



UNIVERSIDADE CATÓLICA PORTUGUESA

INSTITUTO DE ESTUDOS POLÍTICOS

The Political Shortcut

The Influence of Corruption in Moldova

Dissertation submitted to the Portuguese Catholic University for the degree of
Master of Art in Governance, Leadership and Democracy Studies

Beatricie Panfil

Lisbon, 2019



UNIVERSIDADE CATÓLICA PORTUGUESA

INSTITUTO DE ESTUDOS POLÍTICOS

The Political Shortcut

The Influence of Corruption in Moldova

Dissertation submitted to the Portuguese Catholic University for the degree of
Master of Art in Governance, Leadership and Democracy Studies

Beatricie Panfil

Dissertation written under the supervision of Orlando Samões

Lisbon, 2019

Abstract

Corruption is a major issue that can develop and grow in any country; it affects the principles of democracy and distorts the government institutions. The current work with the title “The Political Shortcut: The Influence of Corruption in Moldova” aims to research this phenomenon and its influence in Republic of Moldova. As the focus of the thesis is corruption, firstly the general features will be analyzed, followed by the analysis of the case study. Types and forms of manifestation of corruption are presented, alongside the factors that lead to the development of corruption. Anticorruption actions taken by authorities were analyzed and possible improvements of anticorruption activities were proposed. It was executed a multidimensional analysis from the economic and political perspective of corruption in the context of socioeconomic and political changes. The faults of the policies and government institutions were brought into light, thus the example of Moldova can serve as an illustration of the causes of development of corruption for other countries which are facing this problem.

“No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.”

The United States Constitution. Article 1, Section 9, Clause 7

“No Title of Nobility shall be granted by the United States: And no Person holding any Office of Profit or Trust under them, shall, without the Consent of the Congress, accept of any present, Emolument, Office, or Title, of any kind whatever, from any King, Prince, or foreign State.”

The United States Constitution. Article 1, Section 9, Clause 8

Acknowledgment

I would first like to thank my thesis advisor Prof. Orlando Samões of the Institute of Political Studies of Catholic University, for the continuous support and his valuable and constructive suggestions during the planning and development of this work. He consistently allowed this paper to be my own work, but steered me in the right direction whenever he thought I needed it.

I would also like to thank Prof. William Hasselberger, who during weekly tutorials had encouraged me with the thesis' topic and Prof André Azevedo Alves who were giving me advices whenever I needed.

Finally, I must express my very profound gratitude to my parents for providing me with unfailing support and continuous encouragement throughout my years of study and through the process of researching and writing this thesis.

To future free and democratic Moldova

Table of Contents

List of Tables	8
Lists of abbreviations.....	9
Annotation.....	10
Introduction	11
§ 1 THEORETICAL FRAMEWORK	17
1.1 Defining Corruption	17
1.2 Scales, Types and Methods of Corruption.....	22
1.3 The Causes of Corruption.....	33
1.4 The Consequences of Corruption	41
§ 2 The Empirical case study.....	45
2.1 Data and rankings	45
2.2 Examples: presentation and description	50
2.2.1 Moldovan bank fraud scandal	51
2.2.2 The mayor of Chisinau detained for corruption.....	54

2.2.3 Six public figures from the AESM University and several intermediaries were detained for bribery.....	57
2.2.4 Elections for General Mayor of the city Chisinau of the Republic of Moldova are invalidated.....	59
2.2.5 Petty corruption in the Republic of Moldova.....	62
§ 3 The Analysis of the extent of corruption in the Republic of Moldova	66
3.1 The analysis of the empirical data and examples	68
§ 4 General Conclusions.....	82
4.1 General Conclusions and Recommendations	82
4.2 General Conclusions.....	88
Annexes.....	91
Bibliography.....	98

List of Tables

Table 1: The analysis of the connection between the level of corruption and economic freedoms.....	37
Table 2: Corruption Perceptions Index, Moldova, 2017-2012.....	45
Table 3: Index of Economic Freedom, Moldova, 2018-2012.....	46
Table 4: Freedom in the World, Moldova, 2018-2012.....	48
Table 5: Corruption Perceptions Index, Moldova, 2011-2000 (with recalculated scores in accordance with the new scale).....	67
Table 6: The Graph of the Index of Economic Freedom, Moldova, 2018-2012.....	69
Table 7: The Graph of the Annual Inflation Rate, Moldova, 2018-2012.....	74

Lists of abbreviations

AESM	Academy of Economic Studies of Moldova (ASEM)
BEM	Banca de Economii a Moldovei
BS	Banca Sociala
CPI	Corruption Perceptions Index
CSO	Civil Society Organizations
NAC	National Anticorruption Center (CNA)
NBM	National Bank of Moldova (BNM)
NPA	National Penitentiary Administration (ANP)
DPM	Democratic Party of Moldova (PDM)
UB	Unibank

Annotation

Beatricie Panfil “The Political Shortcut: The Influence of Corruption in Moldova.” The master’s degree thesis in Governance, Leadership and Democracy Studies, Institute of Political Studies, Catholic University, Lisbon.

Structure of the thesis: the thesis includes an introduction and four chapters, 81 pages of body text and about 23 495 words, bibliography of 101 titles, 5 annexes, 7 tables.

Keywords: corruption, corruption generating factors, forms of corruption, consequences of corruption, public perception, the index of perception of corruption, anticorruption mechanisms, integrity, transparency.

Objectives of the study: determination of types and forms of corruption manifestation; analysis of the factors that generate corruption; analysis of the impact of corruption; study of anticorruption actions at local level; establish the causes and find possible improvements of anticorruption activities.

Scientific novelty of the work consists in multidimensional analysis from the economic and political perspective of the phenomenon of corruption in the context of socioeconomic and political changes taking place nationally and internationally. The novelty of the thesis consists in analyzing the types and forms of manifestation, generating factors and tendencies of the corruption phenomenon in the Republic of Moldova in the last seven years, starting with the biggest fraud that took place in Moldova, by using qualitative and quantitative methods, thus using a pragmatic methodology.

The theoretical significance of this thesis lies in the prominence of explanative-theoretical and methodological framework of the research of specific manifestation of corruption in Republic of Moldova; evaluation of the impact of corruption in Moldova.

Introduction

The phenomenon of corruption has been addressed worldwide; however this phenomenon still is a persistent problem. Although the thinkers have exposed their views on the various aspects of corruption, Plato, Aristotle, Machiavelli, etc., the subject of corruption has become the object of multilateral scientific research only towards the end of the 20th century, when the rising interest for this phenomenon led to the creation of Transparency International in 1993, whose main scope is the research of corruption. One might think that the low amount of works on corruption in the former socialist countries, including Republic of Moldova, has been long determined by the myth that this phenomenon is only characteristic for capitalist societies. Changes in the social and legal systems of these countries at the end of the twentieth century have brought the issue of corruption to the forefront of researchers. The phenomenon of corruption is currently being studied by a variety of sciences such as sociology, law, psychology, anthropology, history, etc., the most recent being the political-economic approach.

In order to analyze the various aspects of the phenomenon of corruption, a number of works of local and foreign authors were studied. In this context, a great scientific interest is presented by the authors of I. Senior, S. Rose-Ackerman, P. Heywood, A. J. Heidenheimer, P. Mauro, N. Sfetcu, M. B. Шедий, et al., in which various scientific approaches are presented, regarding the analysis of the key elements of the corruption phenomenon, starting with its definition and classification, as well as the manifestation in various spheres of the state.

Among the works of authors from Republic of Moldova that focused on various aspects of the phenomenon of corruption are those elaborated by: E. Obreja, L. Carasciuc

'Corupția în Moldova: fapte, analiză, propuneri'¹, the english translation would be: Corruption in Moldova: facts, analysis, proposals; L. Carasciuc 'Corupția și calitatea guvernării : cazul Moldovei'² the translation in english would sound like: Corruption and the quality of governance: the case of Moldova; I. Gatcan 'Corupția ca fenomen social și mecanisme anticorupție (Cazul Republicii Moldova) : Teză de doctor în sociologie'³, the title in english would be: Corruption as a social phenomenon and anticorruption mechanisms (Case of the Republic of Moldova): Doctor's thesis in sociology. The first two works are analyzing the phenomenon of corruption in Moldova, including the analysis of political corruption. These two works are very interesting, however, it passed more then 15 years from their publication and corruption, the methods, forms, level had developed. The third work describes the phenomenon of corruption from the sociological point of view, analyzing the causes and effects of corruption only from social science perspective. The three works mentioned above have a great contribution to the analysis of this phenomenon, however, in the last few years the situation have dramatically changed, namely from 2012 when began the so called Moldovan bank fraud, and there are no recent works that analyze the current situation in Moldova, and what factors and events led to the continuous development of corruption. This work will extend the range of researches not only for Moldova but also for Catholic University, where already was addressed a broad range of topics going from philosophy to the analysis of international politics, with the titles: 'Nato disaster relief operations: an analysis of an underexposed field of activity of the Alliance'⁴ master's thesis by Britta Weijers, 'The role of civil society in the international

¹ Efim Obreja and Lilia Carasciuc, *Corupția în Moldova : fapte, analiză, propuneri* (Chisinau: [s.n.], 2002)

² Lilia Carasciuc, *Corupția și calitatea guvernării : cazul Moldovei* (Chisinau: [s.n.], 2002)

³ Iurie Gatcan, "Corupția ca fenomen social și mecanisme anticorupție (Cazul Republicii Moldova) : Teză de doctor în sociologie" (Chisinau: [s.n.], 2015)

⁴ Britta Weijers, "Nato disaster relief operations: an analysis of an underexposed field of activity of the Alliance" (master's thesis, UCP, June 30,2015), <http://hdl.handle.net/10400.14/18819>.

climate negotiations'⁵ master's thesis by Giuliana Maria Miranda Santos, 'British nuclear policy after the Cold War : 1991-2007'⁶ master's thesis by Sakiko Hayakawa, 'The state under the new wars reality : perspectives and repercussions'⁷ master's thesis by Vera de José Morais Figo Ribeiro da Cunha, 'The annexation of crimea : foreign policy and identify politics of Russia'⁸ master's thesis by Dace Vinovska. However this broad range of topics does not include the analysis of the impact of corruption in a former Soviet Union country.

The scope of the research is to analyze the defining features of phenomenon of corruption as a persistent dysfunctional and destabilizing matter that is present in transition society. In order to achieve the purpose of the investigation, the following objectives were highlighted: to define and identify the types, scales and methods of corruption; to find the factors that generates the phenomenon of corruption; to analyze the examples of corruption in Moldova; to study the social impact of corruption in the Republic of Moldova; and to assess the effectiveness of anticorruption actions at the local level.

In order to achieve these objectives and to recognize the causes of development of corruption and its effects on the state, this phenomenon should be analyzed and understood. The theoretical background of this work means to define and to find the possible causes and effects of corruption, for the analyses in next chapters. The mentioned scholars are considered to be the background for theoretical discussions regarding the characteristics of corruption, and NGOs and Think Tanks such as Transparency International will provide dates, rankings and reports about Moldova. The first two chapters will serve as a basis for the third chapter which will analyze the current situation

⁵ Giuliana Maria Miranda Santos, "The role of civil society in the international climate negotiations" (master's thesis, UCP, January 29, 2016), <http://hdl.handle.net/10400.14/22788>.

⁶ Sakiko Hayakawa, "British nuclear policy after the Cold War : 1991-2007" (master's thesis, UCP, 2011), <http://hdl.handle.net/10400.14/18280>.

⁷ Vera de José Morais Figo Ribeiro da Cunha, "The state under the new wars reality : perspectives and repercussions" (master's thesis, UCP, April 28, 2014), <http://hdl.handle.net/10400.14/16889>.

⁸ Dace Vinovska, "The annexation of crimea : foreign policy and identify politics of Russia" (master's thesis, UCP, February 8, 2016), <http://hdl.handle.net/10400.14/20352>.

and will not only improve our understanding of the problem but also will generate ways of diminishing this problem. Furthermore, a better understanding of this phenomenon can be achieved through answering the following questions:

- Why is corruption in Moldova so high and what is maintaining it at this level?
 - How political corruption influences the “wealth” and “health” of the state?

These research questions set the direction of the analysis that will be made in this work, namely the study of corruption in Moldova, and the analysis of the evolution of corruption in last years.

As the subject of this work is the analysis of corruption and its effects upon state processes, data and examples are to be evaluated. The theoretical framework is regarded to be the anchor of this thesis; however the main purpose is to analyze how corruption influences the democratic processes within a state. The theory-based analysis of data and examples is to be assigned to the pragmatic approach of the research, as the thesis will include not only data and rankings which can be attributed to quantitative approach but also examples (human behavior and experience) which are a qualitative approach. Pragmatic approach will allow data, theory and methodological triangulation, which is the use of a variety of data sources, multiple perspectives, to interpret the results and multiple methods to study a research problem.

The thesis will include 4 chapters, where the first chapter is the theoretical framework. The theoretical framework will include the following subchapters: defining corruption; scales, types and methods of corruption; causes of corruption; consequences of corruption. The theoretical framework will be based on theory on corruption, which will serve as a background for analysis of data presented in the second chapter. Here will be presented and commented various definitions on corruption, will be discussed the

methods of corruption, like bribery, influence peddling, nepotism, and scales in terms of size, petty corruption, grand corruption and systematic corruption and types which present the public tolerance regarding corruption. Also the causes and consequences of appearance and development of corruption will be analyzed. These will be regarded mainly from the political-economic view, besides, the impact of corruption will be described.

The second chapter, the empirical case study will be focused on the representation of the current situation in Moldova. This chapter will include: data and rankings; examples, presentation and descriptions. Data and rankings will reveal the Moldova's realities and examples will display the level of corruption in Moldova.

The third chapter, the analysis will combine the information from previous chapters in order to make a complex analysis, and it will result in conclusions. This part will focus on the analysis of data and examples presented in the second chapter based on the theory from the first chapter. The analysis of data and examples will disclose the causes of corruption in Moldova as well as its consequences. And the final chapter, general conclusions, will come as a generalization of the entire work.

Lord Acton in his 'Letter to Bishop Mandell Creighton' wrote: "Power tends to corrupt, and absolute power corrupts absolutely"⁹. And these words perfectly describe the power of corruption as the empowered persons are the most dangerous; they can be both the corruptor and the corruptee, and influence high level decisions; thus these actions aim to achieve the desirable results in the easiest way, so corruption can be regarded as a shortcut to gain power, influence, profit. Nowadays corruption is experiencing a tremendous rise in every aspect of economic, social and political life, and its effects are destructive. Corruption is a direct threat to democracy, to the rule of law, to justice. It

⁹ Lord Acton, "Letter to Bishop Mandell Creighton, April 5, 1887," in *Historical Essays and Studies*, ed. John N. Figgis and Reginald V. Laurence (London: Macmillan, 1907), 505.

destroys the principles of an efficient administration, disrupts the market economy and endangers the governmental institutions. Transparency International's Corruption Perceptions Index 2017 ranks Moldova on place 122 on the list of a total 180 countries, with the score 31 under the scale of 0 (highly corrupt) to 100 (very clean)¹⁰, this results depict the current state of affairs, thus being a call for actions. This is why researching the matter of corruption is crucial for protecting the democracy and securing the governmental institutions. As many other countries Moldova contend with the problem of corruption and the present work can be just the beginning of the future researches, as corruption is a complex phenomenon that is developing and changing alongside the development of societies and countries.

I shall venture to say that most of my motivation to make this study was stem from the deep concern with my fellow Moldovan citizens. Moldova is a small landlocked Eastern European country with the capital called Chisinau. Being an agricultural country, Moldova exports vegetables and fruit, beverages, electrical machinery, oil seeds and cereals, and it's known for good wine and the world's largest wine cellar Milestii Mici. Having good grounds for development Moldova's economy is in stagnation due to multiple crises that Moldova faced after its independence in 1991. Citizens often are calling Moldova 'the country of miracles' as the impossible things can happen there, like the bank fraud, three years of political gridlock without a president, the invalidation of mayoral elections and many others. Moldova is facing many problems one of them being corruption, which lead to the aggravation of situation.

¹⁰ "Corruption Perceptions Index 2017," Transparency International, accessed June 28, 2018, https://www.transparency.org/news/feature/corruption_perceptions_index_2017

§ 1 THEORETICAL FRAMEWORK

Corruption is a very complex phenomenon. The methods of corruption are very diverse as well as factors, which contribute to its development. The study of this phenomenon should begin with the analysis of these characteristics in order to create a frame of the study. The general characteristics of corruption, that are to be analyzed, are applicable to any country, as they describe the features of corruption and frame its extent.

1.1 Defining Corruption

Before going into analyzing the corruption in Moldova it is crucial to give a clear definition what is corruption in order to understand what actions can be categorized as corrupt.

From antiquity to modern age corruption was studied mainly from a political perspective. Such an approach stems from the writings of Plato and Aristotle, which considered corruption to be the result of 'corrupted' forms of government, such as tyranny and oligarchy. According to Plato, the central axis of the state is justice; it answers the question of why and how a perfect policy is born and perishes.¹¹ The correct organization of state administration, which is an administration by virtuous people, is able to curb and make impossible the self-interest of rulers, in which Plato sees the source of corruption and the state's death. Aristotle continues to develop this idea; he highlighted corruption as a factor that leads to state degeneration. He believed that the viability of state is intertwined with justice and common good and not personal interests.¹² Thus, for both Plato and Aristotle corruption can be the absence of justice.

¹¹ See Plato, *The Republic, Book VI*, trans. Benjamin Jowett (New York: Cosimo Classics, 2008), 149-177.

¹² See Aristotle, *Nicomachean Ethics, Book VIII*, ed. and trans. Roger Crisp, rev. ed. (2000. Reprint, Cambridge: Cambridge University Press, 2014), 117-141.

In modern conception, corruption was seen as a degeneration of the political system as a whole. N. Machiavelli considered it the destruction of citizens' virtues¹³, in his famous work 'The Prince' he describes the methods by which a leader can acquire and maintain political power, and at the same time criticize the phenomenon of corruption. He believes that the development of corruption within a state starts with corruption of the leader, of his virtues¹⁴; hence if the leader is corrupted it is very likely that corruption will develop in the state. One could say that a similar view is given by J. J. Rousseau, who regarded corruption as an inevitable consequence of the development of society and struggle for power.¹⁵ He believes that all men are good by nature but became corrupted by society, thus with the development of civil society also develops corruption, which starts with the corruption of morality. Charles Louis de Secondat, Baron de La Brède et de Montesquieu in 'The Spirit of Laws', Book VIII describes how corruption acts within different forms of government, thus the common idea being that corruption transforms the political order of good into a form of evil. He describes two forms of corruption the first is "when people do not observe the laws" and the second when people "are corrupted by the laws"¹⁶, the latter he believes is an incurable evil because the issue lies in the 'cure' of the problem itself.

Contemporary studies pay special attention to corruption manifestations such as the illegal funding of political parties, parliamentary abuses, trafficking of influence, and other methods of corruption, which form political corruption, but also other forms lacking

¹³ See Ulrich von Alemann, "The unknown depths of political theory: The case for a multidimensional concept of corruption," *Crime, Law and Social Change* 42, no. 1 (August 2004): 26.

¹⁴ See Niccolò Machiavelli, *The Prince*, trans. James B. Atkinson (Indianapolis: Hackett Publishing Company Inc., 2008), 143- 154.

¹⁵ See John T. Scott, "The Theodicy of the Second Discourse: the Pure State of Nature and Rousseau's Political Thought," *American Political Science Review* 86, no. 3 (September 1992): 699.

¹⁶ Charles de Montesquieu, *The Spirit of Laws*, eds. Anne M. Choler, Basia C. Miller and Harold S. Stone (Cambridge: Cambridge University Press, 1989), 86.

explicit political content. However, it is promoted the idea that any form of corruption emerges from a political background and has political implications.¹⁷

Among a huge diversity of definitions given by scholars and dictionaries the common point of all of them is that corruption is an act which violates the rules for private gains. Still it is important to mention that the understanding of corruption differs from state to state under the influence of national law, public opinion and by actors involved.

For several years the most spread definition among scholars was given by political scientist Joseph S. Nye. In the article 'Corruption and Political Development: A Cost-Benefit Analysis' he defines corruption as:

*"[The] behavior which deviates from the normal duties of a public role because of private-regarding (family, close private clique), peculiarity or status gains; or violates rules against the exercise of certain types of private-regarding influence. This includes such behavior as bribery (use of rewards to pervert the judgment of a person in a position of trust); nepotism (bestowal of patronage by reason of ascriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private-regarding uses)."*¹⁸

The definition given by Joseph S. Nye suggest that corruption refers to private gains that can be earned by someone as a result of a conscious violation of the rules prescribed by his or her public role. Hence, public officials who are authorized with legislative power violate rules and norms for private gains or a third-party interest, being motivated with bribes or other methods. However, this definition is very general and cannot be applied to every case, as it excludes some variables such as: the reason of corrupt behavior; the public

¹⁷ See Arnold J. Heidenheimer, *Political Corruption: Readings in Comparative Analysis*, 2nd print (New Brunswick (N. J.): Transaction books, 1978), 36.

¹⁸ Joseph S. Nye, "Corruption and Political Development: A Cost-Benefit Analysis," in *Political Corruption: Concepts and Contexts*, 3rd ed., eds. Arnold J. Heidenheimer and Michael Johnston (New Jersey: Transaction Publishers, 2007), 284.

benefit from a corrupt action as it may question the development process; and the judgment of non-Western societies upon what is and what is not a corrupt behavior.¹⁹ The weak point of this definition is that it refers only to public officials and does not regard the private sector. Another weakness of this definition is that rules differ from state to state; hence, what is legal in one country can be regarded as illegal in other.²⁰ An example could serve the commercial bribery, which is a form of bribery that emphasizes the corrupt actions between the agents or employees of a potential buyer meant to secure an advantage over business competitors. The Mexican General Law of Administrative Responsibilities makes illegal many methods of corruption but it does not cover commercial bribery as the United Kingdom Bribery Act do, hence commercial bribery is not prohibited by law in Mexico.²¹ This example perfectly shows the difference in law system; hence, this definition cannot be applied to a country where the legality of corruption is an issue.

A later and far more succinct definition is given in the article 'Endemic and Planned Corruption in a Monarchical Regime' by John Waterbury, a Global Professor of Political Science in New York University. It has the same implication and defines corruption as: "*the abuse of public power and influence for private ends.*"²²

A fundamentally different definition is given by a political scientist and member of the Advisory Board of the Institute for Policy Research & Development, London, M. Shahid

¹⁹ See *ibid.*

²⁰ See Ian Senior, *Corruption, The World's Big C- Cases, Causes, Consequences, Cures* (London: Institute of Economic Affairs, 2006), 21.

