such notions as “market economy”, “democracy”. The electorate was not concerned of the fact that in the candidates list of this party were included people of various formations, obviously fortuitous, and by the perfunctory nature of the pre-electoral platform. ADPM won a categorical electoral success. Having 43% of votes and 56 mandates in the Parliament, out of 104 places, ADPM became a ruling party. After the victory of the ADPM Mircea Snegur, being the President of Moldova elected through general poll (Dec. 8, 1991), declared himself member of this party.

ADPM formally survived as ruling party for four years. Yet, in reality it was not able to fulfill its role of ruling party. The need to promote real changes in the society evidenced the fact, that the ADPM members had political views, let alone personal interests, which were often incompatible. Being on a list of candidates for the sake of access to power, they were not able to run their activities based on a common program of governing. Already after one year 11 “agrarian” MPs headed by Nicolae Andronic left the ADPM faction, accusing the former party fellows of lack of real reformism. The President of Moldova Mircea Snegur categorically distanced from ADPM, and in an year joined in a direct disagreement with them.

The illusion of ADPM’s existence as stable political party was dissipated by the electoral competition in 1996, when three “agrarians-94”, Mircea Snegur, Petru Lucinschi and Andrei Sangheli engaged in a competition for the position of the President. Despite the fact, that the congress supported Andrei Sangheli as candidate, it was obvious that the ADPM members dispersed around at least four candidates: Sangheli, Lucinschi, Snegur and Voronin. The obvious failure of the ADPM candidate Andrei Sangheli as claimant for presidency led the ADPM’s political domination to an end. Mr. Andrei Sangheli retired from prime-minister. In those conditions the preservation of parliament elected in 1994 was conditioned more of the desire of the deputies to maintain as long as possible their positions. The political initiative was resumed by Petru Lucinschi, the new President of the Republic of Moldova. The new prime-minister, Ion Ciubuc, was promoted not as a representative of the parliamentary majority, but as the “representative of the President”.

