

Good morning ladies and gentlemen,

My name is Peter Goliaš and I am Director of the Institute for Economic and Social Reforms, which is an economic thin-tank based in Bratislava, Slovakia. Today I am going to give you presentation on the quality of democracy in Moldova compared to other countries.

I will divide my presentation in three parts. In the first one I will explain why actually democracy matters, in the second one I will give a few facts about democracy in Moldova compared to other countries and I will finish with some information about our project that we are running in Moldova.

So, why actually democracy matters? The most important thing is that it brings quite easy possibility for people to replace government that they are not satisfied with in regular elections. It brings also open public debate which helps to find the best solutions to economic and social problems. And this opened public debate together with distribution of power prevents from “power abuse” which is crucial for building social capital, which means trust among people. Also, it brings better possibilities for innovation, which means realization of potential of every citizen in the country. So all these factors together: solving problems, cooperation among people and better possibilities for innovation lead to higher standard of living. This is the strongest argument in favor of democracy – the better democracy you have, the higher probability of better standard of living in the country you have.

Of course it is not easy to build well-functioning democracy and there are some very serious threats to democracy which are faced by all nations in the world. One of the most important is the “Iron Law of Oligarchy” which means permanent attempts of those who are in power to abuse power in their interest. This can lead to very bad things which are quite well known to all of us including state capture, corruption, waste of public money, injustice, degradation of morality, or in the worst case it can bring some violent solutions. It can disrupt free competition in the country; it can make the monopolies stronger.

The second very important threat to democracy is populism. By populism I mean popular but harmful measures or rhetoric of politicians. This can lead again to unsustainable public finances because of preferring short-term solutions to long-term stability. It can lead to violation of human rights, attacks on minorities and also it can lead to deterioration of public goods because many times populism is not able to solve problems of general people and public goods or services are in worse state.

So what are the determinants of good democracy? What do we need actually to have a well-functioning democracy? I believe there are two most important factors. First one is well-functioning institutions. You need to have well-functioning institutions in the country which means you need to have fair political competition, you need to have a system of “checks and balances” which means distribution of power among independent and well-qualified institutions. And you need to have a strong public oversight which means free media and engaged citizens.

The second important thing besides institutions is that people living in the country, so general citizens, need to have some key democratic values, which are based in their heads and their hearts. They need to really believe that these values are important for a good life. Among these values the most important is

tolerance or respect for the other people, protecting human rights, protecting life and dignity, justice, rule of law, freedom, and solidarity.

You have several democracy ratings in the world. This is one of them. It is produced and calculated by the Economist Intelligence Unit, which is a research agency based in London. Here you can see the world map with countries colored according to the quality of their democracy. The green color means full democracy, the light green means “flawed” democracy or democracy with some problems. The yellow color means hybrid regimes and orange and red colors mean authoritative regimes. As you can see, Moldova has yellow color just like Ukraine. In the Central Europe you see light green colors; in Western Europe and also in Northern Europe you see green and deep green colors just like in Canada, Australia or New Zealand. On the contrary in Africa, Central Asia, China and also Russia you see orange and red colors which means that there are no democracies, these regimes are authoritative.

It is very interesting to notice that just less than 6 % of the world population lives in full democracies. Very few people are lucky to be born or live in full democracies. Slovakia is not among them, Moldova is not among them. Slovakia is among flawed democracies where 43 % of world population lives, Moldova is among hybrid regimes where 16 % of population lives and 36 % of population lives in authoritarian regimes. So again, to create full democracy is not an easy task.

If you look at this chart, on the left side I show you, how the quality of democracy changed over 2006-2019 in given set of countries. I have chosen Moldova, some of its neighbors like Romania and Ukraine, there is also Russia, and there are countries from Central Europe, as well as China and USA as big and important countries in the world. You can see here that there is just one country – Estonia, which has positive number meaning that in this period of time the quality of democracy has improved. All other countries are negative which means that the quality of democracy has got worse. In Moldova you see that the worsening was quite substantial, but the worst of all countries is Russia with huge deterioration of democracy.