²¹ Oliver J. Armas, Luis Enrique Graham and Thomas N. Pieper, "Mexico," in *The Anti-Bribery and Anti-Corruption Review*, 6th ed., ed. Mark F. Mendelsohn (London: Gideon Roberto, 2017), 221.

²² John Waterbury, "Endemic and planned corruption in a monarchical regime," *World Politics* 25, no. 4 (July 1973): 534.

Alam, he states that: *"Corruption . . . may be defined as (1) the sacrifice of the principal's interest for the agent's, or (2) the violation of norms defining the agent's behavior."*²³

The main defect of this definition lies in the principal-agent relationship. This concept can be equally applied to the situation when an agent is writing some personal emails during work, thus *'sacrificing his principal's interests . . . and violating norms defining the agent's behavior'*, so the agent is not doing the work properly, violating the norms of the company and sacrificing the superior's interests for his own interests, yet incompetence, poorly executed work, doesn't mean corruption. Incompetence alongside many other flaws inherent in a human being is not this crime, and, furthermore, not even a crime.

Another definition is proposed by an economist and political scientist Ian Senior. In the book *'Corruption - the World's Big C: Cases, Causes, Consequences, Cures'* Senior proposes a definition, which has 5 components: *"Corruption occurs when a corruptor (1) covertly gives (2) a favour to a corruptee or to a nominee to influence (3) action(s) that (4) benefit the corruptor or a nominee, and for which the corruptee has (5) authority."*²⁴

He states that in order to categorize an action as corrupt one, it should fulfill all these criteria, however the most important components here are the second and the fifth, which describes the essence of this phenomenon. According to Senior corruption occurs when the corruptee secretly (closed from society) receives a reward for accomplishing some actions, that he has authority for, which will benefit the corruptor. The strong points of this definition are: it is succinct and clear; it does not have restrictions on a concrete sector; it does not depend from rules and laws of a concrete state.

²³ M. Shadid Alam, "Anatomy of Corruption: An Approach to the Political Economy of Underdevelopment," *American Journal of Economics and Sociology* 48, no. 4 (October 1989): 442.

²⁴ Senior, *The World's Big C*, 27.

It is to be mentioned that at the same time the listed definitions, with all the differences they contain, are not mutually exclusive, but complement each other, offering the possibility of forming a fuller picture of the nature and consequences of corruption, conducting to a multidimensional analysis of this phenomenon.

1.2 Scales, Types and Methods of Corruption

Throughout history, corruption has seen the most diverse forms of manifestation in each society, depending on a number of factors: the institutions in which it occurs, the type of rules violated, cultural models, etc. Classification and knowledge of types, forms of corruption is of crucial importance to prevent this phenomenon. Corruption is a phenomenon that occurs at different levels of the state, on different scales and in different ways. In order to clearly understand the corruption in Moldova, these aspects of corruption should be analyzed.

Scales of corruption

The scale of corruption indicates the size and frequency of corrupt actions. The most often used terms that define the scales of corruption are Petty, Grand and Systemic corruption.

According to Kimberly Ann-Elliott **petty corruption** occurs when middle and lower-level bureaucrats interact with private actors for private gain, usually it refers to routine government transactions such as taxes, regulations, etc.²⁵ However petty corruption does not refer to the frequency, James Scott in the book 'Comparative Political Corruption' has

²⁵ See Kimberley Ann Elliott, *Corruption as an International Policy Problem: Overview and Recommendations* (Washington DC: Institute for International Economics, 1997), 178.

stated that “pettiness of corruption refers only to the size of each transaction and not to its total impact on government income or policy”.²⁶ Hence petty corruption refers to small bribes and transactions that happen on low-level of private and government sectors.

Grand corruption as follows from the notion develops at the highest level of government. According to legal definition given by Transparency International²⁷, grand corruption occurs when: “A public official or other person deprives a particular social group or substantial part of the population of a State of a fundamental right; or causes the State or any of its people a loss greater than 100 times the annual minimum subsistence income of its people; as a result of bribery, embezzlement or other corruption offence.”²⁸ Hence, grand corruption takes place when actors which have a big political or economic influence that mobilizes huge amounts of resources and have a direct impact on society and human rights. Because of the influence of the actor involved, it often goes unpunished and has a direct impact on the development and equality.

Systemic corruption is often found in Post-Soviet countries and according to the article ‘Typology of Corruption and Basic Models of Corruption Behavioral Strategy.’ written by the russian political scientist Maria V. Shedij, it develops as a result of centralized economy. When corruption manifests itself in all spheres of public life: in the economy, politics, law enforcement, education, science, art, etc., then we are dealing with its systemic manifestation. Systemic corruption is inversely proportional to the development (in all areas) of the country; its growth is the evidence of the weakening of a state. The distinctiveness of this form of corruption is the acute inconsistency of micro- and macroeconomic indicators. Though, a significant part of the population lives wealthy, the

²⁶ James C. Scott, *Comparative Political Corruption* (Englewood Cliffs, NJ: Prentice-Hall, 1972), 66.

²⁷ The aim and state of this anti-corruption NGO will be presented in the beginning of chapter 2, further will be used this style of referencing.

²⁸ “What is Grand Corruption and how can we stop it?” Transparency International, accessed June 25, 2018, https://www.transparency.org/news/feature/what_is_grand_corruption_and_how_can_we_stop_it

volume of commodity circulation is high, roads are overloaded with prestigious cars, new economic objects are opening: supermarkets, restaurants, casinos; but at the macro level the state faces difficulties in solving elementary problems.²⁹

Roberta Ann Johnson and Shalendra Sharma in the article 'About Corruption' proposed some more categories of corruption in terms of its scale, hereby they list "systemic, pervasive, and routine or they can be petty, sporadic, trivial, and rare"³⁰ which are broadening the range of terms, although they fit in those main categories, these being an additional concretization of the scales.

Types of corruption

Another classification of corruption is given by Arnold J. Heidenheimer in the article 'Perspectives on the Perception of Corruption'. He created a color-coded classification based on society's tolerance regarding questionable actions. Hence, he classifies the degree of tolerance as Black, Grey and White.³¹

White Corruption refers to practices, regarding which there is an agreement in public opinion, both elite and middle classes: these actions are not reprehensible and, more importantly, this involves that they place the possible outcomes that may be generated by changes in rule of enforcement above of the maintenance of values involved.³² It is

²⁹ See Мария В. Шедий, "Типология коррупции и основные модели коррупционных стратегий поведения," *Орловская региональная академия государственной службы, Научные ведомости БелГУ. Сер. Философия. Социология. Право.* 8 (103), no. 16 (2011): 90.

³⁰ Roberta Ann Johnson and Shalendra Sharma, "About Corruption," in *The Struggle against Corruption: A Comparative Study*, ed. Roberta Ann Johnson (New York: Palgrave Macmillan, 2004), 2.

³¹ See Arnold J. Heidenheimer, "Perspectives on the Perception of Corruption," in *Political Corruption: Concepts and Contexts*, 3rd ed., eds. Arnold J. Heidenheimer and Michael Johnston (New Jersey: Transaction Publishers, 2007), 152.

³² See John A. Gardiner, "Defining Corruption," in *Political Corruption: Concepts and Contexts*, 3rd ed., eds. Arnold J. Heidenheimer and Michael Johnston (New Jersey: Transaction Publishers, 2007), 33.

regarded as tolerable, and usually in Post-Soviet countries white corruption is integrated into the culture and is not perceived as a problem.

Grey corruption is described as a practice in which there is no consensus, when some, usually representatives of the elite, may wish to punish corruption, others do not, and the majority may as well be uncertain regarding this matter.³³

Black corruption is described by majority consensus, both elite and mass opinion condemn these actions. It is the situation when the consensus of the elite and mass opinion prevails in condemnation and the desire to punish it on the basis of the law.³⁴

Methods of corruption

As mentioned above, corruption can occur not only under different scales but also in different methods. As most commonly known here is included bribery, abuse of power, nepotism. Johnson and Sharma propose a list of forms that corruption can take. In the article 'About Corruption' they list 13 ways that corruption can take.

- “1. bribery and graft (extortion and kickbacks);
2. kleptocracy (stealing and privatising public funds);
3. misappropriation (forgery, embezzlement, misuse of public funds);
4. non-performance of duties (cronyism);
5. influence-peddling (favour-brokering and conflict of interest);
6. acceptance of improper gifts ('speed' money);
7. protecting maladministration (cover-ups, perjury);
8. abuse of power (intimidation and torture);
9. manipulation of regulations (bias and election rigging);
10. electoral malpractice (vote buying and election rigging);

³³ See Heidenheimer, "Perspectives on the Perception of Corruption," 152.

³⁴ See *ibid.*

11. rent-seeking (public officials who illegally charge for services after creating an artificial shortage);
12. clientelism and patronage (politicians giving material favours in exchange for citizen support);
13. illegal campaign contributions (giving unregulated gifts to influence policies and regulations). ”³⁵

The above list mention the methods corruption can take, however, for a better understanding it can be categorized as methods of corruption used in economic, political sphere.

Economic corruption

Methods usually met in economic sphere involve the manipulation of big amounts of money, fraud, misuse of funds and other methods used by empowered persons for personal gain.

Roger W. Shuy in the book ‘The Language of Bribery Cases’ defines **bribery** with the latin expression “quid pro quo”. He states that the difference between normal, legal transactions and bribery is that in this case the ‘quo is not deemed legal’. Hence he explains bribery as “*a corrupt payment, receipt, or solicitation of a private favor for official action and is considered a felony in most jurisdictions*”.³⁶

A complete different vision upon bribery and the punishment that should be applied is proposed by Murray Rothbard described in his chapter ‘Bribery’, in the book ‘The Ethics of Liberty’. He states that the one who should be taken to account is the bribee, the person who accepts the bribe, as he violates the rules and his actions are illicit. Rothbard brings

³⁵ Johnson and Sharma, “About Corruption,” 2.

³⁶ Roger W. Shuy, *The Language of Bribery Cases* (New York: Oxford University Press, 2013), 11.

some examples to prove his theory that the briber simply devaluates the product, service as he is paying extra money by giving the bribes, and there is nothing illegitimate. The bribee should be prosecuted, as he gain profit in the disadvantage of the rest of the clients, and violates the rules of the company, organization. One of the examples that he brings depicts this theory very well. The example states that: if an entrepreneur aims to sell materials to a company, and bribes the purchasing agent in order to gain the sale the only thing that the entrepreneur is doing is basically lowering the prices for the materials. On the other hand, the purchasing agent disadvantages other entrepreneurs aiming to gain the sale, and also violates the company interest, which is looking for the best quality materials.³⁷ Bribery can be regarded from different points of view, however the impact that usually bribery brings are negative as it violates not only the rule of law but also the primary right for equality, as by giving a bribe the bribee is buying some privilege. Bribery occurs not only between two parties, the actor and the agent, there exists the third party, the victim who is suffering the consequences of corruption, for example the agent bribed the actor to receive a contract, albeit the victim is the best candidate to receive the contract. This can be referred to all forms of corruption, thus bribery should be investigated and punished accordingly to the state's law.

On the other hand there is the **acceptance of improper gifts** which can be attributed to bribery, as the only difference here lies in the form of bribe, which is not money but gifts.³⁸ Anthropologists believe that both gifts and bribes constitute the same form of social behavior. Improper gifts trigger reciprocity, regulate the gift exchange process and enforce a quid pro quo.³⁹ Gift giving as a form of corruption involve improper behavior that makes the person who accepted the gift feel obligated and will seek to get rid

³⁷ See Murray N. Rothbard, *The Ethics of Liberty* (New York: New York University Press, 1998), 129.

³⁸ See Шедий, "Типология и модели коррупции," 90.

³⁹ See Dieter Haller and Chris Shore, *Corruption, Anthropological Perspectives* (London: Pluto Press, 2005), 8.

of such an obligation by reciprocating. It is not prohibited by law to give gifts, but it is illegal for government officials, public and official servants to receive gifts, according to the Portuguese Code of Conduct from Resolution No. 53/2016 of the Council of Ministers accepting gifts that value more than €150 is prohibited, as it may affect the impartiality or integrity in exercising the public office.⁴⁰ A similar restriction exists in Moldova, in Law no. 16-XVI of February 15, 2008 on Conflict of Interest, Art.23, according to which if the value of the gifts exceeds the size of an average country salary, which is €330, it should be rejected or shall be transmitted to the management of the respective public organization and shall be entered in a special register, the information in it being public. If the person pay the value of the good received as a gift, the gift may be kept, with the mention of this fact in the register against signature.⁴¹

Another way that corruption can take is **extortion**, which is defined by Transparency International as “act of utilising, either directly or indirectly, one’s access to a position of power or knowledge to demand unmerited cooperation or compensation as a result of coercive threats.”⁴² In the article ‘Coping with Postcommunist Officials’ by W. L. Miller, T. Koshechkina and A. Grodeland, states that extortion involve an open demand for a fee, that often is obtained through moral pressure, delaying tactics, thus making sure that the extorted bribe will be offered in order to receive the service.⁴³

⁴⁰ Sofia Ribeiro Branco and Joana Bernardo, “Portugal,” in *The Anti-Bribery and Anti-Corruption Review*, 6th ed., ed. Mark F. Mendelsohn (London: Gideon Roberto, 2017), 257.

⁴¹ “LEGE Nr. 16 din 15.02.2008 cu privire la Conflictul de Interese,” Republica Moldova, Parlamentul, accessed November 22, 2018, <http://lex.justice.md/md/%20327989/>

⁴² “Extortion,” Transparency International, accessed May 17, 2018, <https://www.transparency.org/glossary/term/extortion>

⁴³ See William L. Miller, Tatyana Koshechkina, and Ase Grodeland, “How Citizens Cope with Postcommunist Officials: Evidence from Focus Group Discussions in Ukraine and the Czech Republic,” in “Political Corruption,” ed. Paul Heywood, special issue, *The Journal of Political Studies* (Norwich: Page Brothers) 45, no. 3 (1997): 614.

One more method is **kleptocracy**, which is defined as a form of government with corrupt rulers - kleptocrats, which steal public fund for private benefits.⁴⁴ Yet, Susan Rose-Ackerman in 'Corruption and Government' states that it exist also within the private sector where the kleptokrat acts like a private monopolist, which restricts the output to the market, earning on the difference between prices and costs. Hence they "set monopoly prices, restricting supply to maximize rents".⁴⁵ A kleptocratic ruler acts in the same way, exploiting resources of the country for personal benefits.

Misappropriation is usually perceived as the act of stealing something that you have been asked to take care of, and using it for. Nye in the article 'Corruption and Political Development: A Cost-Benefit Analysis' defines misappropriation as an act that involves the illegal appropriation of public resource for private use.⁴⁶ Johnson and Sharma list here forgery, embezzlement, misuse of public funds. **Forgery** can be understood as an act of illegally copying, adapting objects, documents, statistics, for personal gain. An example given by Transparency International in the 2013 'Global Corruption Report: Education' describes the act of falsification by a former administrative assistant of a university of checks depositing them on personal account.⁴⁷ Thus, both forgery and embezzlement are crimes against property, where the first means the falsification of goods, and the last is the illegal manipulation of goods. According to definition given by Transparency International **embezzlement** is a crime against property. It occurs when an empowered person, who holds office in an organization, company, institution, illegally uses the goods they have been entrusted for personal gain.⁴⁸

⁴⁴ See Senior, *The World's Big C*, 14.

⁴⁵ Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences and Reform* (Cambridge: Cambridge University Press, 1999), 115.

⁴⁶ See Nye, "A Cost-Benefit Analysis," 284.

⁴⁷ See Transparency International, *Global Corruption Report: Education* (London: Routledge, 2013), 113.

⁴⁸ See "Embezzlement," Transparency International, accessed May 17, 2018, <https://www.transparency.org/glossary/term/embezzlement>

Following will be presented the methods that corruption can take within the political sphere. Even if on paper these methods seem clear in real life some methods of corruption are connected and used in the most ingenious ways, which make the understanding of separate methods crucial, this will give the ability to recognize them.

Political corruption

Political corruption involves the use of power by government officials for illegitimate private gain. Here can be listed such methods as cronyism, influence peddling, electoral malpractice and others.

Under the method of **non-performance of duties** Johnson and Sharma list cronyism, I would add here nepotism which has almost the same principles, but with small differences. **Cronyism** occur when a person in power favor a friend. Cronyism is based on social relations, when the appointer awards jobs and other advantages to friends, hence, favoring them in the detriment of other people that may be more competent than the beneficiary.⁴⁹ The development of cronyism can lead to crony capitalism which is an economy where success in business is reached through relationships between business people and government officials. Cronyism is used in the distribution of legal permits, government grants, special tax breaks and other forms of government interventionism. As well as cronyism, **nepotism** occurs when an empowered person offer advantages, the difference here is the beneficiary. Nepotism is based on the principle of giving the advantages to relatives in various fields, business, politics, religion etc.⁵⁰

⁴⁹ See Шедий, "Типология и модели коррупции," 88.

⁵⁰ See *ibid*, 90.

Influence peddling, also called traffic of influence, involve the use of one's power, such as influence in government or social connections, to attain favors.⁵¹ Another form of improper use of influence is the **abuse of power**, which refers to the abuse of decisional power for controlling or influencing decisions. For example a judge who has inappropriately rejected a criminal case, or a customs officer who has overlooked the entry of a forbidden substance into a custom.⁵²

Protecting maladministration means to protect a bad administration, illegal actions of government institutions that act in their own interest. **Cover-ups** describe the concrete action of protection of such actions, for example falsifying documents or giving false testimonies. **Perjury** is the act of intentionally swearing a false oath or falsifying the evidences, in any form, written or spoken, concerning official documents and matters.⁵³

Manipulation of regulation occurs when a corrupt official uses his decisional power in order to influence some regulations, whether in law or economics. These manipulations can lead to implementing laws that will protect corruption, or to raise or lower the price of securities, in order to buy in lower prices at a profit.⁵⁴

Both **clientelism** and **patronage** refers to offering advantages for political support. Clientelism involves offering advantages, goods, services in exchange for political support. A company, institution or person gain benefits to offer support to a political party, institution. Patronage refers to using the state funds to advantage the beneficiaries.⁵⁵

⁵¹ See Nicolae Sfetcu, *Corupție, Globalizare, Neocolonialism* (MultiMedia, 2014), 37.

⁵² See Carl J. Friedrich, "Corruption Concepts in Historical Perspective," in *Political Corruption: Concepts and Contexts*, 3rd ed., eds. Arnold J. Heidenheimer and Michael Johnston (New Jersey: Transaction Publishers, 2007), 19.

⁵³ See Gardiner, "Defining Corruption," 26.

⁵⁴ See Simcha B. Werner, "The Development of Political Corruption in Israel," in *Political Corruption: Concepts and Contexts*, 3rd ed., eds. Arnold J. Heidenheimer and Michael Johnston (New Jersey: Transaction Publishers, 2007), 203.

⁵⁵ See Sfetcu, *Corruption, Globalization, Neocolonialism*, 38.

Illegal campaign contributions describes the situation of bribing through different means the government officials during campaigns in order to receive favors, influence policies, regulations in future.⁵⁶ If corruption exists at the first stages of an electoral campaign, it can evolve into **electoral malpractice**. Corruption during elections is quite common, especially in the former Soviet countries. The most common phenomenon is the votes buying or the bribery of persons responsible for counting votes.⁵⁷

Rent-seeking behavior are the activities of individuals, organizations or firms aimed at obtaining benefits by manipulating legislative or economic conditions, and not by producing and selling goods or services. It often acts as a usurpation of the rights to redistribute state resources. This term goes back to the concept of economic rent, but in the modern context it is usually associated with state regulation and abuse of power.⁵⁸

Corruption is a complex phenomenon and can develop in various forms in all spheres, political, economic and social. Hence, the above categorization is just a general presentation, as often these methods are intertwined, and involve more than one method, for example a lawyer is bribed in order to influence a decision, subsequently the lawyer bribes someone with a bigger decisional power, thus the last will abuse his/her power to influence the decision that was needed initially. Thus, corrupt actions may allow private gains for a few at the expense of everybody else; therefore it is crucial to research corruption.

⁵⁶ See Rose-Ackerman, *Corruption and Government*, 130.

⁵⁷ See Ibid, 128.

⁵⁸ See Rose-Ackerman, *Corruption and Government*, 213.

1.3 The Causes of Corruption

The causes of corruption can be very diverse; going from human ethics, the influence of communist thinking, to economic matters, like low wages, high taxation and strong regulations. It is critical to identify what are the causes of corruption in order to fully understand this phenomenon. Analyzing the literature on the causes of corruption, there are different opinions and interpretations of what are the causes of corruption, some are classifying them into cultural, economic and political, some are finding them interdependent.

It is important to say that besides the economic factors, which can be regulated; there also exist the human factor. The human factor is the changelessly human nature, which is prone to temptation, greed and power. The desire for control and power could be seen from ancient time, these leading to multiple wars, development of corruption and many crimes. As described by Homer in 'Odyssey', Book 12, empowered man would prefer to feel the temptation. The story describes the journey back home of Odysseus and his companions, who are sailing close to the sirens island. To escape the danger that sirens represent, he commands to his companions to stuff their ears with sweet wax, whereas he prefers to be tied down to mast of his ship, in order to listen to the sirens song.⁵⁹ Though beautiful, this story perfectly describe the tendency of control and the desire to be tempted, and only strong regulations, which is the rope in this case, can tie down the empowered persons.

Ian Senior in 'Corruption - the World's Big C' analyze what the causes of corruption may be by testing hypothesis, as he called them 'the fourteen independent variables'. He

⁵⁹ See Homer, *Odyssey, Book 12*, trans. Robert Fagles (New York: Viking Penguin, 1996), 276-77.

grouped these fourteen variables as follows: ethics, social freedoms and economic freedoms.⁶⁰

Ethics

In Senior's vision the more **religious** a country is the less corruption this country has. Going from the idea that all religions condemn theft, it is very likely that these countries will condemn such actions, as if looking at corruption under a more general approach it can be kin to theft and hence to be punished.⁶¹

Personal honesty involves the full understanding and acceptance of such concepts as property and human rights. The violation of these rights naturally causes the demand of punishment, hence the high developed countries have a higher level of personal honesty and a low level of corruption, as the judiciary system works as it should and people are honest in their actions. As Francis Fukuyama said "[...] one of the most important lessons we can learn from an examination of economic life is that a nation's well-being, as well as its ability to compete, is conditioned by a single, pervasive cultural characteristic: the level of trust inherent in the society"⁶², thus, he believed that a high level of honesty results in a greatest economy efficiency, hence a higher level of a country development.