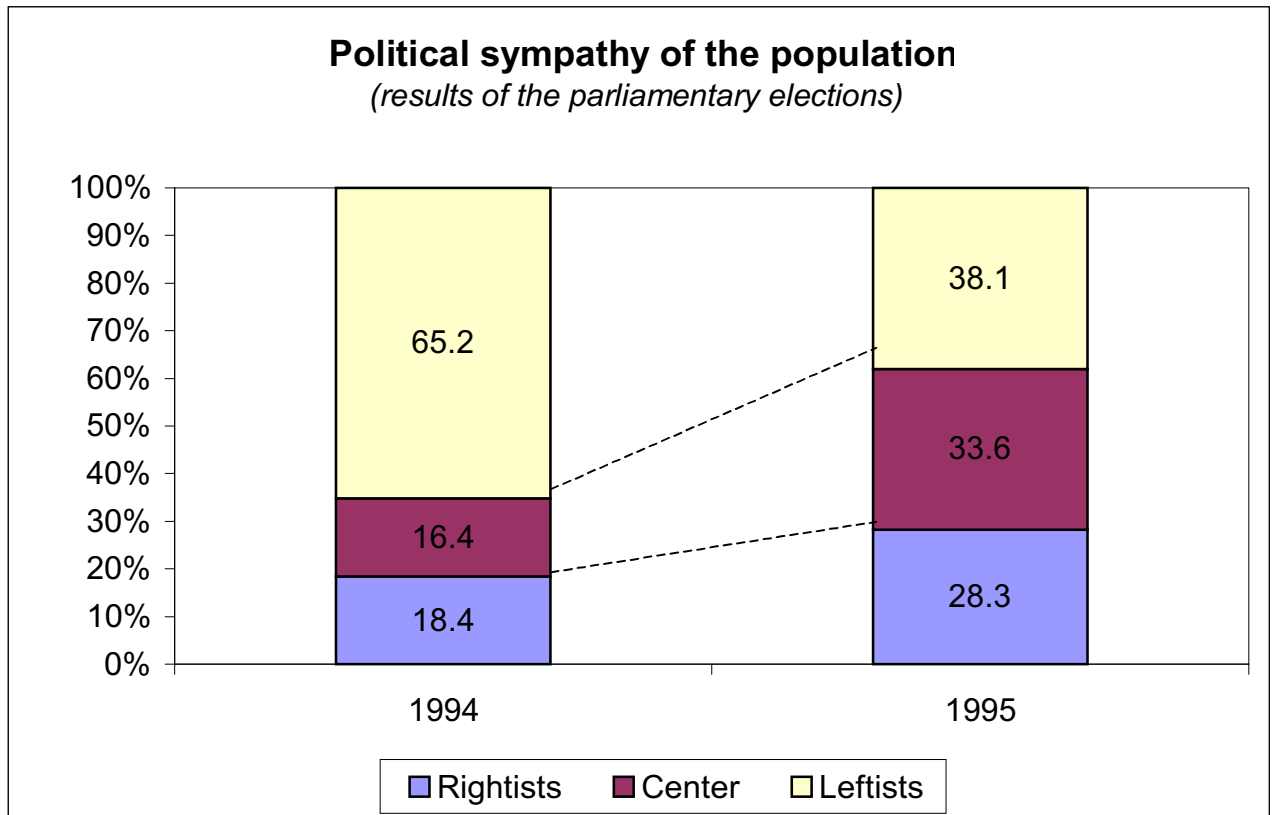
The parliamentary elections from March 22, 1998 meant a political end of ADPM. The former “agrarians” were included as candidates of many electoral competitors, starting from Democratic Convention of Moldova, considered as a right political force, to the Party of Communists of Moldova. The 1994 ADPM’s electorate was taken over mostly by the Party of Communists and the Bloc for a Democratic and Prosperous Moldova, which was associated with the expectations of the voters related to Petru Lucinschi, the new President of Moldova. The ADPM, which was in power for 6 years obtained during the poll of March 22 only 3.63%, which did not make possible its representation in the Parliament. After the Parliament elections from March 22, 1998 a new correlation of forces was created. The center-right governing coalition was constituted. The former leaders of opposition got the possibility to participate in the government of the country, to demonstrate the superiority *vis-à-vis* the “agrarian-interfrontist” governing.

The economic reform and Moldovan reality

The application of market economy principles in the Republic of Moldova had as purpose the creation of conditions for shifting from command administrative system of economy management to liberalized economy. The background of this process was the radical changing of ownership, - from state owned property to private ownership both in the industrial sector, as well as in the agrarian one. The change of ownership relations implies radical changes of the structure of the national economy, - the economic agents who are not able to adapt to market economy conditions being supposed to disappear. The national currency, low rate of inflation, transparent legislation and the encouraging fiscal policy should create a favorable climate for investments in the national economy. The IMF, WB, EBRD, each one in its field, should grant assistance while the national economy goes through the difficult restructuring period. From political viewpoint, this economic reform scenario would have been proper to be promoted by a political party based on a consequent liberal doctrine. Only in that case the period of the reform would have been minimal, and respectively, the social cost minimized.

The notions of “market economy”, “restructuring” imply essential changes in any country. Yet, in case of Moldova they equaled to truly dramatic changes for its citizens. These words mean that its economic potential which constituted only a part of the economic body of the ex-USSR, engages to compete equally with other states on the world market. The shattering contrast between what the economy of Moldova was within the composition of the former USSR, and what should Moldova economy become as independent state, means, first of all, new requirements towards the employees of the national economy. Overwhelming majority of the Moldovan population turned to be unprepared in terms of psychological and professional aspects. For instance, the privatization in the agrarian sector for Moldova means emergence of some 2 million land owners. Yet, it is absolutely clear, that of those who have been “collective farmers” for a whole life, only very few will be able to adapt to newly emerged rules of the game. At the same time, the electoral realities of Moldova showed, that the number of citizens who are conscious of the processes’ irreversibility and are not affected by the nostalgic feelings, is relatively small. Thus, in conditions of regulated elections, the “nostalgics” had all the chances to vote correspondingly, both in 1994, as well as in 1998.