On the right side you see actually the level of democracy. Here you can see that the most democratic is Austria. It actually has rating above 8, which means it is a full democracy. Very close to rating of 8 is in USA and Estonia. Then there are other countries including Slovakia with 7.17, and Moldova, you can see the rating is 5.75 which is similar to Ukraine but better than in China or Russia.

How they measure the quality of democracy? This is one of the most complex indexes which are calculated in the world. They calculate it based on 5 categories of indicators. Together there are more than 60 indicators, so it is really complex. The first category is the quality of electoral system, meaning if you have free and fair elections and what kind of political system you actually have, if it is democratic or not. Then you have functioning of government meaning how effectively the government works, how able it is to implement measures, what is the system of checks and balances or the system of distribution of powers, what is the degree of corruption, what is the trust to government and political parties. Here you can see that in Moldova the rating is very low, so really, you have problems with division of power and with corruption and also with trust to the official political bodies and institutions.

In terms of political participation, which is a third category, here is measured how active are people in their engagement in public affairs, how active they are in membership in political organizations, and how often they go to elections. In political culture again you see that Moldova has very low rating. This means how people understand the importance of democracy for the quality of life, for public order, for the economy and, actually, for the quality of standard of living. Here you see that Moldova is lagging behind. Both categories with the lowest score in Moldova are among those where our project is focused. We try to ignite debate about meaning of democracy and its quality and also we try to evaluate the independence of key institutions in Moldova.

The last category is civil liberties. Here Moldova has the best rating, even though I know that also in freedom of media and rule of law there are some problems in Moldova. There is also the independence of judiciary and protection of private property and human rights included in this category of indicators.

In this chart I will show you what is actually a link between the quality of democracy the wealth of nations. The quality of democracy is on horizontal axis from 0 to 10 with 10 meaning the best democracy, 0 no democracy. On vertical axis is the wealth of nations which means how rich is the country in terms of GDP per capita in purchasing power parity. You can see that if you go from left to right, you have on average higher columns. This means that more democratic countries you have, the richer are the countries. There are some exceptions especially among authoritarian regimes where you can see that there are some very rich countries. But they have one thing in common and it is that they are very rich in oil reserves and they are huge oil exporters. So that is the only reason why they are so rich. On the contrary, if you look at countries which are to the right, there are many countries which do not have oil reserves but are rich because they have democratic regimes. Moldova, as you can see, is marked with yellow color and it belongs to hybrid regimes similar to Ukraine which is very close. Romania is among flawed democracies with higher standard of living just like countries from Central Europe, Slovakia, Czech Republic and some others.

In this chart I put again the same numbers. On horizontal axis you have the quality of democracy from 0 to 8, but on vertical axis I put life expectancy which means how long on average people live in different countries. By colors I distinguish the degree of wealth – how rich are the countries. Green dots mean the richest countries in the world, and red dots mean countries which are the poorest in the world. Again you see the trend line which is going up from left to right. The more democratic countries you have, the longer lives people live there. Also you have green dots concentrated in the upper-right section of the chart which means that the richest countries are concentrated among most democratic countries with the longest lives. On the contrary, on the left-bottom side you have red dots which means that in countries which are non-democratic people live shorter lives and are much poorer. Again there are some exceptions, mostly the oil rich countries but also Russia, which is also oil rich and China where people have quite long lives on the average but they are not among the richest in the world.

I will come back for a while to show you that Moldova is right in the middle here with yellow color and very close to Ukraine. Romania, for example, is to the right with blue color. Slovakia is with green color, the Czech Republic is here and then on this side you have usually other European countries, Australia, Canada, Japan and some other countries.

Another important rating is produced by Freedom House. They concentrate on countries which are in transit, which means mainly transit from communist to democratic regimes. This means mainly Central and Eastern Europe, as well as Central Asia countries. They evaluate 29 countries every year. You can see here the development over 2010-2020. You can see that the number of democracies fell down from 15 to 10, the number of hybrid regimes increased from 3 to 10 and the number of autocracies decreased from 11 to 9. The trend actually is not very positive because the number of democratic countries is falling down and the number of hybrid regime is going up.