Social freedoms

Media is the tool to show people the information, and only a **free media** can expose the wrong-doings of society. A country where media is owned by a few actors, risks to have a mass disinformation, as media is the best tool of control and propaganda. Moreover free media is one of the most powerful tools to combat corruption, as it is the best way to reach transparency of governing. As Thomas Jefferson wrote in the letter to Edward Carrington

⁶⁰ See Senior, *The World's Big C*, 129.

⁶¹ See Ibid, 131.

⁶² Francis Fukuyama, *Trust* (New York: Free Press, 1995), 7.

“The basis of our governments being the opinion of the people, the very first object should be to keep that right; and were it left to me to decide whether we should have a government without newspapers or newspapers without a government, I should not hesitate a moment to prefer the latter”⁶³ highlighting the importance of free press, as a free government cannot exist without a free press and vice-a-versa.

Senior’s hypothesis on **personal freedom** states that in countries where political rights and civil liberties are high the corruption is low.⁶⁴ Civil liberties are the rights that cannot be taken by government without due process, these liberties assure to every citizen the basic rights like freedom of religion, expression, speech, conscience, assembly, press also the right to privacy, own property, due process, etc. If any of these rights are taken, it naturally will create the incentive to bribe a government official in order to gain those freedoms.

Ten economic freedoms

Trade barriers are a source of corruption, so the more restrictions a country has the higher is the level of corruption. The government raises the risk of development of corruption by imposing import tariffs and quotas. In order to benefit, officials allocate quotas, which are meant to restrict the imports, so the importers are under the necessity to pay more. Hence to obtain some part of quotas the importers paying bribes to officials that are allocating the quotas.

A country with high **fiscal burdens** is more often subject to development of corruption, as high taxes raises the incentives to avoid them. The rates of taxation depends from the share of the government’s expenditure in national income, so the higher is this

⁶³ Thomas Jefferson, *The Works of Thomas Jefferson*, ed. Paul Leicester Ford, vol. 5, Correspondence 1786-1789 (London: G.P. Putnam’s Sons, 1905), 254.

⁶⁴ See Senior, *The World’s Big C*, 137.

share, the higher are the rates of direct or indirect taxation needed to pay for government's consumption.⁶⁵

Government intervention in the economy measures the direct use of natural resources for its own profit. When government takes control over economy, private sector, scarce resources, there appears the incentive for corruption.⁶⁶ A good example is Russia with the 'resource curse', having huge deposits of natural gas still the economic growth is low, democracy is even lower and the government intervention exists in every aspect of economic decisions.⁶⁷

In most countries the currency is determined by the decisions taken by the government, hence if a government is corrupt and lacks a transparent **monetary policy** it will cause high inflation from which the corrupt officials profit. This can provide opportunities to inside trading of information. Thus a government with weak monetary policy is more likely to be exposed to corruption.

Officials who control the **foreign investment** are in position to be bribed, as the restrictions on foreign investment limit the inflow and outflow of capital and may be collated by restrictions on the distribution of dividends. The countries that have restrictions on movement of funds are subjected to the development of corruption.

The opportunity of the development of corruption is higher in the countries where the government controls **banking and financial** systems. Hence, the more banks are controlled by the government, which impose restrictions and regulations, the less the

⁶⁵ See Donatella Della Porta and Alberto Vannucci, "The 'Perverse Effects' of Political Corruption," in "Political Corruption," ed. Paul Heywood, special issue, *The Journal of Political Studies* (Norwich: Page Brothers) 45, no. 3 (1997): 524.

⁶⁶ See Paul D. Hutchcroft, "The Politics of Privilege," in "Political Corruption," ed. Paul Heywood, special issue, *The Journal of Political Studies* (Norwich: Page Brothers) 45, no. 3 (1997): 640.

⁶⁷ See Rose-Ackerman, *Corruption and Government*, 44.

banks are free to engage in such activities as crediting, loaning etc. Strong regulation may make the financial system more complex so this can lead to corruption of public officials.⁶⁸

The control of the **wages and prices** can cause the eruption of corruption. Generally the government does not control the wages, it is more common for trade unions, which believe in a standard wage packages, though such packages may stave off industrial action. Government interference on prices may lead to the emergence of secondary markets for goods in command economies. Hence the Government control over prices and wages can cause incentives for cheating and corruption.

Informal markets generally exist in corrupt countries. When the tax burden is too high or the regulations are too strong and detain the development of new businesses then it's the case of appearance of informal markets such as the supply on the informal markets of agricultural production, labor, services, manufacturing and transportation. Hence, informal markets are more likely to develop in countries with a high level of corruption.

Property rights does not limit on the ownership of goods, land, buildings, it is also the ownership of intellectual rights. The intellectual rights are crucial as they create the incentive to invent. Strong regulation on property right increase the safety of ownership, it reduces the incentive for copying, stealing, fraud, corruption.⁶⁹

Regulations are those tools which manage the economy, helping to deal with harmful effects on third parties. A market will work better if all producers are subject to the same regulations, however if the regulations are disproportionately obtrusive many may seek ways to avoid these regulations. If the burden of regulations is too heavy those who are regulated may bribe regulators in order to avoid some irksome regulations.

⁶⁸ See Federico Varese, "Corruption in Post-socialist Russia," in "Political Corruption," ed. Paul Heywood, special issue, *The Journal of Political Studies* (Norwich: Page Brothers) 45, no. 3 (1997): 584-6.

⁶⁹ See Ibid, 587.

Data insight

	Corruption Perceptions Index 2017 ⁷⁰	Trade freedom	Tax burden	Government Integrity	Monetary freedom	Investment freedom	Financial freedom	Labor freedom	Property rights	Business freedom	Press Freedom ⁷¹	Personal freedom ⁷²
New Zealand ⁷³	89	87.4	70.8	89.9	90.1	80.0	80.0	86.2	96.1	91.8	13.98	1
Swaziland ⁷⁴	39	88.9	74.8	30.9	75.6	50.0	40.0	64.4	53.5	57.5	51.27	5
Moldova ⁷⁵	31	80.0	86.1	28.6	72.0	55.0	50.0	38.9	49.6	65.9	30.41	3
Venezuela ⁷⁶	18	60.7	72.5	11.6	16.8	0.0	10.0	28.5	6.8	39.7	42.94	5
North Korea ⁷⁷	17	0.0	0.0	11.6	0.0	0.0	0.0	5.0	32.4	5.0	84.98	7

Table 1: The analysis of the connection between the level of corruption and economic freedoms.

This table clearly shows the dependence of economic freedom and the level of corruption. The table includes data from Corruption Perceptions Index 2017 from Transparency International, which ranks the countries from 0 (highly corrupt) to 100 (very clean). Also this table presents the Economic Freedom Index 2017 from Heritage

⁷⁰ "Corruption Perceptions Index 2017," Transparency International, accessed June 29, 2018, https://www.transparency.org/news/feature/corruption_perceptions_index_2017

⁷¹ "The World Press Freedom Index 2017," Reporters without Borders, accessed June 29, 2018, <https://rsf.org/en/ranking/2017>

⁷² "Freedom in the World 2017," The Freedom House, accessed June 29, 2018, https://freedomhouse.org/sites/default/files/Freedom_in_the_World_2017_complete_book.pdf

⁷³ "The Economic Freedom Index 2017," Heritage Foundation, accessed June 29, 2018, <https://www.heritage.org/index/explore?view=by-region-country-year#>, for New Zealand.

⁷⁴ Ibid, for Swaziland.

⁷⁵ Ibid, for Moldova.

⁷⁶ Ibid, for Venezuela,

⁷⁷ Ibid, for North Korea

Foundation, which measures different aspects of economic freedom such as monetary freedom, property rights, labor freedom, investment freedom. This index is graded on a scale from 0 (the lowest level of freedom) to 100 (the highest level of freedom). The press freedom is presented by the World Press Freedom Index 2017 framed by Reporters Without Borders, where 0 is the best possible score and 100 is the worst. The personal freedom is measured by The Freedom House in the Freedom in the World 2017. They graded the index from 7 (the least free) to 1 (the most free). After analyzing these data it can be seen the dependence of a low level of corruption and a high level of freedom, hence the more developed is a country and the better are the living conditions the lower is the level of corruption.

Another interpretation of the possible causes of corruption is given by the Deputy Director in the IMF's Fiscal Affairs Department, Paolo Mauro in the article 'The Effects of Corruption on Growth and Public Expenditure', which is often quoted and agreed. The author emphasizes the connection between rent-seeking behavior and the level of corruption, thus highlighting the dependence of corruption and the economic freedoms that was mentioned above. He suggests that the level of corruption is proportionally dependent from the scale of rent-seeking behavior. The following factors are contributors to the emergence of rent-seeking behavior and corruption as well.⁷⁸

Trade restrictions are a government induced source of rents. Hence, the government intervention in economy is a prime source of the development of corruption. If the government introduces restrictions on import or export this create the incentive of corruption, as the importers, exporters may be willing to bribe the empowered officials in order to obtain necessary licenses. Hereby, the more economy is open; the lower is the

⁷⁸ See Paolo Mauro, "The Effects of Corruption on Growth and Public Expenditure," in *Political Corruption: Concepts and Contexts*, 3rd ed., eds. Arnold J. Heidenheimer and Michael Johnston (New Jersey: Transaction Publishers, 2007), 341.

level of corruption. The next factor is **government subsidies**, including tax expenditures, can be a source of rent. P. Mauro stress that subsidies to manufacturing as a proportion of GDP are related to corruption indices. Another source of rent-seeking behavior is the **price control**. In order to maintain the provision of inputs at below market prices entrepreneurs may be willing to bribe officials. Multiple **exchange rate practices** also may lead to rent-seeking behavior. Hereby, if in a country the state-owned commercial bank establishes the foreign exchange according to the priorities established by each bank manager, then entrepreneurs may seek to bribe the officials in order to obtain the necessary foreign exchange to purchase their imported inputs. Also a potential source of corruption is considered to be **low wages**. If the civil servants wages are too low, they may use their position to collect bribes as a way of making ends meet, this been fueled by the low chances to get caught and fired.

Beside these sources there are some factors that are not dependent upon the government's policy; however, their presence raises the probability of emergence of rent-seeking behavior.⁷⁹ Also these factors are crucial in analyses of government policy on corruption. According to Mauro these factors are the natural resources and sociological factors.

Natural resources represent a major source of rent-seeking behavior, as they can be sold at a higher price than the cost of extraction. Countries with rich deposits of natural resources are more subject to corruption. The **sociological factors** may contribute in creating a favorable environment for the emergence of rent-seeking behavior. The author suggests that a country with a diverse population that consists of different ethnic groups is more subject to corruption as the population is less organized.

⁷⁹ See Ibid, 342.

Both Mauro and Senior believe that corruption arise out of low economic and social freedom. However Mauro presents the economic variables as the causes of development of rent-seeking behavior, which, subsequently, lead to development of corruption.

Bureaucracy is generally understood as a body of non-elective government officials and administrative policy-making groups, however it can be regarded as another source of corruption. Max Weber regarded bureaucracy as the inevitable outcome of historical development, which tends to minimize corruption and increase fairness.⁸⁰ However, Kempe Ronald Hope argued that over years the extend of state activity has expanded, leading to the growth of bureaucracy with an increase in discretionary power which is used for personal gain and contributes to bureaucratic corruption in developing countries.⁸¹ Also Susan Rose-Ackerman said that “corruption is often embedded in the hierarchical structure of the bureaucracy”⁸², thus it can be concluded that strong bureaucratically procedures tend to create incentives for corruption.

1.4 The Consequences of Corruption

Corruption affects every aspect of a country and the consequences are so diverse that some of them are even not attributed as to be caused by corruption. The higher is the level of corruption the more visible is its impact on the state’s health. The economic consequences usually are the most visible ones.

⁸⁰ See Max Weber, *Economy and Society: An Outline of Interpretive Sociology, Volume II*, eds. Guenther Roth and Claus Wittich (1968. Reprint, Berkeley: University of California Press, 1978), 1002.

⁸¹ See Kempe R. Hope, “Politics, Bureaucratic Corruption and Maladministration in the Third World,” *International Review of Administrative Sciences* 51, no. 1 (March 1985): 3-4.

⁸² Rose-Ackerman, *Corruption and Government*, 49.

Price distortion occurs even when markets appear to clear. When contracts are placed by bribery, the price paid by the winning contractor far exceeds the actual cost of work that will be performed in a non-corrupt market. The balance can be retained as excess profit by corruptor or paid to the corruptee. When an asset is created through a corruptly assigned contract, higher returns are required.

Covert and upward redistribution of wealth within society is another effect of corruption. The benefits that can be expected by public from public expenditure on services such as roads, hospitals, schools are diminished and distorted by expenditure resulted from corrupt contracts. More than this, the democratic processes are distorted by making available the funds to the party in power, which can increase the probability of re-election. Another side effect can be the violation of safety rules at production, caused by higher prices, including bribes, paid by the corruptors.

Corruption can cause an **increased cost and reduction of investment**. Corruption diminish the level of trust into economy of a country with a high level of corruption, hence, the investment will fall as of a significant uncertainty whether the outcome of investment will be positive, and whether the return will be paid if failure takes place. Unstable markets in a direct way influence the incentives for investments, as it's bounded with a higher risk and a lower possibility to receive the compensation.⁸³

Democratic processes are subverted as corruption destroys the democratic processes within a country, as bribes paid to government officials are used to finance political parties, so a corrupt one comes to rule. The violation of democratic processes is also seen in the exploitation of natural resources. International companies are not rewarded for their costs and risks when extracting the raw material, usually the balance of

⁸³ See Varese, "Post-socialist Russia," 593.

their proceeds are allocated to the countries that own the resources. Bribing for contracts, licenses and other services or good disrupts the democratic processes and violates its principles.⁸⁴

The decline of the morality and ethics is the last stop on the corruption's way. When developing in a country the main institutions of government are being affected by corruption first of all. The three main institutions of government that should ensure the proper functioning of democracy are: the legislative institution, the executive institution and the judicial institution. Going from the top of the hierarchy, the legislative branch is the most influential when corruption is developing. Presidents and prime ministers and other government officials have an enormous power and influence, hence, if the governmental officials are corrupt it will affect other institutions. The main power-holders, government officials have an enormous power of patronage, so appointing the ministers, judges and other official functionaries in their own interest they aim protection or profit. If the legislative branch is corrupt this inevitably leads to corruption within the executive branch. The role of judicial institutions then becomes crucial. If the above mentioned institutions are corrupted there is a high probability that the judicial branch will be taken under control by appointing the right judges for them, or bribing the ones that are holding the office. Having all these major institutions corrupted let the corruption spread among civil servants, low-level officials, and other institutions of a country, such as education, health-care. At this point honest citizens have two options: to be a part of the corrupt system, in order to make ends meet; or, to struggle daily while leaving the economic system wholly in the hands of the corrupt ones. This is the point when society loses its faith into the government and the morality is declining.

⁸⁴ See Della Porta and Vannucci, "The 'Perverse Effects'," 530.

Paolo Mauro in 'The Effects of Corruption on Growth and Public Expenditure' brings into light different ways in which corruption affects the economic growth.⁸⁵

A direct impact on economic growth has the **low level of investment**. Reduced investment are caused not only because of high risks and small chances of reward as mentioned above, but also because entrepreneurs are aware that a part from their investments may be claimed by corrupt officials. Bribes may be required directly or as a part of payment, if there are specific permits, licenses or contracts that are to be issued. Hence, the outcome of corruption are not only reduced investment, it also hit the economic growth. A country's **growth rate** will decline when rent-seeking is more profitable than productive work. Thus educated, talented individuals would prefer rent-seeking to productive work which is less gainful. Corruption also affects the **international aid flows**, as corrupt official may aim to embezzle funds. Thus donor countries may limit the aid flows into a corrupt country as interchangeability of aid resources could mean that aid flows ultimately fund unproductive public spending. The **loss of tax revenue** may be caused by corruption when someone tries to avoid taxation or use improperly the discretionary tax exemptions. Corruption may lead to **budgetary consequences** when tax collection or public expenditure is affected. It may result in a monetary stance when it takes the form of the improper use of directed lending at below-market interest rates by public sector financial institutions. Lower quality of **public infrastructure and services** can be caused by corruption when contracts are allocated through bribery. The composition of **government expenditures** may be affected by corruption. Corrupt officials may go for those types of government expenditure which will allow them to collect bribes. Thus, seeking for large profits from government expenditure may approve contracts for their own profit.

⁸⁵ See Mauro, "The Effects of Corruption," 343.

§ 2 The Empirical case study

This chapter aims to present the level of corruption in Moldova. The first part will bring data and rankings that clearly describe the level of corruption and the last part will describe various cases of corruption that occurred within the last seven years in Moldova. The data and examples presented will contribute to the formation of a clear picture of the level of corruption and to the analysis of this phenomenon.

2.1 Data and rankings

In the analysis of the phenomenon of corruption a great impact have the NGOs that are collecting and investigating data from different countries. Many scholars are consulting this information and use it for researching this matter. The following information will give a view upon the scale of corruption in Moldova, and these raw data will be used in the third chapter in order to understand not only the level of development of corruption but also to research the causes and consequences of corruption.

Transparency International

A great insight upon the level and development of corruption is made by Transparency International. This Non-Governmental Organization was founded in 1993 and aims: to monitor corruption; prosecute corrupt leaders, companies; to implement anticorruption policies; and help nations to fight corruption.⁸⁶ The Transparency's International annual Corruption Perceptions Index gives a clear image about the level of corruption. The index ranks and scores countries on the bases of the level of corruption in public sector as it is perceived by experts in governance and business. The index combines

⁸⁶ See "Our Organization," Transparency International, accessed June 28, 2018, <https://www.transparency.org/whoweare/organisation>

the data from 13 sources gathered from independent institutions which capture corrupt behavior such as bribery, nepotism, use of public office for private gain, state capture. The index also analyzes the state’s mechanisms for corruption prevention such as the prosecution of corrupt officials, red tape and excessive bureaucratic burden, the mechanism of enforcing the integrity and others.

Following you can see the table presenting the corruption scores of the last 6 years for Republic of Moldova. The rank measures the level of corruption from 0 (very corrupt) to 100 (very clean).⁸⁷

2017 Rank	Country	2017 Score	2016 Score	2015 Score	2014 Score	2013 Score	2012 Score
122	Moldova	31	30	33	35	35	36

Table 2: Corruption Perceptions Index, Moldova, 2017-2012.

The Heritage Foundation

From its foundation in 1973, The Heritage Foundation continuously analyses the level of freedom in different sectors. The annual Index of Economic Freedom measures a country’s freedom in terms of trade freedom, property rights freedom, tax burden and other criteria. ⁸⁸

⁸⁷ “Corruption Perceptions Index 2017,” Transparency International, accessed June 28, 2018, https://www.transparency.org/news/feature/corruption_perceptions_index_2017

⁸⁸ See “About Heritage,” Heritage Foundation, accessed June 29, 2018, <https://www.heritage.org/about-heritage/impact>

In the last 7 years the overall score of economic freedom of Republic of Moldova increased with 4 points from 54.4 to 58.4, ranking on the place 102. The scale measures the freedom from 0 (the lowest level of freedom) to 100 (the highest level of freedom).⁸⁹

index year	overall score	property rights	government integrity	judicial effectiveness	tax burden	government spending	fiscal health	business freedom	labor freedom	monetary freedom	trade freedom	investment freedom	financial freedom
2018	58.4	53.5	26.6	26.3	85.3	56.7	90.0	66.0	39.9	73.2	78.3	55.0	50.0
2017	58.0	49.6	28.6	23.9	86.1	54.8	90.6	65.9	38.9	72.0	80.0	55.0	50.0
2016	57.4	40.0	35.0	N/A	85.4	55.6	N/A	64.6	39.3	76.0	73.6	55.0	50.0
2015	57.5	40.0	35.0	N/A	85.1	51.8	N/A	66.8	40.6	76.1	79.8	50.0	50.0
2014	57.3	40.0	29.5	N/A	85.8	54.4	N/A	70.1	37.9	75.0	80.1	50.0	50.0
2013	55.5	40.0	29.0	N/A	87.2	50.1	N/A	69.7	40.9	73.4	80.0	35.0	50.0
2012	54.4	40.0	29.0	N/A	86.5	38.7	N/A	70.0	41.7	74.4	79.0	35.0	50.0

Table 3: Index of Economic Freedom, Moldova, 2018-2012.

Heritage foundation provides an analysis in which it examines the faults in different Moldovan sectors. Regarding the rule of law, the judicial sector is weak and allows impunity to corrupt officials, civil servants and businesses through illicitly acquired assets.

⁸⁹ "Graph the Data, Moldova," Heritage Foundation, accessed June 29, 2018, <https://www.heritage.org/index/visualize?cnts=moldova&type=8>

The Government integrity is decreased and the fiscal health is much damaged. Public debt has gotten to the value of 38.1% of GDP.⁹⁰

The regulatory efficiency shows that business is suffering, to start a business in 2016 was made more expensive by increasing the cost of company registration and regardless to the pressure of the International Monetary Fund, the government did not agree to reduce agricultural subsidies. Republic of Moldova is a predominantly agricultural country, which is why these decisions make it very strange to understand how the government is planning to make a better business policy, for young entrepreneurs as well as for a more open market. If we speak about open markets, then we see that the level of governmental openness towards foreign investments is low, and the level of financial intermediation remains shallow. The sectors that would help Republic of Moldova prosper and evolve seem to be stuck in a blind alley, where the government itself through its shady decisions is blocking the way forward.

Freedom House

Since 1941 The Freedom House conducts researches on democracy, human rights and political freedom. Its purpose is to enhance political rights and civil liberties and promote democratic changes.⁹¹ The annual Freedom in the World report analyses the degree of political freedoms and the development of democracy, Moldova being one of the countries analyzed in this report. The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest.⁹² In 2018 Moldova had the overall democracy score 4.93, which is low, classifying Moldova as a partly free country.

⁹⁰ See "Moldova," Heritage Foundation, accessed June 29, 2018, <https://www.heritage.org/index/country/moldova>

⁹¹ See "About us," Freedom House, accessed June 29, 2018, <https://freedomhouse.org/about-us>

⁹² "Nations in Transit 2018, Moldova," Freedom House, accessed June 29, 2018, <https://freedomhouse.org/report/nations-transit/2018/moldova>

	2018	2017	2016	2015	2014	2013	2012
National Democratic Governance	5.75	5.75	5.75	5.50	5.50	5.50	5.75
Electoral Process	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Civil Society	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Independent Media	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Local Democratic Governance	5.50	5.50	5.50	5.75	5.75	5.75	5.75
Judicial Framework and Independence	5.00	5.00	4.75	4.75	4.75	4.50	4.50
Corruption	6.00	6.00	6.00	5.75	5.75	5.75	6.00
Democracy Score	4.93	4.93	4.89	4.86	4.86	4.82	4.89

Table 4: Freedom in the World, Moldova, 2018-2012.