The “democracy” and “market economy” related slogans were stated as early as at the 1990 elections. Yet, the realities that followed (political crisis that generated the armed conflict, obvious decline of the living standards, etc.) led those slogans to compromise according to the views of many people. The society was not able to perceive, that it does not suffer due to “democracy”, but due to incompetence of those who engaged in its promotion. Thus, in 1994 the vote of the “nostalgics” (see the Chart) brought to power a party which *de facto* constituted a segment of the former communist party.



1994

“Right”

Alliance of the Christian Democratic Popular Front
 Association of Victims of Totalitary Regime
 Block of Peasants and Intellectuals
 Ecologic Party “Green Alliance”
 National Christian Party

“Center”

Social-Democratic Block
 Democrat Party
 Women Association
 Republican Party
 Democratic Party of Labor
 Party of Reforms
 Independent candidates

“Left”

Agrarian Democratic Party
 Block of Socialist Party and “Edinstvo”
 Movement

1998

“Right”

Block “Democratic Convention”
 Party of Democratic Forces
 Christian Democratic Union

“Center”

Social-Democratic Party
 Social-Democratic Block “Speranta”
 Block Civic Alliance “Furnica”
 Block “For a Democratic and Prosperous Moldova”
 Block “Alliance of Democratic Forces”
 Independent candidates
 Party of Reforms
 United Labor Party

“Left”

Party of Communists
 Agrarian Democratic Party
 Party of Economic and Social Equity
 Block “Socialist Union”

But the situation of the Republic of Moldova as independent state, the vigorous start of economic reforms in Russia did not let the governing officials of Moldova, as in the case of independence declaration, not a single chance. Regardless to political color they had to follow the way of economic reforms.

Formation of a monocolour Cabinet and the comfortable majority in the Parliament allowed the “agrarians” to manifest themselves freely as ruling party. Most obviously showed their level of competence in the agrarian sector. On the one hand, as early as of January 1, 1992 the Land Code was enforced, which theoretically stipulated the possibility of the peasants to become land owners. On the other hand, particularly in the territory, the “agrarians” were creating impediments in the process of land appropriation though all possible ways, being aware about the real position of the ADPM in this regard. Moreover, on November 8, 1994 the ADPM faction through its decision ceased the privatization of land by peasants. It was necessary for the opposition to appeal to the Constitutional Court for its cancellation. The total “barterization” of the economic relations in the agrarian sector created a favorable environment for theft and corruption. The ADPM faction was not capable to provide for a diversification of export markets for Moldovan products. Universal orientation towards the Russian market engendered “contamination” of the Moldovan economic system with mostly harmful vices. “Double accounting” became a normal experience in the relations among economic agents, for the society at large. ADPM, starting from the corporate interests of its leaders, tried to save the socialist variant of the Moldovan agriculture through burdening the industrial sector. Preferential tariffs for the economic agents of the agrarian sector for purchasing energy resources, all types of subsidies from the state budget, writing off the arrears to the budget, etc., became a normal tool. Till the end of its ruling period ADPM did not have any program of transforming the Moldovan agriculture into a competitive and viable sector of the national economy. ADPM did not understand, or it did not endeavor to admit in front of its electorate, that Moldova has no chances to become a prosperous state as an agrarian country. Consequently, after this “reformatory” policy, the industrial potential in Moldova degraded, neither the agrarian was rescued. In the society corruption emerged, the shadow economy got beyond control. Ignorance of the fundamental problems led to extremely problematic results in the energy sector. Blockage of reforms in this strategic field for any state, the erroneous tariff policy, massive defaults and theft of energy led to its degradation in terms of technical state, created a vicious circle of mutual arrears that as of today can be broken only at huge cost for the society.