Here you can see the same in a map. You can see it by different colors. The purple color means authoritative regimes; this yellow-brown color means hybrid regimes – Moldova and Ukraine are hybrid regimes. Interesting to notice is that according to this methodology also Hungary is a hybrid regime which is a very fresh rating. Previous year it was still green but this year it has got worse rating by Freedom House. Also the Balkan countries are hybrid regimes. Countries in Central Europe like the Czech Republic and Slovakia are consolidated democracies according to this methodology just like Baltic countries. Then you have semi-consolidated democracies like Romania, Bulgaria, Poland or Croatia.

What they assess in this rating? They have 7 categories; it is electoral process, civil society, independent media, national democratic governance, judicial framework and independence, local democratic governance and corruption. I give you also a link to detailed methodology, if you are interested to learn what actually they measure in these categories.

Here you can see the chart comparing the levels of democracy quality in different countries for different categories. You can see Moldova here in red circle. You can see it is among hybrid regimes and it has the biggest problems with national democratic governance, but also with corruption, judicial framework and independence, local democratic governance and with media independence. Very similar rating has Armenia or Kosovo. Moldova has substantially higher ratings than countries from Central Asia. Again, Central Europe is to the right, Baltic countries and Slovenia are among the best. Slovakia belongs to the most democratic countries in this region; you can see that it is right behind the Czech Republic.

This chart shows which countries had the highest decline in democracy over 2010-2020. Here you can see Hungary which was well consolidate democracy ten years ago but the rating has been falling down since then and just this year it appeared to be among hybrid regimes. Similarly Poland's rating started to deteriorate since 2015 and it is among semi-consolidated democracies for 2020. Also the democracy in some Balkan countries is getting worse.

Freedom House also puts a chart with links of quality of democracy and death rates caused by air pollution. On the horizontal axis you have quality of democracy, on the vertical axis you have rate of deaths from air pollution. You can see the trend line which is downward going meaning that the more democratic countries you have the lower is the death rate from the air pollution. So again, it is another indicator which is proving that democratic regimes have better quality of life. I have shown you that people in democratic countries live longer, they are richer and they also have lower death rates caused by air pollution.

So this was about facts on democracy and now I will give you some information about our project. The title of the project is "Supporting democracy, independence and transparency of key public institutions in Moldova". We launched the project in October previous year and we will finish in March next year. It is implemented by INEKO which I am representing here in partnership with Moldovan think-tank IDIS "Viitorul". It is funded by the Slovak Aid. Our project is building on previous projects which we were running since October 2015 and which were focused mostly on increasing transparency and financial health of local governments and state-owned enterprises. In this project we are focusing more on quality of democracy in Moldova.

Our main goal is to improve democracy in Moldova, to reduce risk of "state capture" and "power abuse". We want to do it in three ways. First one is to support public debate about current state of democracy; second one is to strengthen the independence of key regulatory and judiciary institutions in Moldova and the third one is to increase transparency and support the implementation of anti-corruption measures in state-owned enterprises and local governments in Moldova. All these activities are based on transfer of know-how from similar successful projects which we have been implementing in Slovakia.

Our key outputs: Today, we are presenting "Report on current state and development of democracy in Moldova". My colleagues from IDIS "Viitorul" will give you very specific results of this report and related research. Later this year we will present also "Report on the independence of key public institutions in Moldova". We are also regularly updating the transparency and financial health ratings of public enterprises and local governments, both cities and regions. Every month we are publishing electronic newsletters with the most important results of the project.

What is next? In October this year we will organize a conference in Chisinau where we will publish the Report on institutions and update financial data of local governments on our internet portal. We will continue in publishing electronic monthly newsletters, we will organize at least 10 lectures for students about democracy and study visits to at least 10 public enterprises and local governments where we will provide them with our know-how on implementation of anti-corruption measures. We will finish the project in March next year in conference taking place in Chisinau where we will present fresh ratings of transparency and financial health of public enterprises.

For now that is all from me. I wish you a successful conference as well as successful and fruitful debate about democracy in Moldova. Thank you for your attention and Good Bye!