National Democratic Governance & Electoral Process: in 2017 the Democratic Party of Moldova (DPM) were dominating the political processes at the national level, however the level of democracy continued on the same trajectory. Political processes continued to subvert the democracy, the adoption of mixed voting electoral system had a negative impact on democracy.

Civil Society: in 2017, civil society organizations (CSO) were very active, playing an important role in discussing the country's major problems. Also in 2017 there was founded over 400 of organizations, increasing the total number to 11 545 organizations.⁹³ However the government is skeptical and often ignores the CSO's activities and opinions.

Independent Media: media sector in 2017 faced the same challenges as in previous years: excessive political and oligarchic influence, outdated legal framework, lack of transparency

⁹³ See State registry of non-commercial organizations, accessed June 29, 2018, <http://rson.justice.md/organizations>

in media ownership, external and internal propaganda and manipulation, limited independence of the broadcasting regulatory body.⁹⁴

Local Democratic Governance: in 2017 local administration did not face any changes, thus government being focused on discussion sessions and not on the implementation of planned administrative-territorial reforms.

Judicial Framework and Independence: the problems within the judicial system continued to be a major issue. Judges are promoted based on unclear criteria, even those who received low testing scores, also judges with poor integrity record.

Corruption: in 2017 there was taken more anticorruption initiatives, thus more cases were investigated. However the level of corruption remains high and the government focuses more on improving the legal framework and less on implementing it.

Democratic score: as it can be seen from the table the overall democratic score have declined over the last 7 years. The low level of democracy within national governance, electoral process, civil society, media and the decline over the last years in local governance, judicial framework and independence influenced the level of democracy. Hence, the government institutions, democratic processes and corruption are intertwined and interdependent.

2.2 Examples: presentation and description

The following cases of corruption occurred in different cities of Moldova in last 7 years. The information presented below comes from different sources such as governmental institutions as the National Anticorruption Center and openly published

⁹⁴ See "Nations in Transit 2018, Moldova," Freedom House, accessed June 29, 2018, <https://freedomhouse.org/report/nations-transit/2018/moldova>

information from media and press. All the cases and names mentioned below are presented accordingly to the information found, and up to this moment these cases are investigated by National Anticorruption Center (NAC) of the Republic of Moldova and Anticorruption Prosecutors.

2.2.1 Moldovan bank fraud scandal

In 2014 Moldova confronted with a huge fraud that was called the 'theft of the century' as Kenneth Rapoza said in the article "Billion Dollar Theft: In Moldova, One Rich Banker's 'Crime' Has a Nation Doing Time"⁹⁵. In autumn of 2014 it was found that \$1 billion disappeared from three Moldovan banks: Banca de Economii, Unibank and Banca Sociala. In January 2015, The National Bank of Moldova hired an investigative consultancy - Kroll Inc. and the partners Steptoe&Johnson to conduct an investigation of the fraud.⁹⁶

After the second report given by Kroll Inc. the scheme and proportions of the fraud became more clear, but no names were given. A summary of report was published by the National Bank of Moldova, however, the full report still remains confidential. Kroll has found that more than \$ 2.9 billion has gone through the money laundering mechanism and over \$ 1.1 billion were extracted from the banking system for the interest of certain groups of beneficiaries.⁹⁷ Some of the money that were laundered or assets that were extracted went back to Moldova, and Kroll had tracked their route through the accounts of seven commercial banks in the Republic of Moldova.

⁹⁵ Kenneth Rapoza, "Billion Dollar Theft: In Moldova, One Rich Banker's 'Crime' Has A Nation Doing Time," *Forbes*, August 1, 2016, accessed July 2, 2018, <https://www.forbes.com/sites/kenrapoza/2016/08/01/billion-dollar-theft-in-moldova-one-rich-bankers-crime-has-a-nation-doing-time/#3075df844f7e>

⁹⁶ See Transparency International Moldova, *Observator de politici publice Nr. 2*, 1, accessed July 2, 2018, http://www.transparency.md/wp-content/uploads/2018/01/TI_Moldova_Observator-2.pdf

⁹⁷ See *ibid.*

Kroll's investigations began with the identification of: relationships and actions of taking under control three banking institutions between August 2012 and November 2014 through changes in the shareholder structure (Banca de Economii, Banca Sociala and Unibank) and financial transactions between these banks and other affiliated companies, both local and foreign, who had direct and indirect links with the 'Shor Group', from January 2012 to November 2014. Thus, Kroll stated that in November 2014 there were undertaken concentrated efforts of extraction of resources from the banking system through those three banks directly involved.⁹⁸

According to NAC, the fraud was possible due to a change in the approved anti-money laundering legislation in Parliament, which was active for about two years, precisely during the bank fraud. According to the open information, the respective amendments to the Law on preventing and combating money laundering and terrorist financing were amended by Law no. 67 of April 7, 2011, based on a legislative initiative of a deputy from the Parliament of the Republic of Moldova.⁹⁹ Thus, during the theft of the billion, any amount of money from banking institutions could be unlocked without the NAC knowing.

From the beginning of 2012 the total loan exposure of the three Moldovan Banks increased from \$ 491 million to \$ 1 billion to the end of November 2014. Due to Kroll, 80% of the total loan exposure was to 'Shor Group' companies.¹⁰⁰

The Banks mentioned above offered suspicious loans, which were a part of the laundering scheme. A small part of the loans, after being laundered through the Core Laundering Mechanism (which is the laundering of huge amounts of money through more

⁹⁸ See Kroll Inc., *Project Tenor II, Summary Report*, 11, accessed July 3, 2018, https://bnm.md/files/Kroll_%20Summary%20Report.pdf

⁹⁹ See "Tarna: CNA a fost lipsit de butonul rosu exact cand s-a furat miliardul," Agora, accessed July 3, 2018, <http://agora.md/stiri/38650/tarna-cna-a-fost-lipsit-de-butonul-rosu-exact-cand-s-a-furat-miliardul-initiatorul-ar-fi-fost-consiliat-de-gofman>

¹⁰⁰ See Kroll Inc., *Project Tenor II, Summary Report*, 12, accessed July 3, 2018, https://bnm.md/files/Kroll_%20Summary%20Report.pdf

than 81 bank accounts that are the Core Laundering Accounts) were used to reimburse the existing loans, while a considerable part of the funds were extracted from the Core Laundering Mechanism and seems to have become the stolen assets (Overview of core laundering mechanism in Latvia, Initial Dissipation of Loan Funds, Annex 1). The fraud took place on a systematic manner for the whole period of time, while continuing to offer new loans in the attempt to hide the previous frauds to pay off the loans from which funds were misappropriated. During the analysis of the initial destination of loan funds it was exposed that from January 2012 to April 2014 the majority of funds, from the total amount of \$ 478 million, were transferred to a Latvian bank, which was involved in the laundering mechanism. Another Latvian bank became the main tool for laundering the loan funds summing \$ 2.1 billion from May to November 2014.¹⁰¹

From the total amount of \$ 2.9 billion, about \$ 220 million remained in Moldova and were used to reimburse loans to the three directly involved Moldovan Banks and to other Moldovan Banks which had links to the fraud. Approximately \$ 110 million were directly transferred to accounts in other jurisdictions without passing through the laundering mechanism, these including accounts from Russian banks. From the remaining, about \$ 2.6 billion passed through the laundering mechanism, \$ 2 billion were returned to private accounts at the Three Moldovan Banks. The remaining, around \$ 600 million disappeared during the laundering and transferred to other destinations.¹⁰² (Summary of all Funds into the Core Laundering Accounts, Other Receipts Traced Out, Annex 1)

The main actors in this fraud appeared to be the 'Shor Group', with Ilan Shor as the main actor. At the moment Ilan Shor is the mayor of the city Orhei in Republic of Moldova, and back to the period of the fraud, 2012-2014, he was the chairman of the board of Banca

¹⁰¹ See *ibid*, 15.

¹⁰² See *ibid*, 42.

de Economii. Although Ilan Shor publicly stated that he had no connections but partnerships with Unibank and Banca Sociala, the Shor Group is linked directly to these banks.¹⁰³

The only person publicly declared to be linked to this fraud is Vlad Filat. Between September 25, 2009 and March 25, 2013 he was the Prime Minister of Moldova, and a Deputy in the Parliament of the Republic of Moldova from December 29, 2014 to October 15, 2015. His mandate ended on the 15th of October when he was stripped of his immunity and handcuffed in the Parliament. Being suspected for taking part in the Bank Fraud he was accused for taking bribes presumably from Ilan Shor, about \$ 250 million and he was arrested on June 27, 2016. Vlad Filat was sentenced to 9 years in prison.¹⁰⁴

Although the real truth seems to be very different from what was declared officially and there are more names connected with the bank fraud. It is believed that not only Ilan Shor, the Mayor of the city Orhei, had connections to the fraud, but also Vladimir Plahotniuc, the Chairman of the Democratic Party of Moldova, and many others. The investigation is ongoing but up to this moment only one person was brought to account.

2.2.2 The mayor of Chisinau detained for corruption.

Dorin Chirtoaca, the mayor of Chisinau was detained on May 25, 2017, by Anticorruption Prosecutors and NAC during the investigation of the case of paid parking. He was detained for 72 hours, suspected of influence peddling.¹⁰⁵

¹⁰³ See Tim Whewell, "The great Moldovan bank robbery," *BBC News*, accessed July 4, 2018, <https://www.bbc.com/news/magazine-33166383>

¹⁰⁴ See Alexander Tanas, "Moldova detains former PM in parliament over \$1 billion fraud," *Reuters*, accessed July 4, 2018, <https://www.reuters.com/article/us-moldova-protests-filat-idUSKCN0S91BY20151015>

¹⁰⁵ See "Primarul Capitalei, Dorin Chirtoaca, a fost retinut de CNA pentru 72 de ore," *Publica*, accessed July 5, 2018, https://www.publika.md/primarul-capitalei-dorin-chirtoaca-a-fost-retinut-de-cna-pentru-72-de-ore-cronica-evenimentelor-video_2969974.html

After the hearing conducted by the anticorruption prosecutors and analysis of the evidences, it was established that the mayor would have given directions to the deputy mayor of Chisinau, who was chairman of the Commission for selecting the companies that would implement the parking project in Chisinau, to sign the contract with EME PARKLEITSYSTEM GmbH without the approval of the Municipal Council. This despite the art. 30 of the Law no. 179 from July 10, 2008 regarding the public-private partnership which expressly stipulates that, after the designation of the winner, the contractual clauses are negotiated and only after this the project is submitted for approval and signing to the Municipal Council of Chisinau.¹⁰⁶

At the same time, contrary to the legislation in force and pursuing a criminal purpose, the mayor of Chisinau has positively endorsed the urban planning certificates for the design of the works, according to the public-private partnership contract between the Chisinau City Hall and the non-resident EME PARKLEITSYSTEM GmbH. In turn, this company would have become a winner following concerted action between City Hall officials, economic agents and the businessman managing the EME PARKLEITSYSTEM GmbH.

Several meetings between the shadow manager of the winning company and the head of the Public Transport Directorate and City Hall Communications were documented during the investigation, meetings in which the bidding scheme was discussed, the general participation of the mayor in the urgent signing of the contract, but also a 'bonus' for the services rendered. At the hearings during the criminal investigation, it was established that, as a result of the prior agreement between the businessman and the head of the Public

¹⁰⁶ See "Functionari ai Primariei Chisinau si oameni de afaceri retinuti in dosarul parcarilor cu plata," CNA, accessed July 5, 2018, <https://www.cna.md/libview.php?l=ro&idc=5&id=1560&t=/Serviciul-relatii-publice/Comunicate-de-presa/Functionari-ai-Primariei-Chisinau-si-oameni-de-afaceri-retinuti-in-dosarul-parcarilor-cu-plata/>

Transport Department, the latter having the role of intermediary between the businessman and the mayor, the City Hall officer is advised to register an offshore company in Cyprus, which later became a member of EME PARKLEITSYSTEM GmbH with a 26 percent share. According to the testimonies given during the investigation, 26 percent of the company's income was the 'thanks' for signing the public-private partnership contract between EME PARKLEITSYSTEM GmbH and the City Hall of the capital, of which 13 percent was for the mayor and another 13 percent for the head of the Public Transport Directorate and Communications.¹⁰⁷ Further, after the company in Cyprus becomes an associate of EME PARKLEITSYSTEM GmbH, the mayor gives instructions for the opening of the offers and the initiation of the bidding, and the named company becomes winner. Also, at the directions of the mayor, the deputy mayor signs the contract, and thereafter the mayor gives a positive opinion for the start of the design works. Thus, through his actions, the mayor has committed trafficking of influence, a crime that is punished by imprisonment from 3 to 7 years.

Besides Dorin Chirtoaca, the mayor of Chisinau, seven people also was detained under the same criminal file. These are the deputy mayor of Chisinau, the head of the Public Transport Directorate and Communications, a former municipal councilor, the managers of three parking companies, and a businessman, suspected for managing several companies participating in the bidding, including the winning one. Some of the defendants were placed under house arrest and others in the NAC isolator.¹⁰⁸ On July 28, 2017, Dorin Chirtoaca was suspended from the position of mayor of Chisinau according to the decision of the Buiucani District Court from Chisinau, Republic of Moldova. The investigation is

¹⁰⁷ See "Edilul este banuit de trafic de influenta si risca pina la sapte ani de inchisoare," Adevarul, accessed July 5, 2018 https://adevarul.ro/moldova/actualitate/ofiterii-cna-descins-anticamera-dorin-chirtoaca-consilier-municipal-fost-retinut-1_5926dd225ab6550cb86fe4b4/index.html

¹⁰⁸ See "Chirtoaca, retinut in dosarul parcarilor," Sputnik, accessed July 5, 2018, <https://sputnik.md/moldova/20170525/12834419/dorin-chirtoaca-a-fost-retinut-in-cadrul-parcarilor-cu-plata.html>

ongoing, on July 6, 2018 it was announced that Dorin Chirtoaca remains under judicial control for another 60 days.¹⁰⁹

2.2.3 Six public figures from the AESM University and several intermediaries were detained for bribery.

A recent case of corruption took place at a University in Moldova. Anticorruption prosecutors and NAC have exposed the business of a corruption network made up of public figures from Academy of Economic Studies of Moldova (AESM) and several intermediaries. On the 5th of May, 2018 after a series of searches 9 people were detained with accusation for corruption.¹¹⁰

Exams, bachelors and masters thesis, marks for production practice, all these were a part of an organized network formed of dozens of people, including lecturers of the Academy of Economic Studies of Moldova and several intermediaries from outside of the educational institution. The scheme was exposed by NAC and anticorruption prosecutors as a result of information obtained from inside the target institution but also from other sources. During the investigation, several members of the network were found, samples of audio and video were taken, which led to the accumulation of sufficient evidences confirming preliminary information. It was found that the corruption business functioned freely right in front of the institution where those who formed one of the main links of business, intermediaries, were monitored. The intermediaries were responsible for

¹⁰⁹ See "Dorin Chirtoaca ramine sub control judiciar pina in luna septembrie 2018," Realitatea.md, accessed July 5, 2018, http://www.realitatea.md/dorin-chirtoaca-ramane-sub-control-judiciar-pana-in-luna-septembrie-2018-istan-a-a-prelungit-masura-video_80244.html

¹¹⁰ See "Sase profesori de la ASEM, retinuti pentru mita," Jurnal.md, accessed July 6, 2018, <http://www.jurnal.md/ro/news/f43b09a74a44c951/sase-profesori-de-la-aseem-retinuti-pentru-mita-1000-de-lei-pentru-un-examen-500-de-euro-teza-de-licenta-sau-masterat.html>

identifying the students with academic performance problems, to whom they were offering the help in successfully supporting any type of exam for a fee.¹¹¹ Subsequently, for some money, which varied according to the complexity of the service, the intermediaries contacted the AESM public persons, mainly lecturers, and offered them some of the financial means received for examinations, another part of the money were kept for their services.

It was established that for one examination, the member of the group was receiving from the student up to 1 000 lei, the mark for the production practice cost between 1000 and 1500 lei, and the most expensive was the arrangement of the support of the bachelor or master thesis - between 400 and 550 euros. As a result, students were fictional evaluated by professors, often without physical presence of the student at exams. After the searches conducted under the AESM file, over 2 000 000 lei, in different currency, were found by NAC officers and Anticorruption Prosecutors.¹¹²

Although the investigatory case is at the initial stage of documentation, up to this moment, around 60 lecturers and other AESM public figures have been identified, who are suspect for being involved in taking bribes for marks. They were caught during telephone conversations, meeting with other members of the network, receiving money, documents, and exchanging other documents meant to be used in corrupt activities.¹¹³

¹¹¹ See "Afacerea unei retele de coruptie, formate din persoane publice din cadrul ASEM si mai multi intermediari, deconspirata de CNA si procurorii anticoruptie," CNA, accessed July 6, 2018, <https://www.cna.md/libview.php?l=ro&idc=5&id=1982&t=/Serviciul-relatii-publice/Comunicate-de-presa/Afacerea-unei-retele-de-coruptie-formate-din-persoane-publice-din-cadrul-ASEM-i-mai-multi-intermediari-deconspirata-de-CNA-i-procurorii-anticoruptie>

¹¹² See "Peste 2 000 000 de lei, ridicati de CNA si procurori," CNA, accessed July 6, 2018, <https://www.cna.md/libview.php?l=ro&idc=5&id=1983&t=/Serviciul-relatii-publice/Comunicate-de-presa/Peste-2-000-000-de-lei-ridicati-de-CNA-si-procurori-in-urma-perchezitiilor-din-dosarul-examenelor-fraudate>

¹¹³ See "Perchezitii la ASEM: 9 persoane au fost retinute, printre care 6 profesori!" Realitatea.md, accessed July 6, 2018, http://www.realitatea.md/procurorii-anticoruptie-fac-perchezitii-la-asem--intr-un-dosar-de-mita-la-examene--reactia-rectorului-academiei_78608.html

The evidences that were found allowed prosecutors to start several criminal cases for passive, active corruption and influence trafficking that they have joined in a common procedure.

In order to strengthen the evidence, the National Anticorruption Center together with the Anticorruption Prosecutor's Office came with searches at the offices of suspects at AESM, at their homes, but also at other members of the network. During searches, there were found the names of students, the sums of money received from them, the names of the teachers who received money to organize the exams, the production practice, the bachelor's degree or the master's degree. After these actions, 9 people were detained for 72 hours, including 6 AESM lecturers and 3 intermediaries.¹¹⁴

The actions taken by the criminal investigative body are at an early stage, and will be established the whole circle of persons involved in committing the crimes investigated, including the thorough investigation of the acts, drafts, electronic devices of suspected AESM employees, as well as other education institutions.

2.2.4 Elections for General Mayor of the city Chisinau of the Republic of Moldova are invalidated

On May 20, 2018 took place the first ballot of the elections for the position of General Mayor of the city Chisinau. None of 11 participants gathered 50% of the votes so there was organized the second ballot. Two candidates passed to the second ballot, Andrei

¹¹⁴ See "Afacerea unei retele de coruptie, formate din persoane publice din cadrul ASEM si mai multi intermediari, deconspirata de CNA si procurorii anticoruptie," CNA, accessed July 6, 2018, <https://www.cna.md/libview.php?l=ro&idc=5&id=1982&t=/Serviciul-relatii-publice/Comunicate-de-presa/Afacerea-unei-retele-de-coruptie-formate-din-persoane-publice-din-cadrul-ASEM-i-mai-multi-intermediari-deconspirata-de-CNA-i-procurorii-anticoruptie>

Nastase with 32.12% of votes and Ion Ceban with 40.97%. On June 3, 2018 Andrei Nastase won the elections for General Mayor of Chisinau with 52.27% of votes.¹¹⁵ The election results were to be confirmed and the mandate validated by the Chisinau Court. Shortly after the elections, the Party of Socialists of the Republic of Moldova with its candidate Ion Ceban appealed to the Supreme Court of Chisinau that some rules were violated during the elections. The Chisinau Court postponed the validation of the mandate of the elected mayor Andrei Nastase. The judge argued that not all the electoral materials related to the first ballot of the elections were brought. On June 19, 2018 Chisinau Court, Centru District Office, did not validated the results of the local elections in Chisinau due to unconfirmed legality of both tours of elections from May 20 and June 3.¹¹⁶ After this decision there were ample protests both in front of the City Hall and in front of the Chisinau Court for several days. Around 50 thousand of people went to the streets to ask for the validation of the mandate of the elected mayor of Chisinau, Andrei Nastase, on June 24. The manifestants gathered in front of the City Hall of Chisinau, after which they marched to the Great National Assembly Square, and later went to the Parliament, in front of which some of the protesters spent the night. For the same cause the Moldovan diaspora protested in about 25 countries of the world. Manifestants came with banners and chanted slogans: "We do not give up!", "Validation!" "Down the dictatorship!", "The justice is corrupt!", "Unity!", "The ballot box is not a garbage can! ", "Nastase is the mayor! ".¹¹⁷

In spite of protests and other actions to support the validation, the Supreme Court of Justice upheld the decision of the Chisinau Court of Appeal and the Chisinau Court to invalidate the local elections of the General Mayor of Chisinau. The meeting started on June

¹¹⁵ See "Alegeri noi ale primarului general al municipiului Chisinau din 20 mai si 3 iunie 2018," E-democracy.md, accessed July 7, 2018, <http://www.e-democracy.md/elections/chisinau/2018/>

¹¹⁶ See "Curier electoral din 19 iunie 2018," E-democracy.md, accessed July 7, 2018, <http://www.e-democracy.md/elections/chisinau/2018/electoral-news/20180619/#c1>

¹¹⁷ See "Curier electoral din 24 iunie 2018," E-democracy.md, accessed July 7, 2018, <http://www.e-democracy.md/elections/chisinau/2018/electoral-news/20180624/>

25, at noon and lasted until late at night, while supporters of the elected mayor Andrei Nastase demanded before the Supreme Court of Justice the validation of the June 3 vote. Eventually the Supreme Court of Justice canceled the outcome of the elections for General Mayor of Chisinau justifying this decision by the existence of some violations during the election. Presumably the electoral contestants have urged the mobilization of the voters, this action being considered as electoral agitation. The court finds that the social network, where the electoral competitors have made the electoral agitation, considered illegal, had a particularly massive impact on the voters.¹¹⁸ Although the impact of these actions has not been demonstrated, their existence had influenced the court's decision.