The conflict in the spring-summer of 1992 on the Nistru led to dismantling of the integration of the economic complex of Moldova. Six years passed since the military confrontations were ceased. Unfortunately, during this time no political progress has been reached in resolving the conflict. Instead, this zone became a “free zone” for smuggling cigarettes, oil products, illegal trade of guns, etc. The state, unfortunately, shows neither political will, nor competence for ceasing the contraband. Many people consider, that the losses for the Moldovan budget due to non-resolution of the Transnistrian problem are much higher than the coveted loans from the international financial organizations.

The economy and electoral “non-stop”

A contrasting element on the background of the process of the national economy degradation constituted the “behavior” of the Moldovan leu. Thanks to the policy promoted by the National Bank of Moldova, stability of the national currency was assured during almost 5 years. In Moldova emerged its own banking system. But it turned out that this was not sufficient to rehabilitate the economy. The sharp decline of GDP in the national economy in 1995 was practically stopped. According to monetarist canons the process of economy

reanimation should have started. Yet, the recent years showed, that there is one more factor which affects far too negatively the situation of the national economy. These are the “apocalyptic expectations” of the society on the eve of elections and usage of the state structures as electoral teams. The first factor each time provokes “money laundering” from the national economy, the other – each time leads to paralyzing the state power structures. If in 1994 the ADPM was regarded by everybody as a ruling party, and the interests of the President, Chairman of the Parliament and prime-minister were pertaining to it, then in 1996 the same three leaders were involved in the electoral campaign, using the state office holders in their electoral teams according to personal fidelity criteria. At the parliamentary elections in 1998 the members of the cabinet were included as candidates on the lists of some electoral competitors. In two years the state did not have a Cabinet capable to act as a consolidated team committed on a program of national economy reformation, applying consequently the principles of the monetarist policy.

The elections of 22nd of March 1998 only aggravated the situation in this regard. Formation of the new Cabinet in conformity with the “algorithm”, but headed by a prime-minister suggested by the President, did not lead to establishment of a competent and efficient team in reforms promotion. Without such a team, any reform, particularly an economic one, runs into a chaos. The financial crisis from the Russian Federation just accelerated the negative trends in the Moldovan economy, which became irreversible two years ago.

Findings

One of conclusions that can be made is, that Moldova needs to make changes in the Constitution. Experience of many other countries which have gone through painful reforms showed that the economic growth cannot be ensured without a political stability. The non-criminal private capital is less sensitive at the firms which are drivers of economic transformations, but which categorically avoid the zones of political instability. The example of Chile is significant in this regard. Without rejecting the principle of power separation, Moldova still has to choose, - either it renounces the presidential institution and the parliament majority assumes the entire responsibility, without complaining that President admits impediments, or the President, elected based on general vote provides for the stability of the executive power in the country for at least four years. What can afford Italy, changing the cabinets year by year, is not affordable for a country in transition. The “electoral rush” during 1994-1998 presents an interest in terms of politics, but its social-economic consequences are horrible. The current Constitution can be and it is perfect as an efficient remedy against dictatorship, but it is not suitable for Moldovan realities in the transition period.

In other words, the negative experience of monetarist policy applied in the Republic of Moldova in no case derives from some kind of erroneous principles laid on its basis. Certainly, the Moldovan society as a whole was not able to cope with the tasks, imposed by its transition to market economy. All the years after the economic reforms were launched, Moldova did not have any political force to consequently and competently promote the economic reform. Although, during those two years lots of solemn declarations were made in Moldova regarding the fidelity to market economy principles, in reality a real political will was missing, without which nothing can be reached. The Constitution of the Republic of Moldova states solemnly: “The market, free economic initiative, loyal competition are the basic factors of the economy”. The reality has showed, that each of the set forth moments cannot be realized in a society which understood democracy as somebody’s possibility to steal, whereas the others envy it.