On June 21, 2018 the situation regarding the mayor elections in Chisinau was debated by the Chairs and Rapporteurs of the Committee of Foreign Affairs of the European Parliament. They discussed their concerns regarding the decision taken by the Chisinau Court which decided, on “dubious grounds” and in a “non-transparent way”, not to confirm the legality of the local elections of the mayor of Chisinau.¹¹⁹

¹¹⁸ See “Cum motiveaza Judecatoria Chisinau hotarirea de invalidare a alegerilor,” Ziarul de Garda, accessed July 7, 2018, <https://www.zdg.md/stiri/stiri-politice/doc-cum-motiveaza-judecatoria-chisinau-hotararea-de-invalidare-a-alegerilor>

¹¹⁹ See “News, Moldova: key MEPs react to the Chisinau Court decision on local elections,” European Parliament, accessed July 7, 2018, <http://www.europarl.europa.eu/news/ro/press-room/20180621IPR06306/moldova-key-meps-react-to-the-chisinau-court-decision-on-local-elections>

2.2.5 Petty corruption in the Republic of Moldova

A lawyer and a prison employee have been detained for influence peddling.

On June 18, 2018 a lawyer and an employee of Prison Nr.13 were detained by NAC officers and prosecutors after having been documented for a long time – the period when they received 6,000 euros to resolve the issue of a detainee.¹²⁰

According to the denouncer, the penitentiary specialist claimed 6,000 euros from the detainee, arguing that he would have the possibility to influence the judges of the Chisinau Court, Center District Office, in order to make them issue a decision by which the detainee will be released earlier.

Following investigations carried out by the NAC and representatives of the National Penitentiary Administration (NPA), people were documented while receiving the money in two tranches. On June 18, the last sum of money was passed, after the court's decision was promised.

Currently, the two people are heard by the NAC and prosecutors to establish the entire circle of suspects. A criminal case for the trafficking of influence was initiated on these persons, and if found guilty, they would run for up to seven years in prison. Those are detained for 72 hours and placed in the NAC isolator.¹²¹

The Anticorruption Prosecutor's Office conducts the criminal investigation and the NPA provides support to the officers and anticorruption prosecutors in order to establish other persons involved.

¹²⁰ See "Retinuti pentru trafic de influenta. Un avocat si un angajat al Penitenciarului 13 au fost plasati in izolatorul CNA," CNA, accessed July 8, 2018, <https://www.cna.md/libview.php?l=ro&idc=5&id=2002&t=/Serviciul-relatii-publice/Comunicate-de-presa/Retinuti-pentru-traffic-de-influenta-Un-avocat-si-un-angajat-al-Penitenciarului-13-au-fost-plasati-in-izolatorul-CNA>

¹²¹ See "Un avocat si un angajat al penitenciarului 13 au fost plasati in izolatorul CNA," Telegraph, accessed July 8, 2018, <https://telegraph.md/un-avocat-si-un-angajat-al-penitenciarului-13-au-fost-plasati-in-izolatorul-cna/>

A lawyer from the city Balti was detained for taking bribes.

A lawyer from the city Balti was detained by anticorruption officers and prosecutors while receiving \$ 600 bribes for arranging a milder punishment in a criminal case. The woman is suspected of trafficking of influence.¹²²

The actions allegedly illegal of the lawyer were denounced at the North Territorial General Directorates of the NAC by the defendant on that file. During the documentation of the case, it was established that at the end of May 2018, the lawyer, acting in complicity with a person not identified by the criminal investigation body at this stage, would have claimed and received money that was unjustified under the pretext of having influence on the prosecutors within the Public Prosecutor's Office in Balti. Presumably she would have ensured that the prosecutor of this case whose duties include examining, investigating, and representing the state's charges in court will require an easier sanction against the defendant.¹²³

As a result of special investigative measures and criminal prosecution, the lawyer was detained for 72 hours, being suspected of influence. The Northern Service of the Anticorruption Prosecutor's Office is leading the prosecution.

¹²² See "O avocata din Balti, prinsa in flagrant delict cu 600 de dolari mita," CNA, accessed July 8, 2018, <https://www.cna.md/libview.php?l=ro&idc=5&id=1998&t=/Serviciul-relatii-publice/Comunicate-de-presa/O-avocata-din-Balti-prinsa-in-flagrant-delict-cu-600-de-dolari-mita>

¹²³ See "O avocata din Balti, retinuta cu 600 de dolari mita," Adevarul.md, accessed July 8, 2018, https://adevarul.ro/moldova/actualitate/o-avocata-balti-retinuta-flagrant-delict-600-dolari-mita-1_5b2377c4df52022f752b4326/index.html

Two cases of influence trafficking for driving licenses, documented by NAC

Two men were targeted by anticorruption officers and prosecutors, being suspected of trafficking of influence. They would have claimed and received financial means in order to organize the issuance of driving licenses.

In the first case, a man from a small city Cimislia would have promised the issuance of a category B driving license in exchange for 600 euros. The man claimed that he could influence the employees of the Transportation Registration and Driver's Section of the city Hincesti, to facilitate the successful support of the exams and the subsequent obtaining of the driving license. As a result of special investigative measures and prosecutions, he was detained for 72 hours on March 28.¹²⁴

In the second case, a man in the city Chisinau is suspected to have claimed and received 350 euros for organizing the driver's license. Because he did not fulfill the promise, he was denounced at the NAC. The man acknowledged his guilt, concluding a reconciliation agreement and is now investigated.

In both cases, if they are found guilty of trafficking of influence, the two men risk up to six years in prison or a blind of up to 200,000 lei.¹²⁵ The prosecution is conducted by the Anticorruption Prosecutor's Office.

¹²⁴ See "Intre 350 si 600 de euro pentru un permis de conducere," Anticoruptie, accessed July 8, 2018, <https://anticoruptie.md/ro/dosare-de-coruptie/trafic-de-influenta-pentru-obtinerea-permisului-de-conducere>

¹²⁵ See "Inca doua cazuri de trafic de influenta pentru obtinerea permiselor de conducere, documentate de CNA," CNA, accessed July 8, 2018, <https://www.cna.md/libview.php?l=ro&idc=5&id=1869&t=/Serviciul-relatii-publice/Comunicate-de-presa/Inca-doua-cazuri-de-trafic-de-influenta-pentru-obtinerea-permiselor-de-conducere-documentate-de-CNA>

Conclusions

The examples presented above clearly show the trends of corruption that occurs in the Republic of Moldova. The methods of corruption described in second chapter presents the ways that corruption can take within a state, however the examples listed here presents the most frequently met methods of corruption. As it can be seen bribery, influence peddling, abuse of power, electoral malpractice and all types of favoritism are the most used methods to corrupt government officials, public functionaries and other who hold even the smallest decisional power.

Corruption in Moldova is a widespread phenomenon that exists in every field, whether it is political sphere or social sphere like healthcare. The examples presented here just describes the most outrageous cases, which have been investigated by NAC, however, corruption occurs almost on daily basis, on a so small scale that these cases are not even known, for example bribing a medical worker in order to receive the proper care. Furthermore cronyism and nepotism became a culture in Moldova, but these cases are hardly traceable thus few cases of nepotism were investigated.¹²⁶ It is to be said that the last year NAC and Anticorruption prosecutors were very active, investigating more cases than in the previous years, which is a small step to combat corruption.

¹²⁶ See Шедий, "Типология и модели коррупции," 88.

§ 3 The Analysis of the extent of corruption in the Republic of Moldova

Reforms implemented in the countries of Eastern Europe over the past two decades have produced uneven results, which have served as the impetus for the emergence of various theories that have attempted to explain the differences in performance between various countries in the region. However, both the followers of theories that see the failures in the Soviet structural legacies, as well as those who put these failures in dependence on transformation management, share a common view. Thus, they believe that in both the successful and the least successful transitions (in our case - to democracy) a certain place has always held the phenomenon of corruption.

The phenomenon of corruption has evolved along with the development of society, embracing the most diverse forms. As an antisocial act, corruption is present in both authoritarian and democratic regimes, and the struggle to combat it is becoming a pressing issue, because it extends rapidly, firstly evolving in a few sectors, a few areas and then developing in the whole of society, becoming a lifestyle, a mentality.¹²⁷

In the Republic of Moldova, the phenomenon of corruption has its roots since the Soviet era. According to some researches, between 1985 and 1990 there were between 40 and 187 cases of corruption annually.¹²⁸ If we compare the current situation with the situation up to 1990, we find that things did not take a turn for a better direction, for the

¹²⁷ See Emilian M. Dobrescu, Edith Sima and Marian Sima, "Sensurile si existentele coruptiei," *Anuarul Institutului de Istorie "G. Baritui"* 8, Series Humanistica (Cluj-Napoca: Editura Academiei Romane, 2010): 264.

¹²⁸ See Valeriu Cusnir, *Coruptia: reglementari de drept; activitati de prevenire și combatere. Partea I: Monografie* (Chișinău: Academia de Poliție „Ștefan cel Mare”, 1999), 139.

last 25-30 years. Thus, in 2017 there were registered 698 cases of corruption by the NAC.¹²⁹

The significant degradation of the socioeconomic system of Moldova caused by the phenomenon of corruption has led to the explicit approach of this issue in various materials, reports of the state bodies since the beginning of the 1990s. Various aspects of the phenomenon of corruption were also reflected in the publications of the scientists of the Institute of Philosophy, Sociology and Law of the Academy of Sciences of Moldova.

The declaration of independence of the Republic of Moldova in 1991 was accompanied by new aspirations for the formation of a truly democratic and prosperous state, which will increase the welfare of the people. Changes initiated in the early 1990s across Eastern Europe and the former Soviet republics seemed to confirm the inevitable nature of the transition to a free and prosperous society. However, past decades shows another reality: for the Republic of Moldova, the transition process has been assimilated over the years with a growing economic crisis that continues to this day. Instead of producing the expected welfare, liberal economic reforms are associated with poverty, corruption and inequality.

Within the social structure there is a great differentiation between the rich and the poor, the massive emigration of intellectuals, trained and qualified workers continues.¹³⁰ Economic crimes, corruption, blackmail and informal protection, involving stakeholder groups and state officials, have greatly undermined the business environment and the investment climate, generating a growing mistrust of citizens and investors towards new state structures. As a result, the population disappointed in social reforms, lost the sense of

¹²⁹ See CNA, *Raport de activitate al CNA pe anul 2017* (Chisinau, 2018), 23, accessed July 12, 2018, <https://www.cna.md/doc.php?l=ro&idc=143&id=1823&t=/Studii-si-analize/Rapoarte-de-activitate/Raport-de-activitate-al-CNA-pe-anul-2017>

¹³⁰ See "General Assembly Resolution," United Nations, accessed July 10, 2018, <http://www.un.org/documents/ga/res/51/a51r059.htm>

social protection, confidence in tomorrow, remaining deceived over the ideals of democracy in general.

3.1 The analysis of the empirical data and examples

The data presented in the second chapter clearly show that democratic processes have declined in the last seven years, and the corruption level is persistently high. Although in 2017 CPI ranked Moldova with the score 31, one point higher than the previous year,¹³¹ corruption remains to be overspread and high.

2011 Score	2010 Score	2009 Score	2008 Score	2007 Score	2006 Score	2005 Score	2004 Score	2003 Score	2002 Score	2001 Score	2000 Score
2,9	2,9	3,3	2,9	2,8	3,2	2,9	2,3	2,4	2,1	3,1	2,6
29	29	33	29	28	32	29	23	24	21	31	26

Table 5: Corruption Perceptions Index, Moldova, 2011-2000 (with recalculated scores in accordance with the new scale).

The problem of corruption is a persistent issue; this can be seen in the above table which represents the level of corruption in Moldova from 2000, as presented by Transparency International in the Corruption Perceptions Index. The numbers represent the level of corruption under the scale from 0 (very corrupt) to 10 (very clean). The numbers presented above can be recalculated in accordance to the new scale of measurement used by Transparency International from 2012, with the scale from 0 (very corrupt) to 100 (very clean).

¹³¹ See "Corruption Perceptions Index 2017," Transparency International, accessed June 28, 2018 https://www.transparency.org/news/feature/corruption_perceptions_index_2017

As Miller, Grodeland and Koshechkina described in the book 'A Culture of Corruption. Coping with Government in Post-Communist Europe' corruption is a common problem for Post-Soviet States. Corruption easily evolves in countries in transition, as the economy is in the process of change, the government institutions are in the process of reforms, and society also is experiencing many changes.¹³² The transition processes alongside weak civic culture are the best environment for the development of corruption.

In 1991 Moldova declared its independence and from that time Republic of Moldova is struggling with communist views. Till 2009 communism was spread in all aspects of country alongside communist presidents like Vladimir Voronin.¹³³ During this period not many cases of corruption was registered or investigated, however the level of corruption was very high. The communist regime, the principles of a closed society, also controlled press (Freedom House, Index of Press Freedom 2002 classified Moldova as a Partly Free country)¹³⁴ made the development of corruption possible. Thus corruption was present in every sector, public, political and economic, however the cases were not public, all the ways for a fair investigation was cut.

The below diagram, based on the Index of Economic Freedom¹³⁵ shows the same situation. While the situation in some sectors as property rights and government spending have increased, with small deviations over the last years, which is reflected on the overall score, the situation in other sectors continue to show low results. Such important sectors that influence the development of corruption as government integrity, tax burden, monetary

¹³² See William L. Miller, Ase B. Grodeland, Tatyana Y. Koshechkina, *A Culture of Corruption: Coping With Government in Post-Communist Europe* (Budapest: Central European University Press, 2001), 3.

¹³³ See Igor Casu, "Teroarea comunista in Moldova sovietica si reabilitarea memoriei," *Comisia Prezidentiala pentru Analiza Dictaturii Comuniste in Romania. Raport Final*, eds. Vladimir Tismăneanu, Dorin Dobrinu, Cristian Vasile (Bucharest: Humanitas, 2007), 743.

¹³⁴ See "Index of Press Freedom 2002," Freedom House, accessed June 29, 2018, https://freedomhouse.org/sites/default/files/FOTP%202002%20Global%20Press%20Freedom%20Scores_0.pdf

¹³⁵ See "Graph the Data, Moldova," Heritage Foundation, accessed June 29, 2018, <https://www.heritage.org/index/visualize?cnts=moldova&type=8>

freedom, trade freedom, business freedom, labor freedom, does not show a big improvement even a decline.

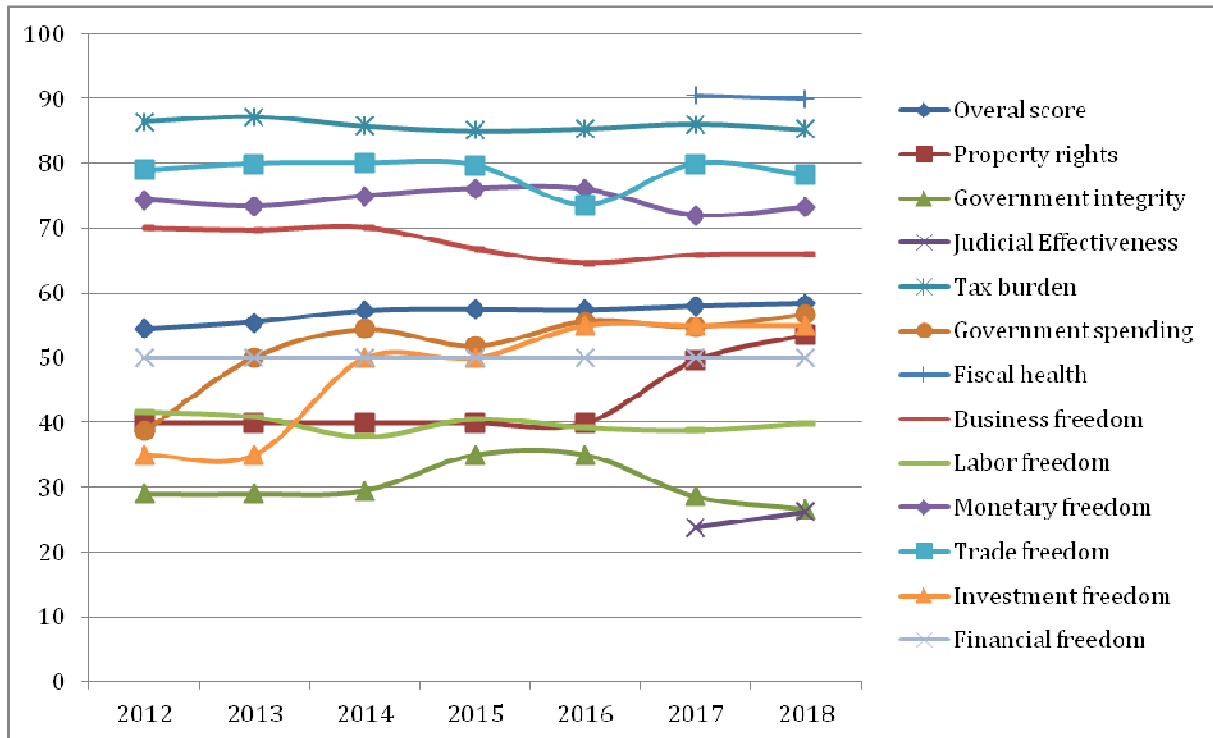


Table 6: The Graph of the Index of Economic Freedom, Moldova, 2018-2012.

In order to understand what have happened within the last seven years that lead to the decrease in these sectors and the development of corruption, the examples presented in the second chapter will be analyzed from the perspectives of causes and consequences.

At present, corruption remains one of the most serious problems for the Republic of Moldova, considering the ‘theft of the billion’, characterized by many economists, politicians, etc. like the theft of the century. Society's concerns about the problem of corruption are generated not only by its relevance but also by the gravity of policies and actions undertaken to prevent this scourge. People's perceptions are also significantly influenced by the wide coverage of corruption in mass information sources. According to national surveys, the phenomenon of corruption is perceived by the population as one of the first problems that Republic of Moldova is facing. Thus, the results of the Public Opinion

Barometer (May 2018), conducted by the Institute of Public Policies, shows that the fight against corruption is considered by respondents as the main action that needs to be taken to improve the social and economic situation in the country.¹³⁶

All the examples listed in the second chapter are just a small part of the cases that the society is confronting daily. The following analysis aims to find the weaknesses of the state that allowed corruption to evolve.

The Moldovan bank fraud was possible due to a series of causes. First of all NAC was unable to monitor the movements of huge amounts of money in consequence of a change in the Law on preventing and combating money laundering and terrorist financing.¹³⁷ During this period the main actors, through bribery, blackmailing influenced the right persons that made this fraud possible.

Republic of Moldova is a small country in Eastern Europe, which has political relations both with the European Union and Russia. In the absence of an honest government, Moldova becomes easy to manipulate. Interest groups, that are the associations that acts in their own interest, for personal gain, consisting of government officials, high level judges, businessmen, easily can influence the decision making process, economic regulations, legal decisions, and many other processes crucial for the government's 'health'. Interest groups involved in international 'political games' are empowered to control government institutions, thus, damaging the government's integrity.

In order to recover from the fraud the General Prosecutor's Office and National Anticorruption Center have issued a strategy to recover the stolen billion. The purpose of this strategy for recovering fraudulent financial means is to recover, to the maximum

¹³⁶ Institute for Public Policy, *Barometer of Public Opinion*, 2, accessed July 13, 2018, http://ipp.md/wp-content/uploads/2018/05/BOP_05.2018_anexa.pdf

¹³⁷ Transparency International Moldova, *Public Policy Observatory Nr. 2*, 2, accessed July 2, 2018, http://www.transparency.md/wp-content/uploads/2018/01/TI_Moldova_Observator-2.pdf

extent possible, the financial means in the amount in which state securities were issued to cover the deposits of non-affiliated natural and legal persons including interbank placements of Banca de Economii (BEM), Banca Sociala (BS) and Unibank (UB), in the amount of 13.34 billion in national currency (Leu).¹³⁸

Recovery of fraudulent financial means from the three banks are to be recovered through:¹³⁹

- Continuation of investigations on episodes, persons, companies and amounts, in the country and abroad, for which no files have been sent to the court, applying seizure measures on the patrimony of the accused persons.

- Administration and sale under law of seized assets in criminal files.

- Identifying, seizing, administering and alienating other assets (other than those already seized), in the country and abroad, of the persons declared guilty in the criminal cases examined or under examination.

- Recovery in the civil order of credits granted with the violation of the rules of the lending (other than the amounts / credits covered in the criminal files), including through the alienation of pledged goods and other goods of the beneficiaries of the loans.

- The alienation of the assets of the fraudulent banks;

However, the amount of money shown in the strategy seems to be irrelevant in the context of the damage resulting from political decisions issued on 7 November 2014, which led to the further acceleration of the extraction of billions of Lei from the three banks. Eventually, prosecuting instances consider this amount as uncovered injury, but the logic of

¹³⁸ Transparency International Moldova, *Public Policy Observatory Nr. 10, 2*, accessed July 14, 2018, <http://www.transparency.md/wp-content/uploads/2018/06/Observator-Nr.-10.pdf>

¹³⁹ Procuratura Anticoruptie, Centrul National Anticoruptie and Agentia de Recuperare a Bunurilor Infracationale, *Strategie de Recuperare a mijloacelor financiare sustrate din BC "Banca de Economii" SA, BC "Banca Sociala" SA si BC "Unibanc" SA, June 2018*, accessed July 14, 2018, <http://procuratura.md/file/Strategie%20Publica.pdf>

recovery should correlate with the logic of fraud. Although, the causes of so large-scale corruption, which occurred on the international level are hard to track, the consequences of this fraud were clearly seen shortly after the fraud.

After the fraud Romania offered to Moldova a reimbursable loan of 150 million Euros over a period of five years, with an annual interest rate of 1.5%, and this loan was summed to the debt that must be returned.¹⁴⁰ Additionally, the Government has asked the Standing Bureau of the Parliament to examine with priority the draft law providing solutions for the reimbursement of the debts. The document stipulates that the Ministry of Finance will issue and send to the National Bank of Moldova (NBM) state bonds in the amount of 13.58 billion Lei for the repayment of the stolen assets. Government bonds will be placed over a 25-year term with a fixed interest rate of 5% per annum.¹⁴¹ One of the uncertainties is that no feasibility study on the issuance of the state bond worth 13.58 billion lei has been carried out through budgetary-fiscal policy.

The second issue mentioned by the NAC is the 5% interest rate that the state will pay, which is much higher than the 0.1% indicated in the National Bank lending contracts in November 2014 and March 2015.¹⁴² The theft of the billion, and the strategy for recovery from the fraud had influenced the following aspects of the economic and public life.

While staying relatively stable between 4% and 5.5% monthly in December 2012, the **inflation rate** accelerates in early 2015.¹⁴³ This, despite the intervention of the National Bank of Moldova to increase the **base rate** in response to some macroeconomic

¹⁴⁰ "Romania to offer Moldova 150 million euros reimbursable loan," Government of Republic of Moldova, accessed July 15, 2018, <https://gov.md/en/content/romania-offer-moldova-150-million-euros-reimbursable-loan>

¹⁴¹ Transparency International Moldova, *Public Policy Observatory Nr. 10*, 3, accessed July 14, 2018, <http://www.transparency.md/wp-content/uploads/2018/06/Observator-Nr.-10.pdf>

¹⁴² Ibid, 3-4.

¹⁴³ "Annual Inflation," National Bank of Moldova, accessed July 16, 2018, <http://bnm.md/en/content/inflation>

developments, such as the reduction of one-third in NBM's currency reserves - over one billion US dollars, money used to cover the bank theft. The base rate is the instrument of a central bank used to maintain the stability of the national currency. When the NBM increases the base rate, credit costs are rising, resulting in lower investment and consumption, thus limiting the depreciation of the Leu. However, the cost of using this tool is the slowdown in economic growth.

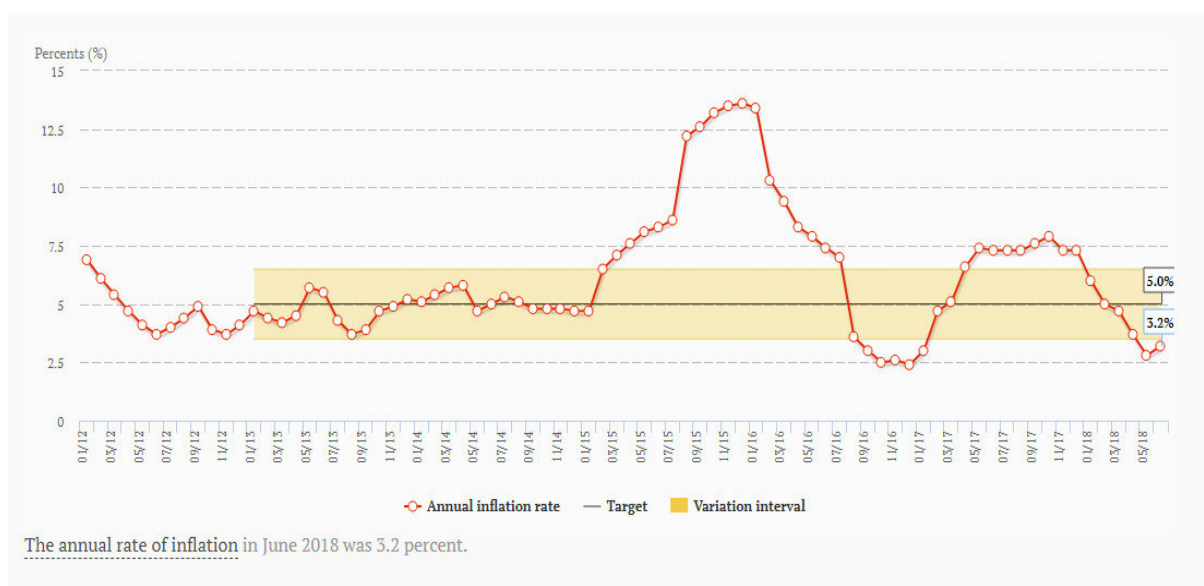


Table 7: The Graph of the Annual Inflation Rate, Moldova, 2018-2012.

As it can be seen from the above chart the inflation peaked in the beginning of 2016, with the rate 13.6% and after started to decline with small deviations. But the long-term effects remain: economic stagnation, the fact that now the NBM's currency reserves are with \$ 1 billion lower, the exchange rates of the Leu will never be as it was before the fraud, of course, that the citizens will pay off this theft over the next 25 years.¹⁴⁴ However, the economists predict that very soon Moldova will confront again with a high level of inflation resulting in another economic crisis. The inflation rates decreased due to the upcoming

¹⁴⁴ "Proiectul Guvernului care 'lovește' în cetățeni," Ziarul de Garda, accessed July 16, 2018, <http://www.zdg.md/stiri/stiri-sociale/proiectul-guvernului-care-loveste-in-cetateni>

parliamentary elections, which will take place in February 2019, this tendency can be seen at the presidential elections from October-November 2016, when the inflation rate was 2.5 – 2.6%. The economist Mihail Poisik, believes that at the moment the central banks artificially keep the rates low, but after the parliamentary elections the inflation rates will dramatically grow, resulting in price distortion and the devaluation of the national currency, Leu.¹⁴⁵

The effect that was felt almost immediately was **the collapse of the Leu** against the US dollar and the Euro. In just a few months, the exchange rate fell by about 30% against the dollar, affecting the real incomes of the population (Exchange Rates, Annex 2).¹⁴⁶ In other words, those who until the fraud had the salary in lei equivalent to US \$200, in a few months remained \$140.

Moldova imports both, electricity (80%) and natural gas, paying in dollars, **the tariffs for electricity and natural gas** are directly linked to the exchange rate. Following the collapse of the Leu, citizens felt the bills growing. This was especially painful, given that it came as a whole with the drop in real incomes. In July 2015, the electricity bill was 27% to 37% higher than in January of the same year.¹⁴⁷ In the crisis of good news, there were also discounts in 2016 which once again demonstrated the involvement of politicians in the work of regulators. These reductions were, however, below previous increases (citizens still pay more), being politically motivated. The prices for natural gas have increased about the same period (July 2015), with another 15.4% (to be down in the cold season by 4.8%).

¹⁴⁵ Mihail Poisik, "Consecintele Furtului Miliardului," *Accent TV*, accessed July 15, 2018, <http://a-tv.md/index.php?newsid=47887>

¹⁴⁶ "Exchange Rates," National Bank of Moldova, accessed July 16, 2018, <http://bnm.md/en/content/official-exchange-rates>

¹⁴⁷ Agentia Nationala pentru Reglementare in Energetica, *Raport privind activitatea Agentiei Nationale pentru Reglementare in Energetica in anul 2016*, 80, accessed July 17, 2018, [http://www.anre.md/files/raport/Raport%20anual%20de%20activitate 2016.pdf](http://www.anre.md/files/raport/Raport%20anual%20de%20activitate%202016.pdf)

So, if citizens ignore the fact that for half a year they have paid 15% more, there is a 10% increase in natural gas. (Energy Tariffs, Annex 3).¹⁴⁸

The collapse of the Leu has had direct effects on **foreign trade** as well. Both exports and imports (denominated in dollars) declined drastically. The fact that people's real incomes have fallen has prompted them to buy fewer things. Since consumption is fed by imports, they have fallen (Export and Import, Annex 4).¹⁴⁹ Although a decrease in the Leu exchange rate is convenient for exporters (exporters have foreign currency earnings and thus earn from the decrease of Leu), this was not enough to ensure at least the maintenance of exports, which also collapsed almost in the same proportion like the Leu. However, for the past year the level of foreign trade had increased. According to data on the external trade of Moldova given by National Bureau of Statistics of the Republic of Moldova, the level of import is much higher than export, which proves the economic stagnation.

Following the theft in the banking system, **the credibility of the state** in front of its own citizens has fallen sharply. In just one year, the Barometer of Public Opinion showed a collapse of people's trust in state institutions. If in November 2014, 34% of respondents thought that things were going in a good direction in Moldova (and 61% thought the direction was wrong), only 14% shared this view in 2017 (and 77% felt that the direction was wrong).¹⁵⁰ Citizens' trust in state institutions counts enormously. When people lose their trust into the government and democracy, they are seeking for an iron hand that can offer stability, even at the expense of their rights and freedoms. This desire can be seen in many ex-Soviet countries who have failed during the transition process.

¹⁴⁸ Ibid.

¹⁴⁹ National Bureau of Statistics of the Republic of Moldova, *External trade of the Republic of Moldova (1997-2017)*, accessed July 17, 2018, <http://www.statistica.md/category.php?l=en&idc=336>

¹⁵⁰ Institute for Public Policy, *Barometer of Public Opinion*, 1, accessed July 13, 2018, http://ipp.md/wp-content/uploads/2018/05/BOP_05.2018_anexa.pdf

A direct impact of bank theft is also seen on **Gross Domestic Product**. With the reduction in the volume of NBM currency reserves, there is a visible negative effect on the volume of Gross Domestic Product (GDP, Annex 5).¹⁵¹ This fraud, therefore, cost Moldova \$ 1,064 billion of NBM reserves, with the economy contracting with \$ 1,432 billion.

As it can be seen this bank fraud had significantly weakened not only the economy, but also the democratic processes and public trust into the government. The bank fraud made possible the other corruption cases described in second chapter, as the governmental institutions, economy and the society's morality had dramatically declined. The scandal that followed after the bank theft, the detainment of the mayor of Chisinau for corruption, Dorin Chirtoaca, was another attempt to gain profit through manipulations to influence the decision-making process for EME PARKLEITSYSTEM GmbH, the company which won the contract for building the paid parking. The incentives for corruption were caused by strong regulations, tax burden, high bureaucracy. Thus, in order to avoid paying high taxes and to avoid strong regulations and bureaucratic procedures which are very complicated and complex, the company bribed empowered officials, one of which was the mayor of Chisinau.

The next example involves more of the social causes. From one hand, low wages, high fiscal burden, incentivized university lecturers to take bribes, and from other hand students, whose honesty and morality is declined, prefer to give bribes for a higher mark, then to put effort into studying. Mainly low wages creates the necessity to earn extra money to make ends meet, so lecturers may demand bribes, this being a way of surviving. However, taking advantage of the position once declines the morality of both the corruptor and the corruptee, thus increasing the frequency of corruption.

¹⁵¹ "GDP Moldova," World Bank, accessed July 17, 2018, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2017&locations=MD&start=1995&type=shaded&view=chart>

The consequences from the invalidation of the elections for General Mayor followed fast. On July 4, 2018 European Parliament proposed a motion for a resolution to the political crisis in Moldova following the invalidation of the mayoral elections in Chisinau. The text was adopted on July 5, 2018 and it demanded that the Commission suspend budgetary support for Moldova, until a list of conditions will be implemented, which will help to the establishment of democracy.¹⁵² European Parliament expect from Moldova reforms in justice, results in the fight against corruption at a high level, including the punishment of those guilty of banking theft in 2014 and the return of the stolen billion, and the proper conduct of parliamentary elections, until then the macro-financial assistance to Moldova is suspended.

The petty corruption examples presented in second chapter occurred for the same reasons as already described above. The bank fraud had declined the democratic processes so bad that interest groups are acting freely in the Republic of Moldova, operating in every domain. The last hit the interest groups have made was the invalidation of the elections for the mayor of Chisinau. Although the manipulation on the invalidation of the elections was not officially declared, one could say this outcome couldn't be achieved other way than through corruption. This election was giving to the citizens of Chisinau hope for positive changes, but the outcome turned to be outrageous. Since the announcement of the invalidation there were many protests which showed one more time the level of the desperation of people.

Generalizing all the information that was presented in this work for the Republic of Moldova, as a state in transition to new standards of functioning, there are several

¹⁵² See "The political crisis in Moldova following the invalidation of the mayoral elections in Chisinau," European Parliament, accessed August 27, 2018, <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2018-0303&language=EN&ring=P8-RC-2018-0322>

generating causes of the phenomenon of corruption, such as: economic, institutional, legal, political, social and moral causes.

Economic causes - lies in the high cost of living, economic stagnation, low payment. A high degree of pessimism and uncertainty in future automatically generates in society the need to accumulate reserves that combined with low wages lead to the fact that decision-makers are looking for opportunities to receive the extra income they can gain due to the position they have. High taxes and rates lead economic agents to attempt to bypass taxes by several methods, such as: lowering the customs price of imported goods, modifying import documents by entering false data, making economic transactions through ghost companies, or by using the method of the involvement of offshore firms or, most often, by the classical method of bribery of the clerk 'to close his eyes' to some violations. Under the conditions of poverty, the human's dignity is the most oppressed, which leads to the commission of corruption acts.

Institutional causes - to a large extent includes the flawed policy of staves; the promotion of incompetent and corrupt individuals in responsible positions; hiring for political reasons; the phenomenon of nepotism; lack of effective control mechanisms for decision-makers; the lack of transparency in the activity of the central and local public administration in the law enforcement bodies; the reduced possibility of unmasking corrupted persons; insufficient endowment of law enforcement authorities with technical means; the superficial sanction of persons found guilty of corruption.

The legislative causes lies in the blind spots in the legislation, as well in the absence of effective mechanisms for its application. The imperfection of legislation is manifested not only in the poor elaboration of laws, but also in the imperfection of the whole system of law, in the blurring of legal proceedings (for example the procedure of sanctioning the non-declaration of conflict of interest situations), in the contradictory nature of the legislation,

which leads to the diverse interpretation and application of legislation depending on the need of each interested person.

Political causes - the lack of will and political accountability, the non-formation of an integral system of division of functions between the institutions of power and the free agents of the market, the existence of internal and external factors that impose interest groups to make decisions; errors committed in the process of economic and social reforms; unfair political competition; influence trafficking in media and law enforcement. The unstable policy forms a feeling of mistrust among officials at the most diverse levels. Without these safeguards, they are more easily influenced by interest groups.

Social and moral causes - based on the level of culture, mentality, apathy, civic passivity, public tolerance promoted in society. A democratic state is able to solve its problems only in cooperation with the institutions of civil society, so it is necessary to make sustained efforts to solve the problem of rooting the democratic traditions, optimizing the civil and political culture of the citizens.

Altogether, these causes, despite of their character, leads to the psychological formation of a temptation to accumulate corruptible income. The process of transition from a temptation to a higher degree of predisposition to corruption can be balanced with the risk of being sanctioned. Thus, the full spread of corruption in a society takes place at the moment the population realizes that the probability of obtaining an illicit income is greater than the probability of being sanctioned. The moments of the greatest spread of corruption occur, as a rule, in situations of political or economic crisis, when state institutions are much more vulnerable.

The mentioned above lead to the conclusion that it is necessary to implement in Moldova a mechanism for preventing and stopping the corruption from the incipient

stages. In order to achieve this primary objective, it is necessary to implement new policies to prevent and combat the phenomenon of corruption through the strengthening of institutional integrity at central and local level. Institutional integrity must be one of the defining features of public administration in developed societies. Integrity is closely linked to the quality of services provided to citizens by the public administration.

At the moment, the Republic of Moldova needs to form a new anticorruption national mechanism. First of all, it is found the impossibility of the judiciary and control bodies to self-help against corruption. In no institution of force the departments that take care of internal security which is responsible for the integrity of employees have not been successful in resolving internal corruption and gaining a high degree of trust from society.

§ 4 General Conclusions

4.1 General Conclusions and Recommendations

Corruption is a destabilizing social phenomenon that substantially complicates social, economic and political development, giving priority to private interests in the management of complex processes of reconstruction of society. The problem of corruption remains one of the most serious problems for the Republic of Moldova. According to the Corruption Perceptions Index calculated by Transparency International, the Republic of Moldova was placed in 2017 on position 122 out of 180 states, with the score 31. In other terms, the Republic of Moldova is perceived from abroad as a rather corrupt state compared to the European Union, where the average of the given indicator is around 65.5 points. The apparent inefficiency of the measures taken by specialized institutions, anticorruption policies, requires that scholars in different fields focus their efforts on studying the nature of corruption not only as a political, economic but also as a social phenomenon.

In order to achieve the objectives proposed in the present paper, alongside with the study of the original works of the field specialists in several countries, the analysis of the results of investigations carried out at international and national level by various institutions regarding the evolution of the phenomenon of corruption, it also were made researches and analysis: documentary analysis of cases conducted by NAC and Anticorruption Prosecutors, statistical analysis of corruption cases examined by criminal investigating bodies, content analysis of the information published by investigating bodies and press releases on the phenomenon of corruption.

Corruption is currently being studied by a variety of sciences such as sociology, law, psychology, anthropology, history, political science, etc., integrating multidimensional

aspects and providing the opportunity to form a more complete picture of the nature and consequences of this phenomenon. From the political-economic perspective corruption is a totally crushing phenomenon, which affects the governmental institutions, economic processes and fails the transition to democracy. Corruption is the expression of immoral and illicit activities carried out by public and private groups and organizations, but also by individuals with leading functions or by those exercising public power to obtain material, moral benefits or to achieve a higher social status, using such tools as blackmail, bribery, buying influence, embezzlement, favoritism, etc. As a social phenomenon, corruption is not only a specific type of criminal act, but also a part of the population's culture, reflecting also the state of social system dysfunction.

Throughout history, corruption has taken the most diverse forms of manifestation in each society, depending on a number of factors: the institutions in which it occurs, the type of rules violated, cultural patterns, social status, degree of prejudice, etc. The main forms of corruption specific to the Republic of Moldova, based on researches conducted by the author of the thesis, as well as mentioned by the national legislation, are: offering or taking money and gifts, favoritism, cronyism, nepotism, conflict of interest, 'oiling the wheel' and bribery, passive and active corruption, influence trafficking, abuse of power, maladministration, misappropriation, manipulation of regulations etc. In different periods of organization and development of a society, corruption has presented a complex phenomenon, characterized by particular causes and particular forms of manifestation at the level of the systems and structures in which it occurs. The causes generating corrupt behavior are rooted in the socio-cultural and political-economic contexts persistent in time, specific for the Republic of Moldova at the present stage being: economic, institutional, legal, political, social and moral causes.

Maintaining the low number of convicted persons for corruption acts highlight the emergence of 'filtering' systems of legal responsibility, which led to the paradox of the

phenomenon of 'corruption without corrupted and convicted'. During the analysis it was found that persons accused of corruption can escape from a punishment through corrupting the actors involved in documenting the case, due to the imperfection of the judiciary system. The analysis has shown that the current fight and sanctioning process has a minimal effect in diminishing the corruption phenomenon at national level, demonstrating once again the need to reform the judiciary system, besides the economic policies. The practice of corruption offers immediate benefits to the corrupted and endangers the well-being of the population in the long run, undermining the trust of society in public authorities and the efficiency of the functioning of the democratic institutions of a rule of law. According to the Barometer of Public Opinion, in May 2018, 25% of respondents believed that the direction that Republic of Moldova is taking is right, 71% are not satisfied with the direction and actions taken by the government to improve the current situation, and 4% preferred not to answer. Hence, anticorruption policies are not felt by the population at local level.

The whole study shows that a mechanism for preventing and stopping corruption from the incipient stages needs to be implemented in the Republic of Moldova. In order to achieve this primary objective, it is necessary to implement new policies for preventing and combating the phenomenon of corruption through the strengthening of institutional integrity at central and local level. At the same time, there is a need to further develop such anticorruption tools as: measuring the perception of the corruption phenomenon on sectors, the evaluation of risks, control of wealth accumulation, active monitoring by civil society and the media, criminological analysis. It is inevitable to implement new techniques for preventing the phenomenon of corruption, including checking the integrity of civil servants, limiting the human factor by technologizing the public services, monitoring the way of life of the officials, financial transparency of the authorities, increasing the efficiency of the control over the activity of the law enforcement bodies. The implementation of the

new tools for fighting corruption will contribute to the uprooting of this scourge in the Moldovan society. An important role in the prevention of corruption belongs to the civil society and the media, by revealing the anti-social nature of the acts of corruption, the dysfunctional impact on the entire state system, as well as the promotion of measures, effective practices of fighting corruption, and educating the population regarding its toleration of this phenomenon.

In order to diminish the phenomenon of corruption in the Republic of Moldova, taking into account the results of the analysis, it is recommended to implement the following measures:

1. To ensure institutional and individual integrity. International practice places a key focus on preventing corruption both on institutional integrity and on the individual integrity of the official. Essentially, institutional integrity is ensured through mechanisms based on self-evaluation and transparency. Although the Republic of Moldova has the legislative part on the institutional risk assessment, its implementation requires a more thorough monitoring by the state and civil society.

2. To apply a new national strategy to diminish corruption through an integrated approach focused on the issues of each social subsystem and administrative regions. Ensuring a safe process of diminishing of this phenomenon in the country can be achieved by means of such mechanisms as:

- Measuring the perception of the corruption phenomenon on sectors
- Self-evaluation of public institutions
- Controlling the accumulation of property by public officials
- Monitoring of public institutions by civil society
- Criminological analysis to determine corruptible risks in social subsystems
- Testing the integrity of civil servants
- Limiting the human factor by technologizing the public services
- Full financial transparency of public authorities

- Increase control over the work of law enforcement and justice.
3. To enhance the control and transparency in the management of financial resources and public property by: establishing the legal capacity of public participation mechanisms in the development of local budgets; amending the local public finance legislation to regulate the financial flow from some state budget revenues to balance local budgets directly to localities by eliminating district councils as intermediary links; publication of local budget expenditures.
 4. To ensure a normative framework to regulate the procedures for sanctioning all forms of corruption, such as: criminal punishment of conflict of interest situations and widening the segment of civil servants that are subject to law; the implementation of legal norms on the sanctioning of acts of fraud of foreign assistance resources; the enforcement of the extended confiscation of property acquired illegally, in order to ensure the return of the damage caused; full assurance of the NAC with procedural-criminal instruments.
 5. To increase the quality of public services by: introducing quality standards for public services and utilities to enable monitoring and evaluation of how they are delivered; simplifying procedures for the issuance of administrative acts, limiting the human factor (bureaucracy) in the public relations between the society and the civil servant; the broad implementation of electronic services, ordering and releasing public documents.
 6. To develop public integrity and dignity: applying codes of ethics for state officials and civil servants, evaluating civil servants by independent committees, ensuring transparency of competition conditions for filling public positions; increasing wage remuneration for civil servants, along with integrity testing.
 7. To reform and enhance the effectiveness of justice by: improving the system of random distribution of criminal and civil cases, which would ensure a transparent division of cases for examination among judges; to prevent conflicts of interest between judges and some parties involved in the process; monitoring the way the files are examined in court

(duration, number of sessions, etc.); providing judges with a proper level of pay and proper working conditions; cancelation of immunity and to call judges to account in cases of corruption and application of integrity tests. In order to consolidate the judiciary power, to ensure the independence and impartiality of judges and the court, and to secure the efficiency of the self-administration body, a new wider training mechanism for the Superior Council of Magistracy needs to be adopted. Similarly, it is necessary to form specialized courts for corruption cases, similar to other states.

8. To enlarge educational activities to form a culture of zero tolerance of corruption, by introducing courses in the curricula to illuminate the negative consequences of corruption and ways of acting in corruptible situations.

9. To research systematically the public perception of the phenomenon of corruption using the Corruption Perceptions Index, and to elaborate a National Corruption Perceptions Index. This will allow a closer estimation of the level of corruption in different areas as well as at the country level.

10. To increase the role of civil society and media in the process of preventing the phenomenon of corruption by: ensuring a climate of permanent cooperation with the civil society in carrying out anticorruption actions; the development of an independent system for monitoring and evaluating corruption, including the implementation of the national anticorruption strategy; the complex investigation by the authorities of the possible cases of corruption reported by the civil society and media and the detailed publication of the established results. It is also worth mentioning the need to ensure media independence (including online) from interest or political groups and to enhance its role in preventing corruption through reflections on: the importance of prevention actions; successful anticorruption policies implemented in other states that would be welcome for the Republic of Moldova.

4.2 General Conclusions

The phenomenon of growing corruption is generally one of the most important destructive factors operating in a transition society. Corruption substantially complicates social, economic and political modernization, giving priority to private interests in the management of complex processes of reconstruction of society. In such a situation, the political will of the state is subject to the narrow interest groups, which undermines the trust of ordinary citizens in governance. Despite the adoption of various preventive and repressive measures, corruption now includes more and more new spheres of public life, strongly affecting the social stability and economic security of the country. Currently, corruption has become the subject of several theoretical and empirical researches, which has produced a wide range of alternative approaches, explanations, typologies and means of combating. Corruption is understood in a rather broad sense - from simple bribes offered to civil servants to theft of public patrimony; as a set of dubious economic and political practices by which businesspeople, politicians and bureaucrats are enriched. All of these aspects were studied in the case of Moldova in the current work. As it was presented from the data and examples corruption in Moldova occurs in every field and on different scale, however it's a persistent phenomenon that disrupts the economy, weakens the government institutions, and the most important has a direct impact on the quality of life of the citizens.

The main goal of this work was to describe corruption as a phenomenon and to analyze the causes and consequences of this phenomenon in a small Eastern-European country, Republic of Moldova. The first chapter gives an insight from the theoretical point of view, whereas the second and the third describe and analyze the current situation in Moldova. Thus analyzing the definition of corruption it was established that its meaning varies in different countries, depending on the legal framework, cultural and social factor,

however it is to be mentioned that each definition given in this work complete each other. The research that followed upon the scales, types, and methods was able to frame the theoretical background for a deep analysis of this phenomenon. It was established that there are petty, grand and systemic corruption that characterize its scale, as types of corruption, Heidenheimer proposed the color-coded classification: black, white and grey. The methods of corruption presented in the first chapter depict the ways corruption can take in its development. All these analyses proves that corruption is a complex process that can occur in every sphere of a state, thus this phenomenon should be studied further in order to be fully understood.

Examples and data presented and analyzed in second and third chapter clearly show the level of corruption in Republic of Moldova. It is crucial to understand the cases that are analyzed in this work as they present how corruption evolves and operates within the most important spheres in the country. Several economic, political, social but also cultural factors contribute to the development of this phenomenon, and it's important to mention here that a great impact on the development of corruption had the influence of Soviet Union and the communist views. The problem of corruption exists not only in Moldova but also in many Post-Soviet countries for example Ukraine and Tajikistan. CPI places Ukraine on the rank 130 out of 180 with the score 30 and Tajikistan on the 161 rank with the score 21, which is lower than Moldova's rank, and even Russia, which we all know is an influent superpower on the international arena at the moment, has a lower rank in the Corruption Perceptions Index with the score 29 being placed on the rank 135. This proves that the historical background alongside bad governance influence directly the development of corruption. However there are some examples of success, which demonstrates that the process of development of corruption can be stopped and even diminished. Lithuania and Latvia, two Post-Soviet states that are currently part of European Union were placed in the

Corruption Perceptions Index 2017 on the rank 48 and 50 with the score 59 for Lithuania and 58 for Latvia, and this is not the limit. The example of Estonia shows us much of improvement, also a Post-Soviet state and presently Member of EU, it was ranked on the 21st place with the score 71. These states prove that history has its place, which is the past and the Soviet Union's influence can be overcome. This is why Republic of Moldova should follow these examples and learn from them, thus the current situation calls for actions.

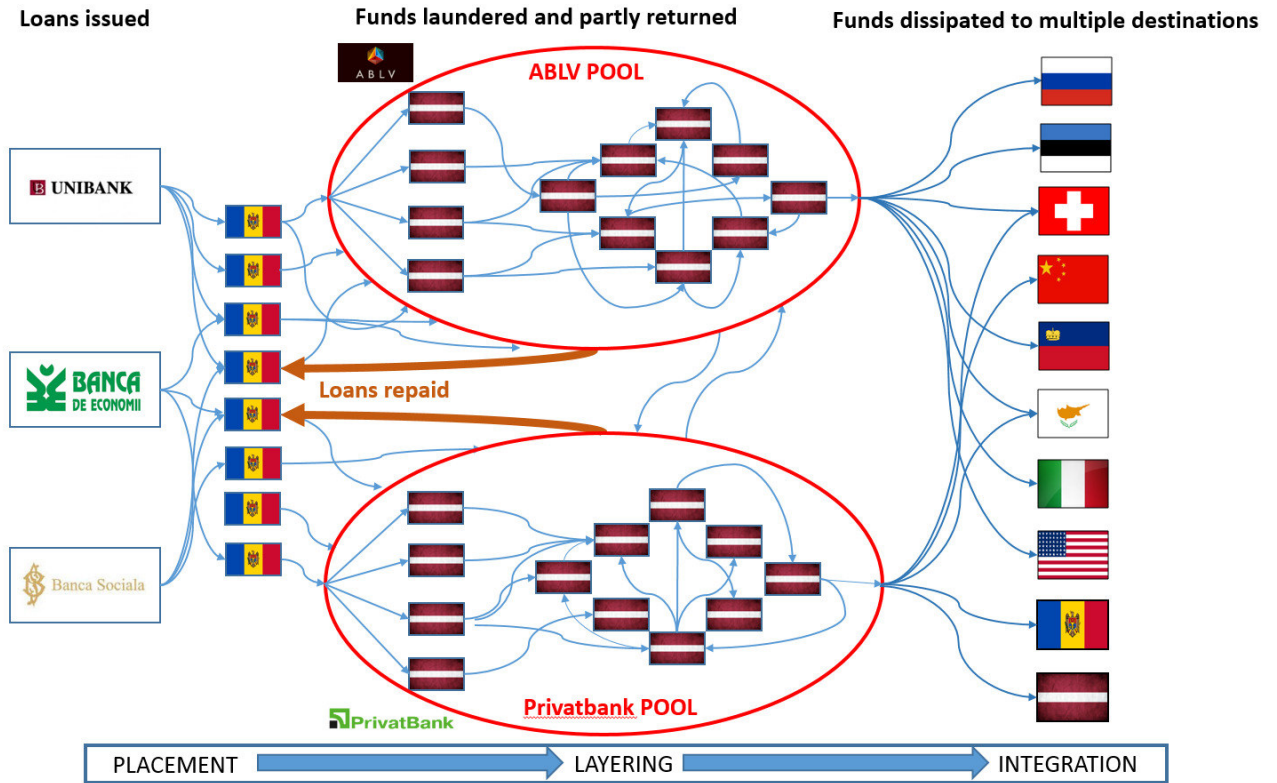
Everything that was presented in this work emphasizes the actuality and importance of the topic investigated. Theoretical analysis shows the complexity of this matter and the real examples displays this complexity, which lead to the conclusion that this phenomenon cannot be studied only under a scientific method, as corruption always evolves accordingly to the state's form of government, laws, economy, social structure, culture and religious beliefs. The objectives that were set initially in this work were achieved and the development of corruption in Moldova was studied from the political and economic view, also bringing into light the outrageous impact that corruption has in these spheres. Many aspects of corruption were studied, thus framing a strong theoretical background; however, the complexity of this phenomenon demonstrates the necessity of further deeper analysis of this matter that may include the historical and social factors. Studying these factors alongside this work may generate the solutions for combating this phenomenon. The present work can be of use not only for Moldova but also for other Post-Soviet countries that confronts with the same problem, as having similar historical backgrounds and influences this work can contribute to the understanding of corruption in those countries. Also the theoretical background can be used by any country which faces the same issue, as the features of corruption were described from the general perspective, thus it can be applied to any country.

Annexes

Annex 1

Kroll Report. Laundering mechanism

Overview of core laundering mechanism in Latvia



Summary of all Funds into the Core Laundering Accounts

Source of funds	Latvian Bank 1 (USD millions)	Latvian Bank 2 – (USD millions)	Total – (USD millions)
Receipts to the Core Laundering Accounts from new loans issued	447.5	2,134.8	2,582.3
Receipts from Shor Group companies that could not be directly linked to loans	88.6	8.9	97.5
Less amounts on Moldovan statements that did not appear on the Latvian Bank 2 accounts	-	(101.0)	(101.0)
TOTAL RECEIPTS to Latvian Bank 1 / Latvian Bank 2 from BEM / UB / BS from Shor companies	536.1	2,042.7	2,578.8
TOTAL OTHER RECEIPTS (not from BEM / BS / UB)	174.9	126.5	301.4
TOTAL RECEIPTS	711	2,169.2	2,880.2

Other Receipts Traced Out

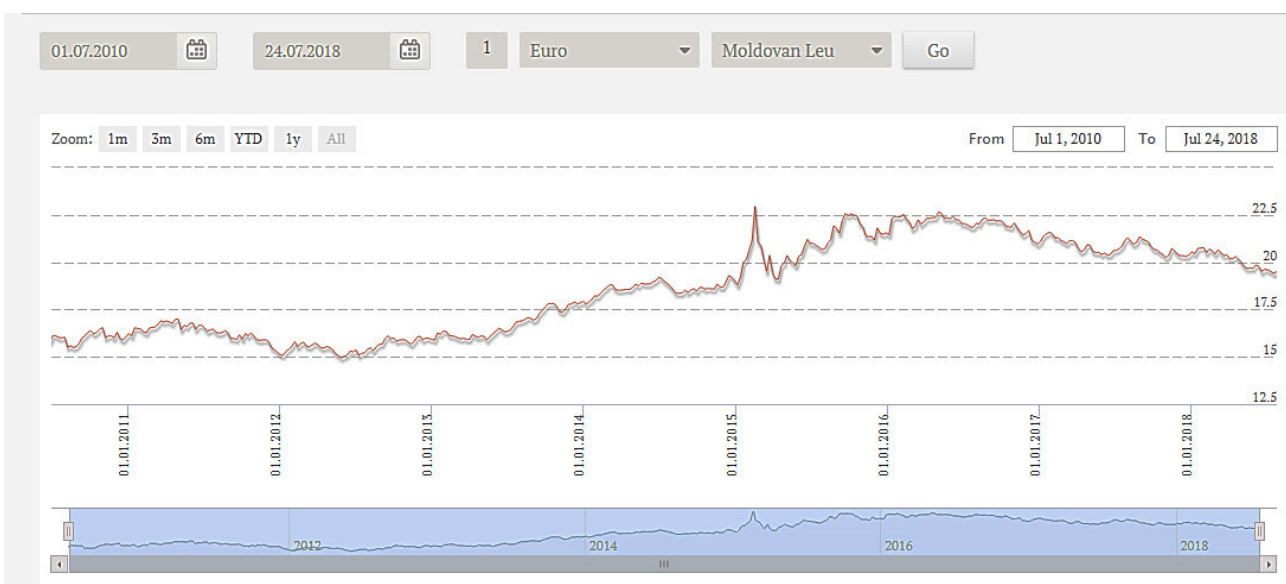
Source of funds	Latvian Bank 1 (USD millions)	Latvian Bank 2 – (USD millions)	Total – (USD millions)
TOTAL RECEIPTS to Latvian Bank 1 / Latvian Bank 2 from BEM / UB / BS from Shor Group companies	536.1	2,042.7	2,578.8
TOTAL OTHER RECEIPTS (not from BEM / BS / UB) ²²	174.9	126.5	301.4
Less funds traced out	(75.9)	(81.9)	(157.8)
TOTAL OTHER FUNDS MIXED	99	44.6	143.6
Total funds to trace out of the Core Laundering Accounts	635.1	2,087.3	2,722.4

Exchange Rates

The exchange rates for US Dollar in the period 2010-2018

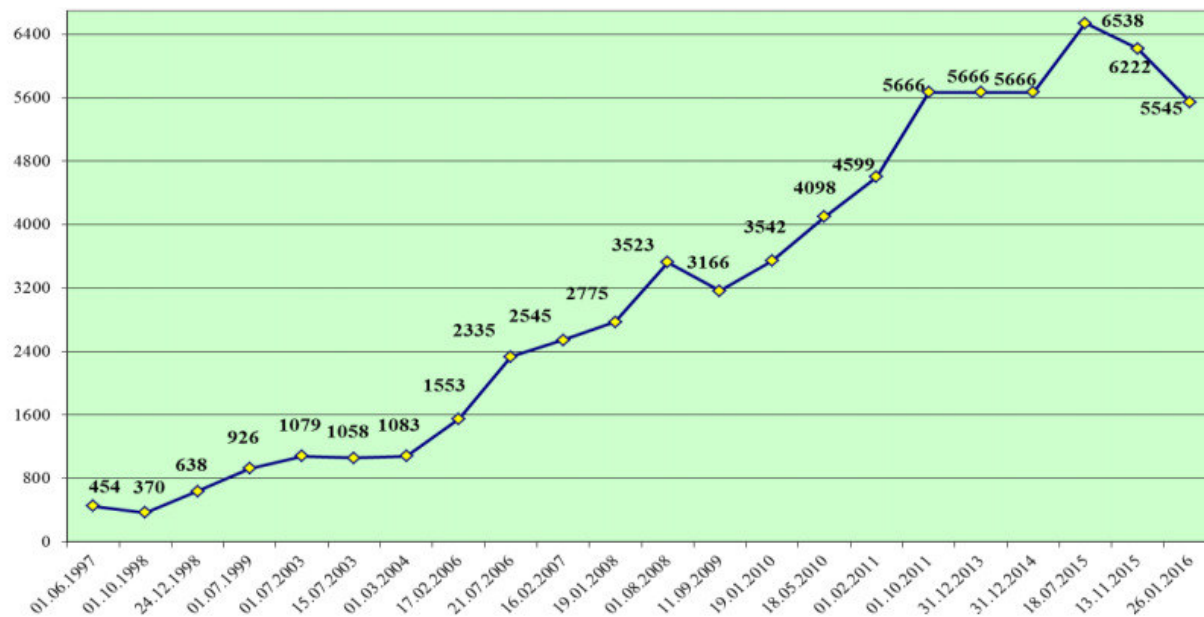


The exchange rates for Euro in the period 2010-2018

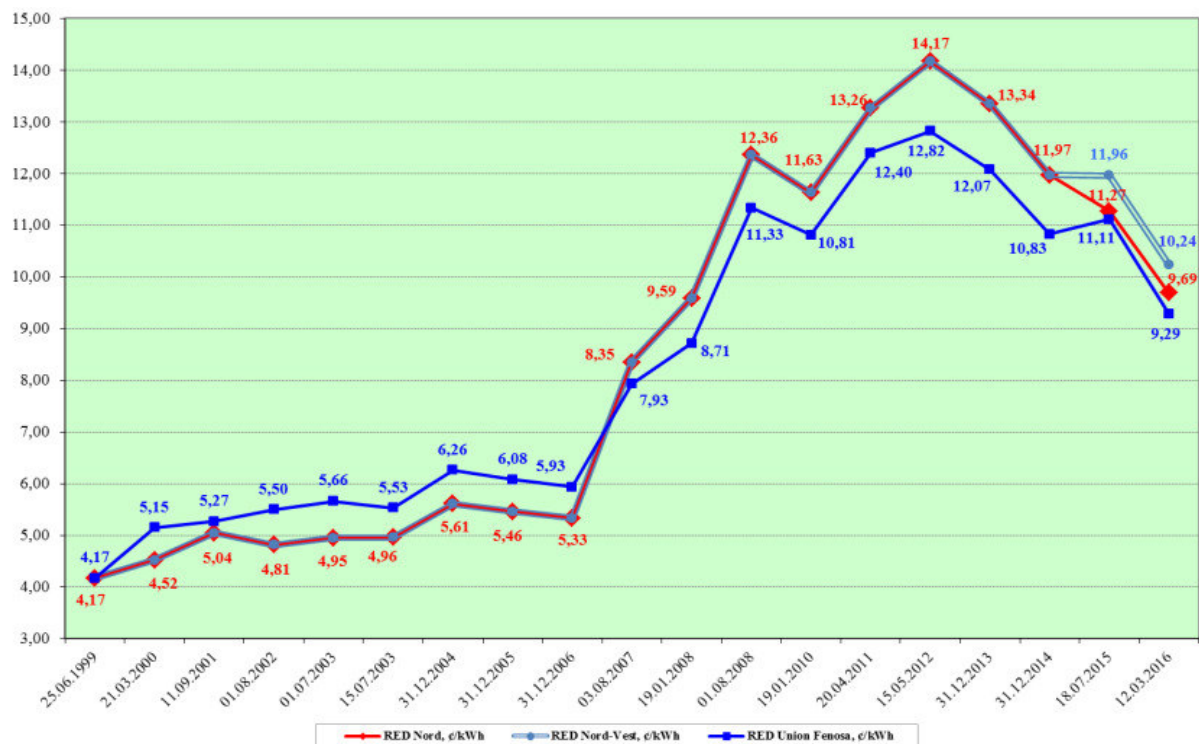


Energy Tariffs

Tariffs for natural gas in the period of 1997-2016 in lei/1000 m³



Tariffs for electoral energy in the period of 1999-2016, ¢/kWh

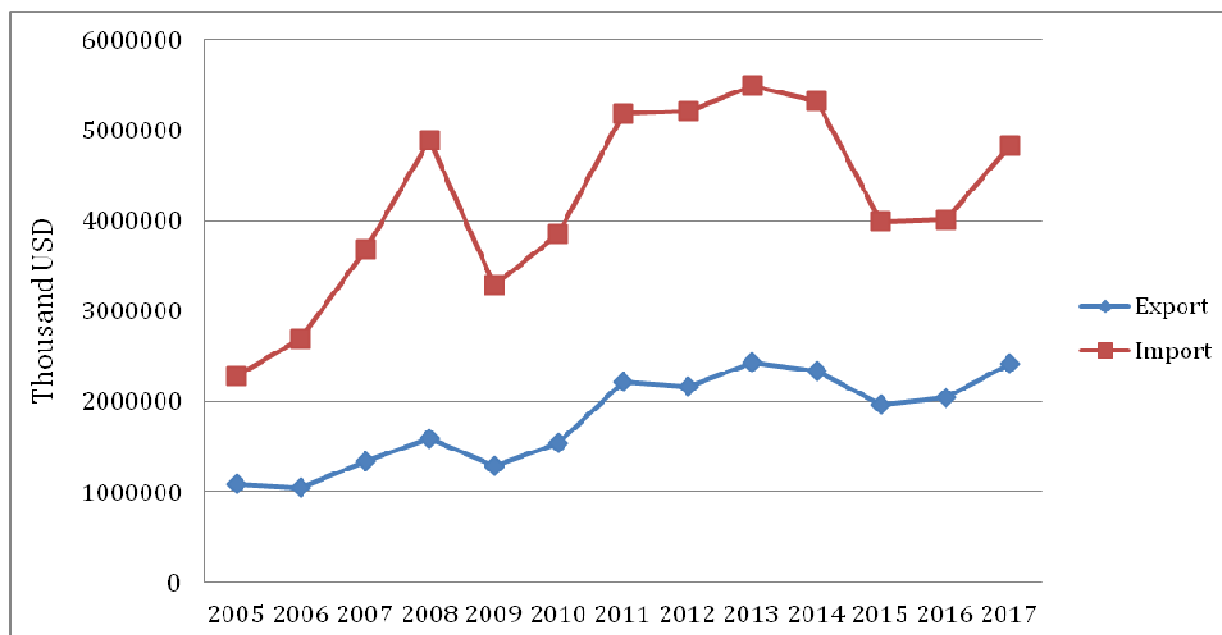


External trade of the Republic of Moldova

The evolution of the import and export in the period of 2005-2017, in thousand USD

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017**
Export – total	1090918,5	1050361,7	1340050,4	1591113,1	1282980,7	1541486,6	2216815,0	2161880,0	2428303,0	2339529,6	1966837,2	2 044 610,76	2 424 972,03
of which:													
in CIS countries	551227,0	423646,8	548888,6	622993,7	490415,2	624003,2	919265,0	928119,5	923219,8	735647,7	492294,6	414 185,25	462 820,45
in European Union countries (EU-27) *	443184,4	536909,6	678929,7	820072,1	667338,5	728938,9	1083006,1	1013418,4	1137286,1	1245980,0	1217587,1	1 331 898,46	1 596 839,60
in other countries	96507,1	89805,3	112232,1	148047,3	125227,0	188544,5	214543,9	220342,1	367797,1	357901,9	256955,5	298 527,05	365 311,98
Imports – total	2292291,6	2693183,7	3689524,4	4898762,0	3278269,8	3855288,6	5191270,6	5212928,3	5492393,1	5316958,9	3986820,3	4 020 356,96	4 831 335,29
of which:													
from CIS countries	905207,8	1020780,7	1333698,1	1737261,3	1141782,6	1256851,6	1713415,9	1623721,2	1672307,7	1449245,9	1018110,7	1 027 442,11	1 206 051,90
from European Union countries (EU-27) *	1038777,0	1218506,8	1680982,7	2105264,0	1421185,9	1704239,6	2256291,5	2318613,6	2472111,6	2567695,4	1954251,1	1 973 711,55	2 389 159,54
from other countries	348306,8	453896,2	674843,6	1056236,7	715301,3	894197,4	1221563,2	1270593,5	1347973,8	1300017,6	1014458,5	1 019 203,30	1 236 123,85

The level of external trade



Gross Domestic Product, World Bank



	GDP Moldova (US\$)	GDP per capita Moldova (US\$)	GDP per capita PPP Moldova (US\$)	GDP per capita PPP World (US\$)
2005	2,988,338,439.3	831.2	2,945.1	10,079.3
2006	3,408,272,498.1	950.6	3,190.1	10,906.4
2007	4,401,154,128.1	1,230.4	3,381.0	11,674.6
2008	6,054,806,100.8	1,696.0	3,723.4	12,211.9
2009	5,439,422,031.4	1,525.5	3,531.0	12,178.9
2010	5,811,604,052.0	1,631.5	3,831.7	12,836.8
2011	7,015,206,498.2	1,970.6	4,179.2	13,555.7
2012	7,284,686,576.3	2,046.5	4,226.9	14,103.5
2013	7,985,349,731.5	2,244.0	4,700.2	14,692.5
2014	7,983,271,110.6	2,244.8	5,017.3	15,257.4
2015	6,512,899,540.3	1,832.5	5,054.7	15,710.2
2016	6,795,741,776.2	1,913.2	5,352.7	16,233.9
2017	8,128,493,432.1	2,289.9	5,697.8	16,940.8

Bibliography

Adevarul. "Edilul este banuit de trafic de influenta si risca pina la sapte ani de inchisoare."

Accessed July 5, 2018. https://adevarul.ro/moldova/actualitate/ofiterii-cna-descins-anticamera-dorin-chirtoaca-consilier-municipal-fost-retinut-1_5926dd225ab6550cb86fe4b4/index.html

Adevarul. "O avocata din Balti, retinuta cu 600 de dolari mita." Accessed July 8, 2018.

https://adevarul.ro/moldova/actualitate/o-avocata-balti-retinuta-flagrant-delict-600-dolari-mita-1_5b2377c4df52022f752b4326/index.html

Agentia Nationala pentru Reglementare in Energetica. *Raport privind activitatea Agentiei Nationale pentru Reglementare in Energetica in anul 2016*, 80. Accessed July 17, 2018.

http://www.anre.md/files/raport/Raport%20anual%20de%20activitate_2016.pdf

Agora. "Tarna: CNA a fost lipsit de butonul rosu exact cand s-a furat miliardul." Accessed

July 3, 2018. <http://agora.md/stiri/38650/tarna-cna-a-fost-lipsit-de-butonul-rosu-exact-cand-s-a-furat-miliardul-initiatorul-ar-fi-fost-consiliat-de-gofman>

Alam, M. Shadid. "Anatomy of Corruption: An Approach to the Political Economy of

Underdevelopment." *American Journal of Economics and Sociology* 48, no. 4 (October 1989): 441-56.

Alemann, Ulrich V. "The unknown depths of political theory: The case for a

multidimensional concept of corruption." *Crime, Law and Social Change* 42, no. 1 (August 2004): 25-34.

Alexander Tanas. "Moldova detains former PM in parliament over \$1 billion fraud." *Reuters*. Accessed July 4, 2018. <https://www.reuters.com/article/us-moldova-protests-filat-idUSKCN0S91BY20151015>

Anticoruptie. "Intre 350 si 600 de euro pentru un permis de conducere." Accessed July 8, 2018. <https://anticoruptie.md/ro/dosare-de-coruptie/trafic-de-influenta-pentru-obtinerea-permisului-de-conducere>

Aristotle. *Nicomachean Ethics, Book VIII*. Edited and translated by Roger Crisp. Rev. ed. 2000. Reprint, Cambridge: Cambridge University Press, 2014.

Armas, Oliver J., Luis Enrique Graham and Thomas N. Pieper. "Mexico." In *The Anti-Bribery and Anti-Corruption Review*, 6th ed. Edited by Mark F. Mendelsohn, 220-30. London: Gideon Roberto, 2017.

Carasciuc, Lilia. *Corupția și calitatea guvernării : cazul Moldovei*. Chisinau: [s.n.], 2002.

CNA. "Afacerea unei retele de coruptie, formate din persoane publice din cadrul ASEM si mai multi intermediari, deconspirata de CNA si procurorii anticoruptie." Accessed July 6, 2018. <https://www.cna.md/libview.php?l=ro&idc=5&id=1982&t=/Serviciul-relatii-publice/Comunicate-de-presa/Afacerea-unei-retele-de-coruptie-formate-din-persoane-publice-din-cadrul-ASEM-i-mai-multi-intermediari-deconspirata-de-CNA-i-procurorii-anticoruptie>

CNA. "Functionari ai Primariei Chisinau si oameni de afaceri retinuti in dosarul parcarilor cu plata." Accessed July 5, 2018. <https://www.cna.md/libview.php?l=ro&idc=5&id=1560&t=/Serviciul-relatii-publice/Comunicate-de-presa/Functionari-ai-Primariei-Chisinau-si-oameni-de-afaceri-retinuti-in-dosarul-parcarilor-cu-plata/>

CNA. "Inca doua cazuri de trafic de influenta pentru obtinerea permiselor de conducere, documentate de CNA." Accessed July 8, 2018.

<https://www.cna.md/libview.php?l=ro&idc=5&id=1869&t=/Serviciul-relatii-publice/Comunicate-de-presa/Inca-doua-cazuri-de-trafic-de-influenta-pentru-obtinerea-permiselor-de-conducere-documentate-de-CNA>

CNA. "O avocata din Balti, prinsa in flagrant delict cu 600 de dolari mita." Accessed July 8, 2018. <https://www.cna.md/libview.php?l=ro&idc=5&id=1998&t=/Serviciul-relatii-publice/Comunicate-de-presa/O-avocata-din-Balti-prinsa-in-flagrant-delict-cu-600-de-dolari-mita>

CNA. "Peste 2 000 000 de lei, ridicati de CNA si procurori." Accessed July 6, 2018.

<https://www.cna.md/libview.php?l=ro&idc=5&id=1983&t=/Serviciul-relatii-publice/Comunicate-de-presa/Peste-2-000-000-de-lei-ridicati-de-CNA-si-procurori-in-urma-perchezitiilor-din-dosarul-examenelor-fraudate>

CNA. "Retinuti pentru trafic de influenta. Un avocat si un angajat al Penitenciarului 13 au fost plasati in izolatorul CNA." Accessed July 8, 2018.

<https://www.cna.md/libview.php?l=ro&idc=5&id=2002&t=/Serviciul-relatii-publice/Comunicate-de-presa/Retinuti-pentru-trafic-de-influenta-Un-avocat-si-un-angajat-al-Penitenciarului-13-au-fost-plasati-in-izolatorul-CNA>

CNA. *Raport de activitate al CNA pe anul 2017*. Chisinau, 2018. Accessed July 12, 2018.

<https://www.cna.md/doc.php?l=ro&idc=143&id=1823&t=/Studii-si-analize/Rapoarte-de-activitate/Raport-de-activitate-al-CNA-pe-anul-2017>

Cunha, Vera de José Morais Figo Ribeiro da. "The state under the new wars reality : perspectives and repercussions." Master's thesis, UCP, April 28, 2014.
<http://hdl.handle.net/10400.14/16889>.

Cusnir, Valeriu. *Coruptia: reglementari de drept; activitati de prevenire și combatere. Partea I: Monografie*. Chisinau: Academia de Poliție „Ștefan cel Mare”, 1999.

Della Porta, Donatella and Alberto Vannucci. "The 'Perverse Effects' of Political Corruption." In "Political Corruption," edited by Paul Heywood. Special issue, *The Journal of Political Studies* (Norwich: Page Brothers) 45, no. 3 (1997): 516-38.

Dobrescu, Emilian M., Edith Sima and Marian Sima. "Sensurile si existentele coruptiei." *Anuarul Institutului de Istorie "G. Baritui"*, Series Humanistica 8. Cluj-Napoca: Editura Academiei Romane, 2010: 261-270.

E-democracy.md. "Alegeri noi ale primarului general al municipiului Chisinau din 20 mai si 3 iunie 2018." Accessed July 7, 2018. <http://www.e-democracy.md/elections/chisinau/2018/>

E-democracy.md. "Curier electoral din 19 iunie 2018." Accessed July 7, 2018.
<http://www.e-democracy.md/elections/chisinau/2018/electoral-news/20180619/#c1>

E-democracy.md. "Curier electoral din 24 iunie 2018." Accessed July 7, 2018.
<http://www.e-democracy.md/elections/chisinau/2018/electoral-news/20180624/>

Elliott, Kimberley Ann. *Corruption as an International Policy Problem: Overview and Recommendations*. Washington DC: Institute for International Economics, 1997.

European Parliament, News. "Moldova: key MEPs react to the Chisinau Court decision on local elections." Accessed July 7, 2018. <http://www.europarl.europa.eu/news/ro/press->

room/20180621IPR06306/moldova-key-meps-react-to-the-chisinau-court-decision-on-local-elections

Freedom House. "About us." Accessed June 29, 2018. <https://freedomhouse.org/about-us>

Freedom House. "Nations in Transit 2018, Moldova." Accessed June 29, 2018.

<https://freedomhouse.org/report/nations-transit/2018/moldova>

Friedrich, Carl J. "Corruption Concepts in Historical Perspective." In *Political Corruption: Concepts and Contexts*, 3rd ed. Edited by Arnold J. Heidenheimer and Michael Johnston, 15-24. New Jersey: Transaction Publishers, 2007.

Fukuyama, Francis. *Trust*. New York: Free Press, 1995.

Gardiner, John A. "Defining Corruption." In *Political Corruption: Concepts and Contexts*, 3rd ed. Edited by Arnold J. Heidenheimer and Michael Johnston, 25-40. New Jersey: Transaction Publishers, 2007.

Gatcan, Iurie. "Corupția ca fenomen social și mecanisme anticorupție (Cazul Republicii Moldova) : Teză de doctor în sociologie." Chisinau: [s.n.], 2015.

Government of Republic of Moldova. "Romania to offer Moldova 150 million euros reimbursable loan." Accessed July 15, 2018. <https://gov.md/en/content/romania-offer-moldova-150-million-euros-reimbursable-loan>

Haller, Dieter and Chris Shore. *Corruption, Anthropological Perspectives*. London: Pluto Press, 2005.

Hayakawa, Sakiko. "British nuclear policy after the Cold War : 1991-2007." Master's thesis, UCP, 2011. <http://hdl.handle.net/10400.14/18280>.

Heidenheimer, Arnold J. "Perspectives on the Perception of Corruption." In *Political Corruption: Concepts and Contexts*, 3rd ed. Edited by Arnold J. Heidenheimer and Michael Johnston, 141-54. New Jersey: Transaction Publishers, 2007.

Heidenheimer, Arnold J. *Political Corruption: Readings In Comparative Analysis*. 2nd print. New Brunswick (N. J.): Transaction books, 1978.

Heritage Foundation. "About Heritage." Accessed June 29, 2018.

<https://www.heritage.org/about-heritage/impact>

Heritage Foundation. "Graph the Data, Moldova." Accessed June 29, 2018.

<https://www.heritage.org/index/visualize?cnts=moldova&type=8>

Heritage Foundation. "Moldova." Accessed June 29, 2018.

<https://www.heritage.org/index/country/moldova>

Heritage Foundation. "The Economic Freedom Index 2017." Accessed June 29, 2018.

<https://www.heritage.org/index/explore?view=by-region-country-year#>

Hope, Kempe R. "Politics, Bureaucratic Corruption and Maladministration in the Third World." *International Review of Administrative Sciences* 51, no. 1 (March 1985): 1-6.

Hutchcroft, Paul D. "The Politics of Privilege." In "Political Corruption," edited by Paul Heywood. Special issue, *The Journal of Political Studies* (Norwich: Page Brothers) 45, no. 3 (1997): 639-57.

Igor Casu. "Teroarea comunistă in Moldova sovietica și reabilitarea memoriei." *Comisia Prezidential pentru Analiza Dictaturii Comuniste in Romania. Raport Final*. Editors Vladimir Tismaneanu, Dorin Dobrinu, Cristian Vasile. Bucharest: Humanitas, 2007: 739-764.

Institute for Public Policy. *Barometer of Public Opinion*. Accessed July 13, 2018.

http://ipp.md/wp-content/uploads/2018/05/BOP_05.2018_anexa.pdf

Jefferson, Thomas. *The Works of Thomas Jefferson*. Edited by Paul Leicester Ford. Vol. 5, Correspondence 1786-1789. London: G.P. Putnam's Sons, 1905.

Johnson, Roberta Ann and Shalendra Sharma. "About Corruption". In *The Struggle against Corruption: A Comparative Study*. Edited by Roberta Ann Johnson, 1-20. New York: Palgrave Macmillan, 2004.

Jurnal.md. "Sase profesori de la ASEM, retinuti pentru mita." Accessed July 6, 2018.

<http://www.jurnal.md/ro/news/f43b09a74a44c951/sase-profesori-de-la-asem-retinuti-pentru-mita-1000-de-lei-pentru-un-examen-500-de-euro-teza-de-licenta-sau-masterat.html>

Kenneth Rapoza. "Billion Dollar Theft: In Moldova, One Rich Banker's 'Crime' Has A Nation Doing Time." *Forbes*, August 1, 2016. Accessed July 2, 2018.

<https://www.forbes.com/sites/kenrapoza/2016/08/01/billion-dollar-theft-in-moldova-one-rich-bankers-crime-has-a-nation-doing-time/#3075df844f7e>

Kroll Inc. *Project Tenor II, Summary Report*. December 20, 2017. Accessed July 3, 2018.

https://bnm.md/files/Kroll_%20Summary%20Report.pdf

Lord Acton. "Letter to Bishop Mandell Creighton, April 5, 1887." In *Historical Essays and Studies*. Edited by John N. Figgis and Reginald V. Laurence. London: Macmillan, 1907.

Machiavelli, Niccolo. *The Prince*. Translated by James B. Atkinson. Indianapolis: Hackett Publishing Company, Inc., 2008.

Mauro, Paolo. "The Effects of Corruption on Growth and Public Expenditure." In *Political Corruption: Concepts and Contexts*, 3rd ed. Edited by Arnold J. Heidenheimer and Michael Johnston, 339-52. New Jersey: Transaction Publishers, 2007.

Mihail Poisik. "Consecintele Furtului Miliardului." *Accent TV*. Accessed July 15, 2018.

<http://a-tv.md/index.php?newsid=47887>

Miller, William L., Tatyana Koshechkina and Ase Grodeland. "How Citizens Cope with Postcommunist Officials: Evidence from Focus Group Discussions in Ukraine and the Czech Republic." In "Political Corruption," edited by Paul Heywood. Special issue, *The Journal of Political Studies* (Norwich: Page Brothers) 45, no. 3 (1997): 597-625.

National Bank of Moldova. "Annual Inflation." Accessed July 16, 2018.

<http://bnm.md/en/content/inflation>

National Bank of Moldova. "Exchange Rates." Accessed July 16, 2018.

<http://bnm.md/en/content/official-exchange-rates>

National Bureau of Statistics of the Republic of Moldova. *External trade of the Republic of Moldova (1997-2017)*. Accessed July 17, 2018.

<http://www.statistica.md/category.php?l=en&idc=336>

Nye, Joseph S. "Corruption and Political Development: A Cost-Benefit Analysis." In *Political Corruption: Concepts and Contexts*, 3rd ed. Edited by Arnold J. Heidenheimer and Michael Johnston, 281-300. New Jersey: Transaction Publishers, 2007.

Obreja, Efim and Lilia Carasciuc. *Corupția în Moldova : fapte, analiză, propuneri*. Chisinau: [s.n.], 2002.

Plato. *The Republic, Book VI*. Translated by Benjamin Jowett. New York: Cosimo Classics, 2008.

Procuratura Anticoruptie, Centrul National Anticoruptie and Agentia de Recuperare a Bunurilor Infractionale. *Strategia de Recuperare a mijloacelor financiare sustrate din BC "Banca de Economii" SA, BC "Banca Sociala" SA si BC "Unibanc" SA*, June 2018. Accessed July 14, 2018. <http://procuratura.md/file/Strategie%20Publica.pdf>

Publica. "Primarul Capitalei, Dorin Chirtoaca, a fost retinut de CNA pentru 72 de ore." Accessed July 5, 2018. https://www.publika.md/primarul-capitalei-dorin-chirtoaca-a-fost-retinut-de-cna-pentru-72-de-ore-cronica-evenimentelor-video_2969974.html

Realitatea.md. "Dorin Chirtoaca ramine sub control judiciar pina in luna septembrie 2018." Accessed July 5, 2018. http://www.realitatea.md/dorin-chirtoaca-ramane-sub-control-judiciar-pana-in-luna-septembrie-2018-istan-a-a-prelungit-masura-video_80244.html

Realitatea.md. "Perchezitii la ASEM: 9 persoane au fost retinute, printre care 6 profesori!" Accessed July 6, 2018. http://www.realitatea.md/procurorii-anticoruptie-fac-perchezitii-la-asem--intr-un-dosar-de-mita-la-examene--reactia-rectorului-academiei_78608.html

Reporters without Borders. "The World Press Freedom Index 2017." Accessed June 29, 2018. <https://rsf.org/en/ranking/2017>

Republica Moldova, Parlamentul. "LEGE Nr. 16 din 15.02.2008 cu privire la Conflictul de Interese." Accessed November 22, 2018. <http://lex.justice.md/md/%20327989/>

Ribeiro Branco, Sofia and Joana Bernardo. "Portugal." In *The Anti-Bribery and Anti-Corruption Review*, 6th ed. Edited by Mark F. Mendelsohn, 256-65. London: Gideon Roberto, 2017.

Rose-Ackerman, Susan. *Corruption and Government: Causes, Consequences and Reform*. Cambridge: Cambridge University Press, 1999.

Rothbard, Murray N. *The Ethics of Liberty*. New York: New York University Press, 1998.

Santos, Giuliana Maria Miranda. "The role of civil society in the international climate negotiations." Master's thesis, UCP, January 29, 2016.

<http://hdl.handle.net/10400.14/22788>.

Scott, James C. *Comparative Political Corruption*. Englewood Cliffs, NJ: Prentice-Hall, 1972.

Scott, John T. "The Theodicy of the Second Discourse: the Pure State of Nature and Rousseau's Political Thought," *American Political Science Review* 86, no. 3 (September 1992): 696-711.

Senior, Ian. *Corruption, The World's Big C- Cases, Causes, Consequences, Cures*. London: Institute of Economic Affairs, 2006.

Sfetcu, Nicolae. *Corupție, Globalizare, Neocolonialism*. MultiMedia, 2014.

Shuy, Roger W. *The Language of Bribery Cases*. New York: Oxford University Press, 2013.

Sputnik. "Chirtoaca, retinut in dosarul parcarilor." Accessed July 5, 2018.

<https://sputnik.md/moldova/20170525/12834419/dorin-chirtoaca-a-fost-retinut-in-cadrul-parcarilor-cu-plata.html>

State registry of non-commercial organizations. Accessed June 29, 2018.

<http://rson.justice.md/organizations>

Telegraph. "Un avocat si un angajat al penitenciarului 13 au fost plasati in izolatorul CNA." Accessed July 8, 2018. <https://telegraph.md/un-avocat-si-un-angajat-al-penitenciarului-13-au-fost-plasati-in-izolatorul-cna/>

The Freedom House. "Freedom in the World 2017." Accessed June 29, 2018. [https://freedomhouse.org/sites/default/files/Freedom in the World 2017 complete book.pdf](https://freedomhouse.org/sites/default/files/Freedom%20in%20the%20World%202017%20complete%20book.pdf)

Tim Whewell. "The great Moldovan bank robbery." *BBC News*. Accessed July 4, 2018. <https://www.bbc.com/news/magazine-33166383>

Transparency International Moldova. *Observator de politici publice Nr. 2*. Accessed July 2, 2018. [http://www.transparency.md/wp-content/uploads/2018/01/TI Moldova Observator- 2.pdf](http://www.transparency.md/wp-content/uploads/2018/01/TI%20Moldova%20Observator-2.pdf)

Transparency International Moldova. *Observator de politici publice Nr. 10*. Accessed July 14, 2018 <http://www.transparency.md/wp-content/uploads/2018/06/Observator-Nr.-10.pdf>

Transparency International. "Corruption Perceptions Index 2017." Accessed June 28, 2018. https://www.transparency.org/news/feature/corruption_perceptions_index_2017

Transparency International. "Embezzlement." Accessed May 17, 2018. <https://www.transparency.org/glossary/term/embezzlement>

Transparency International. "Extortion." Accessed May 17, 2018. <https://www.transparency.org/glossary/term/extortion>

Transparency International. "Our Organization." Accessed June 28, 2018. <https://www.transparency.org/whoweare/organisation>

Transparency International. "What is Grand Corruption and how can we stop it?" Accessed June 25, 2018.

https://www.transparency.org/news/feature/what_is_grand_corruption_and_how_can_we_stop_it

Transparency International. *Global Corruption Report: Education*. London: Routledge, 2013.

United Nations. "General Assembly Resolution 51/59 on Action against Corruption." 1996. Accessed July 10, 2018. <http://www.un.org/documents/ga/res/51/a51r059.htm>

Varese, Federico. "Corruption in Post-socialist Russia." In "Political Corruption," edited by Paul Heywood. Special issue, *The Journal of Political Studies* (Norwich: Page Brothers) 45, no. 3 (1997): 579-96.

Vinovska, Dace "The annexation of crimea : foreign policy and identify politics of Russia." Master's thesis, UCP, February 8, 2016. <http://hdl.handle.net/10400.14/20352>.

Waterbury, John. "Endemic and planned corruption in a monarchical regime." *World Politics* 25, no. 4 (July 1973): 533-5.

Weber, Max. *Economy and Society: An Outline of Interpretive Sociology, Volume II*. Edited by Guenther Roth and Claus Wittich. 1968. Reprint, Berkeley: University of California Press, 1978.

Weijers, Britta. "Nato disaster relief operations: an analysis of an underexposed field of activity of the Alliance." Master's thesis, UCP, June 30,2015.

<http://hdl.handle.net/10400.14/18819>.

Werner, Simcha B. "The Development of Political Corruption in Israel." In *Political Corruption: Concepts and Contexts*, 3rd ed. Edited by Arnold J. Heidenheimer and Michael Johnston, 199-220. New Jersey: Transaction Publishers, 2007.

World Bank. "GDP Moldova." Accessed July 17, 2018.

<https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2017&locations=MD&start=1995&type=shaded&view=chart>

Ziarul de Garda. "Cum motiveaza Judecatoria Chisinau hotarirea de invalidare a alegerilor."

Accessed July 7, 2018. <https://www.zdg.md/stiri/stiri-politice/doc-cum-motiveaza-judecatoria-chisinau-hotararea-de-invalidare-a-alegerilor>

Ziarul de Garda. "Proiectul Guvernului care 'lovește' în cetățeni." Accessed July 16, 2018.

<http://www.zdg.md/stiri/stiri-sociale/proiectul-guvernului-care-loveste-in-cetateni>

Шедий, Мария В. "Типология коррупции и основные модели коррупционных стратегий поведения," *Орловская региональная академия государственной службы, Научные ведомости БелГУ. Сер. Философия. Социология. Право*. 8 (103), no. 16 (2011): 86-96.